THE STATE INVESTMENT CORPORATION LTD

FINANCIAL STATEMENTS - YEAR ENDED

DECEMBER 31, 2018

THE STATE INVESTMENT CORPORATION LTD

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STATUTORY DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2018

The Directors have the pleasure in submitting the annual report of The State Investment Corporation Ltd ('the Corporation') together with the audited financial statements for the year ended December 31, 2018.

PRINCIPAL ACTIVITY

The principal activity of the Corporation is to provide equity finance to both existing and new enterprises in all sectors of the Mauritian economy.

The registered office of the Corporation is Level 15, Air Mauritius Centre, 6, President John Kennedy Street, Port Louis.

DIRECTORS

The following Directors held office during the year ended December 31, 2018 and unless otherwise stated, up to date of signing the financial statements: -

SONOO, Jairaj C.S.K	-Chairman	(As from May 18, 2018)
NAGHEE REDDY, Kritananda		
NEERUNJUN, Premode		
NILAMBER, Anoop Kumar		
ACHARUZ, Anandsing		(As from October 05, 2018)

Appointment after year ended December 31, 2018

GOBURDHUN, Goolabchund	-Managing Director	(As from April 16, 2019)
JAUNBOCUS, Cader		(As from May 15, 2019)
AYOOB SAAB, Mohummad Shamad		(As from June 04, 2019)

Officers who served during the year 2018 and ceased to be directors during the year or subsequently

NAKHUDA, Ayub Hussein	-Chairman	(Up to May 18, 2018)
VEERASAMY, Banoomatee	-Acting Managing Director	(Up to March 29, 2018)
LUCHMEEPERSAD, Vidianand		(Up to May 29, 2019)
SOONDRAM, Visvanaden		(Up to October 05, 2019).
BEEJAN, Manickchand	-Managing Director	(As from April 01, 2018 up to February 28, 201

DIVIDENDS

Dividend proposed and paid during the year amounted to Rs.35m (2017: NIL).

DIRECTORS' SERVICE CONTRACTS

The service contract of the Manging Director is for a period of two years starting from April 16, 2019. None of the other Directors has a service contract.

DIRECTORS' REMUNERATION AND BENEFITS

The remuneration and benefits received and receivable during the period under review:-

(i) Directors of The State Investment Corporation Ltd	**December 31, 2018**	December 31, 2017
	Rs.	Rs.
Executive Directors	**4,205,554.27**	3,751,970
Non-executive directors	**2,891,590.92**	2,880,000
	7,097,145.19	6,631,970

STATUTORY DISCLOSURE FOR THE YEAR ENDED 31 DECEMBER 2018

DIRECTORS' SHARE INTERESTS

The Directors hold no share of the Corporation whether directly or indirectly.

SIGNIFICANT CONTRACTS

No contracts of significance or loans existed during the period under review between Corporation and its directors.

DONATIONS

	December 31, 2018	December 31, 2017
	Rs.	Rs.
Donations made during the year	**119,875**	188,172

No political donation was made by the Corporation during the period under review.

AUDITORS' FEES

The fees payable to the auditors, for audit and other services are:

	December 31, 2018	December 31, 2017
	Rs.	Rs.
Audit Fees	**375,000**	750,000
Non- Audit	**38,500**	75,000

Approved by the Board of Directors on ...28 OCT 2019..... and signed on its behalf by:-

.... **DIRECTOR**

.... **DIRECTOR**

The State Investment Corporation Limited (the "Company" or 'SIC') has always been committed to promote high standards of Corporate Governance. The Company is a Public Interest Entity, as defined by law and the Board strives to promote transparency within the Group and comply with all the principles and guidelines set out in the National Code of Corporate Governance for Mauritius (2016) (the "Code")

This report outlines the Company's corporate governance processes and provides explanations for any deviation.

PRINCIPLE 1 - GOVERNANCE STRUCTURE

"All organisations should be headed by an effective Board. Responsibilities and accountabilities within the organisation should be clearly identified."

The directors of the Company are skilled, knowledgeable and experienced professionals. The Board takes its fiduciary responsibilities very carefully. Each director is appointed with the understanding of the amount of time and care that they will need to devote to the Board and to the organisation for it to prosper. The Board has approved the key guiding documents and policies. The following documents are available on the Company's website:-

- Memorandum and Articles of Association;
- Board Charter;
- Organisation Chart;
- Job Description of Senior Governance Position; and
- Committee Charters.

Key Governance Responsibilities

The Board ensures that the key governance positions within the organisation are matched with the corresponding accountabilities.

Key Governance Positions

There is a clear division of responsibilities between running the Board and the business of the Group. The role of the Chairman is separate from that of the Managing Director.

Chairman of the Board

The Chairman is primarily responsible for the activities of the Board and its Committees. He is responsible for the running of the Board and ensuring its effectiveness in all aspects of its role, including regularity and frequency of meetings. He acts as the spokesman for the Board and is the principal contact for the Managing Director. The Chairman and the Managing Director of the Board meet regularly. The Chairman discusses and sets the agenda with the Managing Director and the Company Secretary, and facilitates the effective contribution of non-executive directors and encourages active participation during Board meetings. He ensures that Board members, upon appointment, participate in an induction programme and that the development needs of directors are identified and appropriate training is provided. The Chairman ensures effective implementation of Board decisions. The Chairman ensures that directors (particularly non-executive directors) have sufficient time to consider critical issues and obtain answers to any questions or concerns they may have and are not faced with unrealistic deadlines for decision making. The Chairman maintains sufficient contact with the Shareholders to understand their issues and concerns. The Chairman also ensures that the views of Shareholders are communicated to the Board as a whole so that all directors develop an understanding of their views.

Mr. Jairaj Sonoo C.S.K is the Chairman of the Board.

Chairman of the Board (cont'd)

The Managing Director

The Managing Director has the authority and responsibility to manage the overall operations and resources of the Group. He acts as the main point of contact between the Board and the Management. The Managing Director ensures that a proper assessment of the risks under a variety of possible or likely scenarios is undertaken and presented to the Board. The other responsibilities of the Managing Director include among others: to develop and recommend to the Board a long-term vision and strategy for the Group as well as the annual business plans and budgets that support the Group's strategy; to execute and implement the strategy of the Board; to monitor the Group's performance and keep the Board appropriately informed; to foster a corporate culture that promotes ethical practices, rejects corrupt practices, offers equal opportunities, encourages individual integrity and meets social responsibility objectives and imperatives. The Managing Director serves as the chief spokesperson for the Group on all operational and day-to-day matters. The Managing Director communicates effectively with stakeholders and the public.

Mr Goolabchund Goburdhun is the Managing Director of the Company.

Chairpersons of Sub-Committees

The Chairpersons of sub-committees work in close cooperation and provide support and advice to the Chairman of the Board.

Chairman of the Audit and Risk Management Committee

The Chairman of the Audit and Risk Management Committee has the following responsibilities, amongst others:-

- To provide risk expertise to the Committee:
- To ensure the financial statements comply with the appropriate accounting standards:
- To guide and advise the Board on an appropriate risk management framework; and
- To report the deliberations of the Audit and Risk Management Committee to the Board.

Mr Cader Jaunbocus is the Chairman of the Audit and Risk Management Committee.

Chairman of the Corporate Governance Committee

The Chairman of the Corporate Governance Committee has the following responsibilities, amongst others:-

- To provide expertise in the areas of corporate governance:
- To ensure that the Board is up to the standard with the Code;
- To ensure that an evaluation is carried out each year of the Board performance.; and
- To report the deliberations of the Corporate Governance Committee to the Board.

Mr. Mohummad Shamad Ayoob Saab is the Chairman of the Corporate Governance Committee -

Chairman of the Investment Committee

The Chairman of the Investment Committee provides support and advice on the following: -

- Investment strategies, policies and guidelines;
- New investment proposals; and
- Disposal of unquoted and/or strategic investments.

Mr. Anoop Kumar Nilamber is the Chairman of the Investment Committee.

Chairman of the Remuneration and Nomination Committee

The Chairman of the Remuneration and Nomination Committee assists the Board of Directors of the Corporation in overseeing (i) the establishment of appropriate human resource strategies and policies within the SIC, (ii) remuneration of Senior Management: and (iii) appointment of Directors.

Mr. Premode Neerunjun is the Chairman of the Remuneration and Nomination Committee

Company Secretary

The Company Secretary provides guidance and support to the Board as a whole and directors individually with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the Company. The main responsibilities of the Company Secretary include amongst others, to: prepare and circulate agendas of Board, Board Committees and Shareholders' meetings and any supporting papers; take minutes of meetings and circulate same to members; ensure that the procedure for the appointment of directors is properly carried out; and ensure that the Corporation complies with its Constitution and all relevant statutory and regulatory requirements and any procedures set by the Board. The Company Secretary ensures the presentation of high-quality information to the Board, Board Committees and Shareholders and that the meetings and resolutions of the Board and Shareholders are held and passed in accordance with the Company's Constitution and the Companies Act. The Company Secretary assists in the proper induction of directors, including assessing the specific needs of directors. The Company Secretary provides comprehensive practical support and guidance to directors both as individuals and as a collective with particular emphasis on supporting the non-executive directors.

Prime Partners Ltd, a wholly subsidiary, is the Company Secretary of SIC.

Other Key Governance Positions

Senior Management Team at SIC

Mrs Anista Ramphul Punchoo joined SIC in 1991 and has since been involved in monitoring and developing the Investment Portfolio of the Corporation. She holds a Bachelors degree in Economics, Banking and Finance from The University of Cardiff Wales UK. As a Senior Investment Executive of the SIC, she sits on various investee companies as board member. She has also been involved in SIC's start up projects for the SME's.

Mrs Kavita Kumari Achameesing holds a Master in Investment Promotion & Economic Development, Edinburgh Napier University, United Kingdom and a B.A (Hons) Financial Services, Edinburgh Napier University, United Kingdom. She also holds a Diploma Management and Marketing, Institute of Commercial Management, United Kingdom. She has been working in the Finance Department of SIC since 1989. She is Senior Finance Executive at the SIC and has a wide experience in Corporate Financial Reporting, and Treasury Management. She has contributed to effective monitoring of financial operations and assets of SIC. She is also a Non-Executive Director on the board of some investee companies of SIC.

Mr. Deevendra Cally is presently working as Senior Investment Executive at State Investment Corporation Ltd ('SIC'). He has recently been deputed as Chief Finance Officer for the Casinos managed by SIC Management Services Co. Ltd. He is a Fellow member of the Association of Chartered Certified Accountants, UK and holds a Bachelor degree in Commerce and Master's degree in Business Administration with specialisation in Finance. Prior to joining SIC, he worked with Kross Border Trust Services Ltd, a sister company of KPMG; as Senior Offshore and Fund Administrator. He has more than 15 years wide-ranging experiences and acts as Board member on various companies where SIC is the investee company including Princes Tuna (Mauritius) Ltd, Cargo Handling Corporation Ltd and Alteo Refinery Ltd . He is also the Chairperson of the Casinos of Mauritius Pension Fund.

Senior Management Team at SIC (cont'd)

Mr. Chandrek Dussoye is Senior Investment Executive at SIC. He holds a Bsc Business Management Studies at University of Mauritius and is a fully qualified ACCA. He is a professional reckoning more than 15 years in the field of accounting and finance. He is currently assigned to the Portfolio and Investment Management Department of SIC and is mostly involved in private equity investment and financing. He has been exposed to live projects in a fast-paced investment environment and gathered experience across several economic sectors. He is also a Director of some companies within the SIC Group.

PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES

"The Board should contain independently minded directors. It should include an appropriate combination of executive directors, independent directors and non-independent non-executive directors to prevent one individual or a small group of individuals from dominating the Board's decision taking. The Board should be of a size and level of diversity commensurate with the sophistication and scale of the organisation. Appropriate Board committees may be set up to assist the Board in the effective performance of its duties."

The Board is a unitary, currently consisting of eight (8) directors with:-

- 1 Executive Director.
- 4 Non-Executive Directors.
- 3 Independent Non-Executive Directors.

The Constitution of the Company provides that the minimum number of directors shall be five (5) and the maximum eight (8). The Directors are:-

	Existing Directors	Role	Category
1	Mr. Jairaj Sonoo C.S.K (As from May 18, 2018)	Chairman	Non-Executive and Independent
2	Mr. Premode Neerunjun	Member	Non- Executive
3	Mr. Kritananda Naghee Reddy	Member	Non-Executive and Independent
4	Mr. Anoop Nilamber	Member	Non- Executive
5	Mr. Anandsing Acharuz (As from October 05, 2018)	Member	Non-Executive
	Appointment after year ended December 31, 2018		
6	Mr. Goolabchund Goburdhun (As from April 16, 2019)	Member	Executive
7	Mr. Cader Jaunbocus (As from May 15, 2019)	Member	Non- Executive and Independent
8	Mr. Mohummad Shamad Ayoob Saab (As from June 04, 2019)	Member	Non- Executive
	Officers who served during the year 2018 and ceased to be directors during the year or subsequently		
1	Mr. Ayub Hussein Nakhuda. C.S.K (Up to May 18, 2018)	Chairman	Non-Executive and Independent
2	Mrs. Banoomatee Veerasamy (Up to March 29, 2018)	Acting Managing Director	Executive
3	Mr. Visvanaden Soondram (Up to October 05, 2018)	Member	Non- Executive
4	Mr. Vidianand-Luchmeepersad (Up to May 29, 2019)	Member	Non- Executive
5	Mr. Manickchand Beejan (From April 01, 2018 up to February 28, 2019)	Managing Director	Executive

PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES (CONT'D)

The Board consists of an appropriate mix of skills and experience to provide leadership, reflect integrity and make judgement for managing the affairs of the Company. Discussions will be pursued with the main Shareholder regarding the requirement for gender representation in the Board membership.

Only Board Members attend Board Meetings. Management and other subject matter experts attend the meeting or part thereof on invitation of the Chairman. The use of Alternate Director is discouraged. A clear division of responsibilities at Board level ensures that no Director has unfettered powers in decision making.

All Directors are resident in Mauritius.

The Chairman of the Board and the Chairman of each of the Board Committee are all carefully selected of their relevant knowledge and experience in these key governance roles.

Role of Non-Executive Directors

Non-Executive and Independent Directors play a vital role in providing independent judgement in all circumstances. The Non-Executive Directors are drawn from a diversity of business and other backgrounds so as to bring a broad range of views and experience to Board deliberations.

Executive Directors

There is currently one Executive Director.

The Board is of the view that the appointment of a second executive director on the Board, as required by the Code, is not necessary. The Senior Executives of the Company are invited to attend board meetings as and when required.

With the exception of the Managing Director, all directors have a term of office of one year. Members of the Board are elected at the annual meeting of shareholders. The term of the service contract of the Managing Director is for a period of three years, effective April 16, 2019.

Director's Independence Review

The Board is determined to ensure on an annual basis and as when the circumstances require, whether or not a director is independent. The Board has considered the following directors as Independent directors:-

- Mr. Jairaj Sonoo C.S.K
- Mr. Kritananda Naghee Reddy
- Mr. Cader Jaunbocus

The Board recognizes that over time independent directors develop significant insights in the Company's business and operations and can contribute objectively to the Board as a whole. In circumstances where a director has served as an Independent Director for over nine years, the Board will do a rigorous review of their continuing contribution and independence.

Powers of the Board

The key roles and responsibilities of the Board of Directors are set in the Board Charter. The Board is aware of its responsibility to ensure that the Company adheres to all relevant legislations such as the Mauritius Companies Act 2001. The Board also follows the principle of good corporate governance as recommended in the Code.

Board Meetings

The Board met sixteen (16) times during the financial year ended December 31, 2018. A calendar of meetings is communicated to the Board well in advance. Board Papers are circulated to the Directors well ahead of the meetings to facilitate meaningful and informed decisions at the meetings. Meetings are conducted by means of audio conference when personal attendance is not possible.

The Company provides the Directors appropriate tools to accede to the Board Portal which facilitates secure digital communication of Board Papers.

Board Attendance

The following table depicts the attendance at Board/Board Committees meetings during the year under review:-

	Director Name	Category	Board
1	Mr. Jairaj Sonoo C.S.K (As from May 18, 2018)	Non-Executive and Independent	9/9
2	Mr. Premode Neerunjun	Non- Executive	13/16
3	Mr. Kritananda Naghee Reddy	Non-Executive and Independent	6/16
4	Mr. Anoop Nilamber	Non- Executive	10/16
5	Mr. Anandsing Acharuz (As from October 05, 2018)	Non- Executive	4/4
	Appointment after year ended December 31, 2018		
6	Mr. Goolabchund Goburdhun (As from April 16, 2019)	Executive	-
7	Mr. Cader Jaunbocus (As from May 15, 2019)	Non- Executive and Independent	-
8	Mr. Mohummad Shamad Ayoob Saab (As from June 04, 2019)	Non- Executive	-
	Officers who served during the year 2018 and ceased to be directors during the year or subsequently		
1	Mr. Ayub Hussein Nakhuda, C.S.K (Up to May 18, 2018)	Non-Executive and Independent	7/7
2	Mrs. Banoomatee Veerasamy (Up to March 29, 2018)	Executive	0/1
3	Mr. Visvanaden Soondram (Up to October 05, 2018)	Non- Executive	8/12
4	Mr. Vidianand Luchmeepersad (Up to May 29, 2019)	Non- Executive	11/16
5	Mr. Manickchand Beejan (As from April 01, 2018 Up to February 28, 2019)	Executive	13/13

Board Committees

The Board has carefully considered the work that it needs to carry out to be effective and in order to perform against strategy. To this end, the following committees have been set up as follows:-

(i) Investment Committee;
(ii) Audit and Risk Management Committee
(iii) Corporate Governance Committee; and
(iv) Remuneration and Nomination Committee.

The objectives of these Committees are (i) to bring focus and appropriate expertise and specialization to the consideration of specific Board issues; (ii) to enhance Board efficiency and effectiveness; (iii) to enable key issues to be studied in depth; and (iv) to make recommendations to the Board.

Board Committees (cont'd)

The Board reviews each Committee's Charter which sets out the roles, responsibilities and scope of authority of the Committee. The Board ensures that the Company are being managed in line with the Company's objectives through deliberations and reporting of its various Committees.

Audit and Risk Management Committee

The Audit and Risk Management Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Committee was approved by the Board and is available on the website of the Company.

The Board considers that the members of the Audit and Risk Management Committee are appropriately qualified to discharge their responsibilities of the Audit and Risk Management Committee.

The Audit and Risk Management Committee has the explicit authority to investigate any matter within its terms of reference. In addition, the Audit and Risk Management Committee has full access to and co-operation of Management as well as full discretion to invite any Director to attend its meetings.

The duties of the Audit and Risk Management Committee include amongst others:-

- Examining and reviewing the quality and integrity of the financial statements of the Company including its annual report;
- Compliance with International Financial Reporting standards and legal requirements;
- Keeping review the adequacy and effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
- Reviewing the annual compliance work plan and other reports from the Compliance function;
- Ensuring the Internal Auditor has direct access to the Board Chairperson and to the Committee Chairperson;
- Consider and make recommendations to the Board, to be put to shareholders for approval at the Annual Meeting of Shareholders, in relation to the appointment, re-appointment and removal of the Company's External Auditor;
- Making recommendations to the Board as it deems appropriate, on any area within its remit where action or improvement is needed.

In performing its function, the Audit and Risk Management Committee meets with the internal and external auditors. Where necessary, the Audit and Risk Management Committee also meets separately with the internal and external auditors whereby any issues may be raised directly to the Audit & Risk Management Committee, without the presence of Management. The internal and external auditors have unrestricted access to the Audit and Risk Management Committee.

The Committee met thrice during the year.

Members and Attendance

Membership during the year ended December 31, 2018	Role	Audit & Risk Committee
Mr. V. Soondram	Chairma	3/3
Mr. A. Nilamber	Member	2/3
Mr. K. Naghee Reddy	Member	2/3
Mr. V. Lutchmeepersad	Member	2/3

The Audit and Risk Management Committee was reconstituted as follows as from June 05, 2019:-

Membership	Role
Mr. C. Jaunbocus	Chairman
Mr. A. S. Ayoob Saab	Member
Mr. A. Acharuz	Member

Corporate Governance Committee

The Corporate Governance Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Committee was approved by the Board and is available on the website of the Company.

The Corporate Governance Committee is a useful mechanism for making recommendations to the Board on various corporate governance issues so that the Board remains effective and complies with good governance principles.

The duties of the Corporate Governance Committee include the following:-

- Oversee the implementation of the corporate governance framework;
- Periodically review and evaluate the effectiveness of the Company`s Code of Conduct and Ethics;
- Review the position descriptions of the Chairperson, and Board Committee chairs and recommend any amendment to the Board; and
- Review annually the size and composition of the board as a whole.

The Committee met twice during the year.

Members and Attendance

Membership during the year ended December 31, 2018	Role	Corporate GovernanceCommittee
Mr. P. Neerunjun	Chairman	2/2
Mr. J. Sonoo C.S.K	Member	2/2
Mr. V. Soondram	Member	2/2
Mr. K. Naghee Reddy	Member	2/2
Mr. A. Nilamber	Member	0/2

The Corporate Governance Committee was reconstituted as follows as from June 05, 2019:-

Membership	Role
Mr. M. S. Ayoob Saab	Chairman
Mr. J. Sonoo	Member
Mr. K. Naghee Reddy	Member
Mr. P. Neerunjun	Member
Mr. A. Acharuz	Member

Investment Committee

The Investment Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Investment Committee was approved by the Board and is available on the website of the Company.

The main function of the Investment Committee is to advise the Board on asset allocation, investment policies, processes, strategies and on optimal risk/return level. The Committee reviewed the evolving financial market conditions and deliberated on investment opportunities.
The Investment Committee met five times during the year.

Members and Attendance

Membership during the year ended December 31, 2018	Role	Investment Committee
Mr. A. Nilamber	Chairman	5/5
Mr. K. Naghee Reddy	Member	2/5
Mr. V. Soondram	Member	2/5
Mr. M. Beejan	Member	4/4

The Investment Committee was reconstituted as follows as from June 05, 2019:-

Membership	Role
Mr. A. Nilamber	Chairman
Mr. G. Goburdhun	Member
Mr. C. Jaunbocus	Member
Mr. A. Acharuz	Member

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Remuneration and Nomination Committee was approved by the Board and is available on the website of the Company.

The Remuneration and Nomination Committee is a useful mechanism for making recommendations to the Board on various issues so that the Board remains effective and complies with good governance principles.

The duties of the Remuneration and Nomination Committee include the followings:-

- Recommend and monitor the level and structure of remuneration for senior management;
- Be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they rise;
- Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment;and
- Review the results of the Board performance evaluation process that relate to the composition of the Board.

The Committee twice during the year.

Members and Attendance

Membership during the year ended December 31, 2018	Role	Remuneration and Nomination Committee
Mr. P. Neerunjun	Chairman	2/2
Mr.N. Nilamber	Member	1/2
Mr. K. Naghee Reddy	Member	1/2
Mr. V. Luchmeepersad	Member	1/2
Mr. M. Beejan	Member	1/2

The Remuneration and Nomination Committee was reconstituted as follows as from June 05, 2019:-

Membership	Role
Mr. P. Neerunjun	Chairman
Mr. K. Naghee Reddy	Member
Mr. A. Nilamber	Member
Mr. G. Goburdhun	Member

DIRECTORS' PROFILE

Mr. Jairaj Sonoo, C.S.K

Mr. Sonoo is the Chairman of the Company. He has extensive experience in banking both on the local and internal level and spent nearly 38 years at SBM in various positions. He served as the Chief Executive Officer at SBM Bank (Mauritius) Ltd from September 2012 to August 2016 and Acting Group Chief Executive at SBM Holdings Ltd from November 2014 to September 2015. He occupied the post of the Chief Executive Overseas Expansion of SBM Holdings Ltd from August 2016 to September 2017.

During his tenure of office at SBM Group, he was responsible for overseeing the development and execution of the Bank's international strategy through both organic growth and M&A. He also led the acquisition of a Kenyan Bank which marked the milestone for the Group's entry into East Africa.

Mr. Sonoo holds a Masterss in Business Administration (MBA) from University of Surrey, UK. He is currently the Chairman of The State Investment Corporation Limited and holds directorship on various invested companies of the SIC.

Mr. Goolabchund Goburdhun

Mr. Goburdhun is a Fellow of the Association of Chartered Certified Accountants and holds a M.S.c in Finance from University of Mauritius. He has extensive experience in the field of accounting and finance. He is registered with the Mauritius Institute of Professional Accountants (MIPA) as 'Professional Accountant.'

Mr G. Goburdhun is currently the Managing Director of The State Investment Corporation Limited (SIC) and holds directorship on various SIC Investee Companies, including Air Mauritius Ltd, Lottotech Ltd and Casino Companies. In the past, he was in public practice as a Chartered Certified Accountant providing services relating to Accounting, Auditing, Management, Tax Consultancy and Corporate Secretarial Services. He also held Chairmanship on various Government-related companies/institutions such as MauBank Holdings Ltd, MPCB (now MauBank Ltd), National Pensions Board and Responsible Gambling and Capacity Building of the Gambling Regulatory Authority.

DIRECTORS' PROFILE (CONT'D)

Mr. Premode Neerunjun

Mr Neerunjun holds the post of -Permanent Secretary at the Prime Minister's Office and has over thirty years of experience in the public sector. In addition, he has also been called upon to serve as Board Director in statutory bodies on a part time basis. He holds a Graduate Diploma in Business from Curtin University (Western Australia) and a BSc in Economics & Management from University of London. He also holds a Masters Degree in Public Policy and Administration from the University of Mauritius.

Mr. Kritananda Naghee Reddy

Mr Reddy left the Ministry of Finance (as it was known then) as Principal Accountant to join the Attorney General's Office in 2002 as State Counsel after graduating in Law. Presently Acting Principal State Counsel, he represents the State in litigation on civil matter and also advises Ministries and Government Departments. He is also holder of an MBA and an LLM.

Mr. Anoop Kumar Nilamber

Mr. Nilamber is currently the group Chief Executive Officer for the Airports of Mauritius (AML Group). Prior to occupying this post, Mr. Nilamber was Economic Advisor at the Ministry of Finance and Economic Development. He was a Corporate Finance Banker at HSBC in France and at the Mauritius Commercial Bank.. In Paris, Mr. Nilamber was also a Part-time Lecturer in Finance at Universite Pantheon Assas (Paris II) where he graduated in Banking and Finance.

Mr. Cader Jaunbocus

Mr.-Jaunbocus is a Fellow of the Association of Chartered Certified Accountants and holds a Master in Business Administration from University of Birmingham. He has extensive experience in the field of Finance, with lead experience in Personal Financial Planning, Investments, Insurance, Management, Analysis and Reporting. He is registered with the UK Chartered Insurance Institute (CII) as a 'Chartered Insurer'.

Mr. Jaunbocus is currently the Managing Director of the Tailored Financial Solutions Ltd a company providing services in the field of Accountancy, Tax and Advisory. Mr. Jaunbocus possess strong entrepreneurial skill as well as good business acumen, valued communicator, dedicated to meeting goals and exceedings expectations.

Mr. Anandsing Acharuz

Mr. Acharuz is currently a Director (Economic & Finance) at the Ministry of Finance and Economic Development. His responsibilities include the preparation of the macro-fiscal framework, the budget estimates and the debt management strategy. He is also responsible for consolidating the public financial management system.

In view of his responsibilities, Mr. Acharuz is activelt working with regional and international organisations such as the Collaborative Africa Budget Reform Initiative and AFRITAC South, whereby he has been sharing his experience and knowledge in the fields of public financial management and budgeting. Mr. Acharuz has served on different boards of public bodies, including the State Trading Corporation Limited, the Civil Service Family Protection Scheme Board, the Mauritius Post & Co-operative Bank Ltd, the Government Lotteries ad the Mauritius Ex-SERVICES Trust Fund Board.

Mr. Acharuz holds an MSc in Financial Economics from the University of London.

DIRECTORS' PROFILE (CONT'D)

Mr. Mohummad Shamad Ayoob Saab

Mr. Ayoob Saab, independent director, holds a Diploma in Public Administration with specialization in Public Management and a Masters in Business Administration. He joined the Public service in 1984 and has since then climbed up the ladder to the post of Permanent Secretary. Has served in various ministries and is at present posted to the Ministry of Finance and Economic Development.

Mr. Ayoob Saab has served several board namely NPF, NHDC, NPFL, FSC and NCCG. He is presently the Chairperson of the Corporate Governance Committee of the SIC.

- **Directorship within the Group as at the date of signature of the financial statements:-**

		J. SONOO	G. GOBURDHUN	P. NEERUNJUN	A. NILAMBER	K. NAGHEE REDDY	A. ACHARUZ	C. JAUNBOCUS	M. S. AYOOB SAAB
1	Capital Asset Management		√		√				
2	Prime Partners Ltd	√	√	√					
3	SIC Development Co Ltd	√	√						
4	Port Louis Fund Ltd		√						
5	Casino de Maurice		√						
6	Le Caudan Waterfront Casino		√						
7	Grand Baie Casino		√						
8	Le Grand Casino du Domaine		√						
9	SIC Management Services Co. Ltd	√	√		√				
10	Guibies Holdings	√	√						
11	Guibies Properties	√	√						
12	Domaine Les Pailles		√						
13	Prime Real Estate	√	√						
14	Compagnie Mauricienne D'Hippodromes	√	√						
15	EREIT Management Ltd	√	√	√	√	√			
16	Les Pailles Management		√						
17	Lakepoint Ltd		√						
18	State Investment Finance Corporation		√						
19	MJTI Properties	√							
20	Ebene Accelerator								
21	Le Val Development	√							
22	Yihai Investment Ltd				√				
23	SIC Capital Support Ltd	√	√						
24	SBM (Mauritius) Infrastructure	√	√						
25	Mauritius Technologies Holdings Ltd		√						
26	SME Equity Fund Ltd (SME)		√						
27	National Real Estate (NREL)	√	√		√				
28	Rodrigues Educational Development	√							
29	Mauritius Cargo Community Services Ltd		√						
30	Air Mauritius		√						

- Directorship within the Group as at the date of signature of the financial statements:- (cont'd)

		J. SONOO	G. GOBURDHUN	P. NEERUNJUN	A. NILAMBER	K. NAGHEE REDDY	A. ACHARUZ	C. JAUNBOCUS	M. S. AYOOB SAAB
31	Air Mauritius Holdings		√						
32	Airports of Mauritius Ltd		√						
33	Pointe Coton Ltd		√						
34	SICOM	√							
35	Ebene CarPark		√						
36	Lottotech		√						
37	Mauritius Estate Development Corporation		√						
38	Vita Rice Ltd		√						
39	Mauritius Duty Free Paradise Co Ltd	√							
40	ISPC	√							

- Directorship on listed companies

Mr. Goolabchund Goburdhun is a Director of the following listed companies:-
(i) Lottotech Ltd.
(ii) Air Mauritius Ltd.

The other Board Members of SIC are not Directors of Listed Companies.

PRINCIPLE 3 – DIRECTORS APPOINTMENT PROCEDURES

"There should be a formal, rigorous and transparent process for the appointment, election, induction and re-election of Directors. The search for Board candidates should be conducted, and appointments made, on merit, against objective criteria (to include skills, knowledge, experience, and independence and with due regard to the benefits of diversity on the Board, including gender). The Board should ensure that a formal, rigorous and transparent procedure be in place for planning the succession of all key officeholders."

Appointment of Directors

The Board carefully considers the needs of the Company in appointing Board Members. The following factors are considered:-

- Skills, knowledge and expertise required on the Board;
- Skills, knowledge and expertise of the proposed Director;
- Previous experience as a Director;
- Specific roles required on the Board such as Chairman of a Committee;
- Balance required on the Board such as gender and age;
- Independence where required;
- Amount of time the proposed director is able to devote to the business of the Board: and
- Conflicts of interests.

Appointment of Directors (cont'd)

As per the newly adopted Charter of Remuneration and Nomination Committee, the role of the said Committee in respect of nomination of Directors include the following:-

(i) To keep under review the leadership needs of the Company, both executive and non-executive, with a view to ensuring the continued ability of the Company to compete effectively in the marketplace; and
(ii) To identify and nominate for the approval of the Board, candidates to fill board vacancies as and when they arise.

The proposed appointee is required to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest.

The Board considers its succession very carefully and assumes responsibility for succession planning. The Remuneration and Nomination Committee is responsible to give consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.

Professional Development

The Board has reviewed the professional development and on-going education of Directors. During the Board evaluation exercise, the Board Members are invited to indicate any training development programme they require.

Induction

On appointment to the Board, all directors receive a formal induction program designed to provide them with sufficient knowledge and understanding of the nature of business, opportunity and challenges, to enable them to effectively contribute to strategic discussions and oversight of the Company. The topics covered by the induction include the Board Charter, which clearly outlines their duties and obligations, the new Code for Corporate Governance in Mauritius, the Risk Management framework and introduction to key stakeholders. They are also provided with the Company's relevant constitutive documents.

Election and Re-election of Directors

Each director is elected by a separate resolution at the Annual Meeting of Shareholders until the next Annual Meeting.

PRINCIPLE 4 - DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

"Directors should be aware of their legal duties. Directors should observe and foster high ethical standards and a strong ethical culture in their organisation. Each director must be able to allocate sufficient time to discharge his or her duties effectively. Conflicts of interest should be disclosed and managed. The Board is responsible for the governance of the organisation's information, information technology and information security. The Board, committees and individual directors should be supplied with information in a timely manner and in an appropriate form and quality to perform to required standards. The Board, committees and individual directors should have their performance evaluated and be held accountable to appropriate stakeholders. The Board should be transparent, fair and consistent in determining the remuneration policy for directors and senior executives."

Legal Duties

All Directors are fully aware of their fiduciary duties.

Conflict of Interest

Board Members have a fiduciary duty to conduct themselves without conflict of the interests of the Company. In their capacity as Board Members, they must subordinate personal individual business, third-party and other interests to the welfare and best interests of the Company.

A conflict of interest occurs when a present transaction or relationship might conflict with a Board Member's obligations owed to the Company and the Board Member's personal, business or other interests.

The Company ensures that directors declare any interest and report to the Chairman and Company Secretary any related party transactions. A register of conflicts of interests is kept by the Company Secretary.

Information, IT and Information Security Governance

The Board of Directors ensures that appropriate resources are allocated for the implementation of an information and IT security framework. SIC has in place an Information Security policy and an IT Risk policy, which are regularly reviewed. It has implemented security policies to ensure that data is safeguarded both within its premises as well as those hosted on the server including access rights granted only to authorised personnel, password expiry and complexity policy implemented and backup of digital information. Testing of daily backup of the server are also conducted on a regular basis by the IT department. SIC has also in place a Disaster Recovery Plan which ensures that in the event of a major disaster that causes the site to be unavailable, systems and business operations will be restored at a backup site within two working days.

Board Information

The Chairperson is responsible for ensuring that the directors receive accurate, timely and clear information. The Company Secretary's responsibilities include ensuring good information flows within the Board and its committees and between senior management and non-executive directors. Management has an obligation to provide accurate, timely and clear information. Directors seek clarification or amplification where necessary.

The Board ensure that directors have access to independent professional advice at the company's expense in cases where the directors judge it necessary for discharging their responsibilities as directors.

All directors keep information relating to the Company, gathered in their capacity as directors, strictly confidential and private and do not divulge them to anyone without the authority of the Board.

The Company Secretary should arrange appropriate Directors and Officers Insurance for all Board members, the Company Secretary and other appropriate staff

Directors & Officers Liability Insurance

The Company has contracted with SICOM Directors & Officers Liability Insurance policy in respect of legal action or liability that can arise against its Directors and officers. The cover does not provide insurance against fraudulent, malicious or willful acts or omissions.

Board Evaluation

The Company has established a system of Board Appraisal to assess the effectiveness/ performance of the Board and sub-committees. The Directors are required to fill in an Evaluation Questionnaire, focusing on the following major governance issues relevant to the Board: -

- Objectives and Strategy;
- Performance Measurement;
- Relationships with key stakeholders;
- Propriety, Fraud and Other Leakage;
- Project Management;
- Risk Management;
- Oversight of Management;
- The Audit Committee, Internal Audit and Corporate Reporting;
- Composition of the Board;
- Conduct of Board Meetings;
- The Boardroom;

The results are analysed and discussed by the Corporate Governance Committee and action considered for implementation. The Board considers that the current evaluation process is sufficient.

No independence Board evaluator was appointed.

Statement of Remuneration Philosophy

The directors are remunerated for their knowledge, experience and insight. The remuneration policy is to reward the collective contribution of directors towards achievement of the Company's objectives. The directors' remuneration in similar companies is also used as a guide.

The total fees earned by directors during the year under review, are as follows:-

	Existing Directors	Category	Director's Remuneration
1	Mr. Jairaj Sonoo C.S.K (As from May 18, 2018)	Non-Executive and Independent	Rs857,272.73
2	Mr. Premode Neerunjun	Non- Executive	Rs300,000.00
3	Mr. Kritananda Naghee Reddy	Non-Executive and Independent	Rs300,000.00
4	Mr. Anoop Nilamber	Non- Executive	Rs300,000.00
5	Mr. Anandsing Acharuz (As from October 05, 2018)	Non-Executive	Rs71,590.91
6	Mr. Ayub Hussein Nakhuda, C.S.K (Up to May 18, 2018)	Non-Executive and Independent	Rs533,181.82
7	Mrs. Banoomatee Veerasamy (Up to March 29, 2018)	Executive	Rs1,089,544.27
8	Mr. Visvanaden Soondram (Up to October 05, 2018)	Non- Executive	Rs229,545.46
9	Mr. Vidianand Luchmeepersad (Up to May 29, 2019)	Non- Executive	Rs300,000.00
10	Mr. Manickchand Beejan (Up to February 28, 2019)	Executive	Rs3,116,010.00

The Directors have not received remuneration in the form of share options or bonuses associated with the Company's performance.

PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL

"The Board should be responsible for risk governance and should ensure that the orgainsation develops and executes a comprehensive and robust system of risk management. The Board should ensure the maintenance of a sound internal control system."

(a) Responsibility and application

The Board is responsible for risk management and for framing procedures for risk management. The Board is responsible for definition of the overall strategy for risk tolerance. Management and the assurance process on risk management are delegated to the Audit & Risk Committee. The Committee is responsible for the design and implementation of risk management processes while the day-to-day management of risk is performed by Management.

The Corporation's policy on risk management encompasses all significant business risks, including physical, operational, human resources, technological, business continuity, financial, compliance and reputational, which could influence the achievement of the Corporation's objectives.

The risk management mechanisms in place include:-

- a system for ongoing identification and assessment of risk and definition of acceptable and non-acceptable levels of risk;
- development of strategies in respect of risk and definition of acceptable and non-acceptable levels of risk;
- communication of risk management policies to all levels of the organisation, as appropriate, and methods to ensure commitment, both by managers and by other employees, to the process;
- processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined by the Board and Management; and
- Structures and processes for identification of risks and risk management.

(b) Structures and processes for identification of risks and risk management

There was clear accountability for risk management. Managers were required to document how these risks would be managed and what mitigating activities have been put in place in respect of each significant risk.

(c) Integration of internal control and risk management

The effectiveness of internal control systems was reviewed by the Audit & Risk Management Committee. It covered all internal control systems, including financial, operational, compliance and risk management.

The Corporation has outsourced the internal audit function to Moore Stephens (Mtius), as from January 2016. The assignment provides for the examination and evaluation of the adequacy and effectiveness of the Corporation's governance and of the risk management process, as well as assessment of the adequacy of the existing internal control system. The key deliverables by Moore Stephens are the provision of detailed monthly internal reports and value added advice to Management on risks management.

(d) Assurance on the effectiveness of the risk management process

Regular management reporting, which provides a balanced assessment of key risks and controls, was an important component of Board assurance. The finance department provided confirmation that financial and accounting control frameworks have operated satisfactorily. The Board also received assurance from the Audit & Risk Management Committee which, in part, derived its information from internal and external audit reports on risk and internal control throughout the Corporation.

(e) Management of key risks

Risks within the Corporation were identified under the following headings:

- *Operational risk*: Operational risk is defined as risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.
- *Human resource risks*: Losses arising from acts inconsistent with employment, health and safety laws, personal injury claims, etc.
- *Compliance risks*: Dishonest or fraudulent acts intended to defraud or misappropriate property, or circumvent regulations, law and policies and involve at least one internal party and a third party.
- *Physical risks*: Losses due to fire, cyclones, riots, etc.
- *Technology risks*: Include hardware and software failures, system development and infrastructure issues.
- *Business continuity risks*: Losses from failed transaction processing and process management.

Financial Risk Factors

Please refer to note 3 of the Notes to the Financial Statements on pages 19-31.

Solvency Risk

Solvency risk is minimal since the Company has no debt.

Frameworks and processes for the sound management of risk and Internal Controls

An independent internal auditor has been appointed to review the effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems. This ensures that appropriate frameworks and effective processes are in place for a sound management of risk.

Management is responsible for the implementation of internal control and risk management systems under the supervision of the Audit & Risk Management Committee which ensure that proper accounting records are maintained and that the strategies and policies adopted by the Board are being implemented.

The internal auditor covers key areas of activities. Any deviation in policies and non-performance of internal control are duly reported and discussed at large at Management and Audit & Risk Management Committee levels. Corrective actions are promptly taken, and regular follow ups are done. This enables the Board to derive assurance that the internal control systems are effective.

There has been no identification of any significant areas which was not covered by the Internal Auditors during the year. Based on the internal audit report, no major risk or deficiency has been found in the Company's system of internal controls.

Whistle-blowing rules and procedures

For any suspicious or illegal transactions or behaviour, officers and directors are encouraged to lodge reports promptly to the Money Laundering officer as per the Financial Intelligence and Anti Money Laundering Act 2002 and Prevention of Corruption Act 2002.

PRINCIPLE 6: REPORTING WITH INTEGRITY

"The Board should present a fair, balanced and understandable assessment of the organisation's financial, environmental, social and governance position, performance and outlook in its annual report"

The Annual Report is published in full on the Company's website.

The Annual Report comprise several key elements:
- Performance review
- Economic and market review
- Risks
- KPIs, performance and outlook
- Corporate social responsibility and donations
- Environmental policy

Corporate social responsibility and donations

The Company had paid directly its contribution to the Mauritius Revenue Authority. There following donations were made during the year:-

	Donations	Amount Rs.
1	T-Shirts for Maha Shivratee	94,875
2	South Indian Culinary Contest	25,000
	Total	119,875

Environmental Policy

Due to the nature of its activities, the Company's operation has no major impact on environment.

Safety and Health Issues

The Corporation complies with the Occupational Safety and Health Act 2005 and other legislative and regulatory frameworks. With a view to promote health and safety knowledge sharing in order to make the Corporation a workplace safer and healthier, several trainings have been delivered to officers of the Corporation.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors acknowledge their responsibilities for:

- Adequate accounting records and for maintenance of effective internal control systems;
- Preparation of financial statements which fairly present the state of affairs of the Company at end of the financial year and the cash flows for that period, and which comply with International Financial Reporting Standards (IFRS);
- Using appropriate accounting policies supported by reasonable and prudent judgments and estimates;
- Ensuring that adequate accounting records and an effective system of internal controls and risk management have been maintained;
- Ensuring that appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;
- Ensuring that the International Financial Reporting Standards have been adhered to. Any departure has been disclosed, explained and quantified in the financial statements; and
- Ensuring that the Code of Corporate Governance has been adhered to in all material aspects. Reasons for non-compliance have been provided, where appropriate.

The External Auditors are responsible for reporting on whether the financial statements are fairly presented.

PRINCIPLE 7 – AUDIT

"Organisations should consider having an effective and independent internal audit function that has the respect, confidence and co-operation of both the Board and the management. The Board should establish formal and transparent arrangements to appoint and maintain an appropriate relationship with the organisation's auditors"

Internal Audit

The role of Internal Audit is to provide independent and objective assurance to management and the Board of Directors through the Audit Committee. By following a systematic and disciplined approach, Internal Audit helps to accomplish the Company's objectives by evaluating and recommending improvements to operations, internal controls, risk management systems, and governance process.

During the year, the internal audit function was outsourced to Moore Stephens. The latter is a professional firm and its internal audit department is adequately staffed with qualified auditors and certified internal auditors. The internal audit is performed on a quarterly basis and the findings are submitted to the Audit and Risk Management Committee.

The internal auditor reports directly to the Audit & Risk Committee and has unrestricted access to review all activities and transactions undertaken within the Company and to appraise and report thereon. There was no restriction placed over the right of access by internal audit to the records, management or employees of the organisation.

External Audit

The Company has appointed BDO as External Auditors for the financial year ended December 31, 2018

Meeting with Audit & Risk Committee

The External Auditors met with the Chairman of the Audit & Risk Committee at least twice during the year, without the presence of Management, during which meeting the financial statements of the Company, timeline of the audit, the audit approach, the accounting principles and critical policies adopted are discussed.

Going forward, meetings of the Committee will be held at least four times a year at appropriate intervals in the financial reporting and audit cycle and otherwise as required.

Evaluation of the Auditors

The Audit & Risk Committee evaluates the external auditor in fulfilling their duty annually, to make an informed recommendation to the Board for the reappointment of the auditor. The Audit & Risk Committee assesses the qualifications and performance of the auditor; the quality of the auditor's communications with the Audit & Risk Committee and the auditor's independence, objectivity and professional scepticism.

Information on non-audit services

The Company has appointed BDO for tax compliance services. The fees charged for this service is Rs.38,500 for the year ended December 31, 2018.

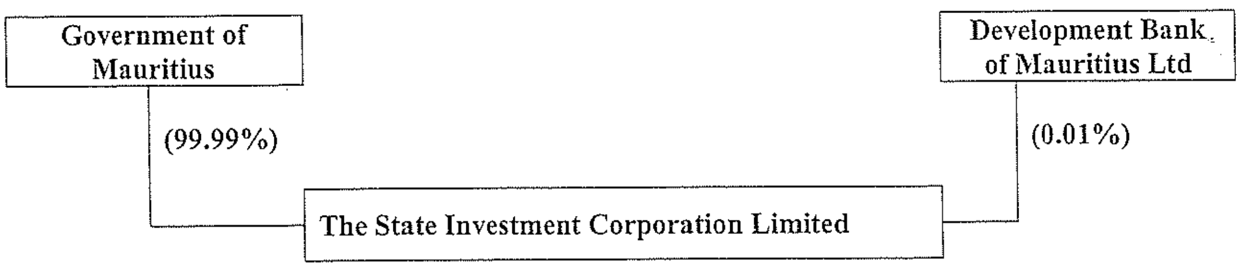
The audit and tax department of BDO are distinct. Hence, the Manager and signing partner of each department are separate.

PRINCIPLE 8- RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

"The Board should be responsible for ensuring that an appropriate dialogue takes place among the organisation, its shareholders and other key stakeholders. The Board should respect the interests of its shareholders and other key stakeholders within the context of its fundamental purpose"

SHARE CAPITAL STRUCTURE

The holding structure of The State Investment Corporation Limited as at December 31, 2018 was as follows:-



DIVIDEND POLICY

The Corporation has no formal policy on dividend. The Corporation has last declared dividend during the year ended June 30, 2008.

RELATIONS WITH SHAREHOLDER

The Board ensures that the Notice of Meeting along with the proxy forms is sent to the shareholders at least 14 days before the meeting in accordance with the Companies Act. The last Annual Meeting was held on June 27, 2019.

The Company ensures that there is regular contact and dialogue with the shareholders to keep them informed on material events affecting the Company. The Chairman, through the assistance of the Company Secretary, is available to answer any query from the shareholder.

COMPANY KEY STAKEHOLDERS

Regulators

Relationships with the regulators, mainly the Financial Services Commission, the Registrar of Companies and the Mauritius Revenue Authority are considered as critical for good running of the Company. The Company maintains relationship with its regulators through written communications, filing of returns and financial reports, participation in forums, conferences and workshops as well as compliance with relevant legislation.

These relationships are viewed as strategic partnerships to ensure that the Company upholds and maintains best practices with full transparency.

CALENDAR OF IMPORTANT EVENTS

The following is a schedule of important events:

June	Annual General Meeting
June	Approval of Accounts
December	End of Financial Year

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

Name of PIE:	**The State Investment Corporation Limited**
Reporting period:	**December 31, 2018**

We, the Directors of The State Investment Corporation Limited, (the "Company or SIC") confirm to the best of our knowledge that the Company has complied with all its obligations and requirements under the Code of Corporate Governance except for the following sections: -

Reasons for non-compliance with the sections of the Code:

Principle 2: Structure of the Board and its board committees

Board Composition:- Appointment of at least two Executive Directors

There is currently one Executive Director. The Board is of the view that the appointment of a second executive director on the Board, as required by the Code, is not necessary. The Senior Executives of the Company are invited to attend board meetings as and when required.

Principle 2: Structure of the Board and its board committees

Board Diversity

Discussions will also be pursued with the main Shareholder regarding the requirement for gender representation in the Board membership.

DIRECTOR

28 OCT 2019

DIRECTOR

CERTIFICATE FROM THE COMPANY SECRETARY FOR THE YEAR ENDED DECEMBER 31, 2018

We hereby certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required by the Company under Section 166 (d) of the Companies Act 2001 during the financial year ended December 31, 2018.

……………………………

For Prime Partners Ltd
Company Secretary

Prime Partners Ltd
Company Secretary
Per Christophe Brette

Date: 28 OCT 2019

Tel : +230 202 3000
Fax: +230 202 9993
www.bdo.mu

10, Frère Félix de Valois Street
Port Louis, Mauritius
P.O. Box 799

INDEPENDENT AUDITORS' REPORT

To the Shareholders of The State Investment Corporation Ltd

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of The State Investment Corporation Ltd (the Company), on pages 5 to 57 which comprise the statement of financial position as at December 31, 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 5 to 57 give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

Corporate Governance Report

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.

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

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

THE STATE INVESTMENT CORPORATION LTD

INDEPENDENT AUDITORS' REPORT (CONT'D)
To the Shareholders of The State Investment Corporation Ltd

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

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

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interests in, the Company, other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Other Matter

This report is made solely to the members of The State Investment Corporation Ltd (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO & Co

BDO & CO
Chartered Accountants

28 OCT 2019

Shabnam Peerbocus, FCA
Licensed by FRC

Port Louis,
Mauritius.

STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2018

ASSETS	Notes	2018 Rs'000	Restated 2017 Rs'000	As at January 1, 2017 Restated Rs'000
Non-current assets				
Property, plant and equipment	5	**16,661**	14,922	14,542
Investment property	6	**610,000**	610,000	19,500
Intangible assets	7	**13,272**	13,463	13,703
Investment in subsidiary companies	8	**2,303,230**	1,673,940	1,481,929
Investment in associates	9	**1,093,299**	1,620,463	989,127
Financial assets at fair value through profit or loss	10	**3,737,073**	3,639,922	3,302,310
Non current receivables	11	**-**	6,511	8,390
Financial assets at amortised cost	13	**5,976**	-	-
Employee benefit asset		**-**	-	3,192
		7,779,511	7,579,221	5,832,693
Current assets				
Trade and other receivables	12	**16,567**	119,052	548,953
Financial assets at amortised cost	13	**262,173**	-	-
Current tax asset	19	**199**	21	-
Cash and cash equivalents	27(b)	**589,023**	986,032	670,254
		867,962	1,105,105	1,219,207
Total assets		**8,647,473**	8,684,326	7,051,900
EQUITY AND LIABILITIES				
Equity				
Share Capital	14	**85,000**	85,000	85,000
Retained earnings		**6,744,348**	6,607,360	6,147,465
Actuarial reserve		**(15,897)**	(1,411)	1,309
Total equity		**6,813,451**	6,690,949	6,233,774
Non-current liabilities				
Retirement benefit obligations	15	**17,058**	49	-
Other liabilities	16	**431,005**	436,005	-
Deferred tax liability	17	**799**	3,556	936
Borrowings	20	**700,000**	-	-
		1,148,862	439,610	936
Current liabilities				
Other payables	18	**672,355**	1,517,736	639,006
Current tax liabilities	19	**-**	-	70,155
Borrowings	20	**999**	1,049	2,279
Other liabilities	16	**11,806**	34,982	105,750
		685,160	1,553,767	817,190
Total liabilities		**1,834,022**	1,993,377	818,126
Total equity and liabilities		**8,647,473**	8,684,326	7,051,900

These financial statements have been approved for issue by the Board of Directors on: 28 OCT 2019

.... **Directors** .... **Directors**

The notes on pages 9 to 57 form an integral part of these financial statements.
Auditor's report on pages 4 to 4(b).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2018

	Notes	2018	Restated 2017
		Rs'000	Rs'000
INCOME			
Investment income	22	141,302	184,029
Interest income	23	663	492
Other income	24	10,678	8,123
Increase in fair value of investment properties		-	500
Net foreign exchange gain		1,082	-
Gain on disposal of investment		4,494	-
		158,219	193,144
Net change in investments at fair value through profit or loss profit or loss	21	102,089	621,115
EXPENSES			
Employee benefit expense	25	30,868	27,206
Motor vehicle running expenses		585	554
Audit and other related fees		549	992
Other professional expenses		7,467	9.535
Depreciation of property, plant and equipment	5	1,160	976
Amortisation of intangible assets	7	373	470
Repairs and maintenance		20	8
Interest expense	26	14,643	34,982
Other general expenses		19,566	8,001
Net foreign exchange loss		-	318
Impairment of receivables		12,355	266,789
Loss on disposal of investment		-	90
		87,586	349.921
Profit before tax		172,722	464.338
Income tax expense	19	(734)	(4,443)
Profit after tax		171,988	459,895
Other comprehensive income			
Other comprehensive income:			
Items that may not to be reclassified to profit or loss			
Re-measurement losses on defined benefit plans		(17,453)	(3,277)
Income tax effect		2,967	557
		(14,486)	(2,720)
Other comprehensive income for the year, net of tax		(14,486)	(2.720)
Total comprehensive income for the year, net of tax		157,502	457.175

The notes on pages 9 to 57 form an integral part of these financial statements.
Auditor's report on pages 4 to 4(b).

STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2018

	Notes	Share buy back capital	Retained earnings	Actuarial reserve	Total
		Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2018					
-As previously reported		**85,000**	**6,814,261**	**(1,411)**	**6,897,850**
-Effect of prior year adjustment	30	-	**(206,901)**	-	**(206,901)**
-As restated		**85,000**	**6,607,360**	**(1,411)**	**6,690,949**
Dividends paid	28	-	**(35,000)**	-	**(35,000)**
Profit for the year		-	**171,988**	-	**171,988**
Other comprehensive income		-	-	**(14,486)**	**(14,486)**
Total comprehensive income		-	**136,988**	**(14,486)**	**122,502**
Balance at December 31, 2018		**85,000**	**6,744,348**	**(15,897)**	**6,813,451**
Balance at January 1, 2017					
-As previously reported		85,000	6,350,852	1,309	6,437,161
-Effect of prior year adjustment	30	-	(203,387)	-	(203,387)
-As restated		85,000	6,147,465	1,309	6,233,774
Profit for the year		-	459,895	-	459,895
Other comprehensive income		-	-	(2,720)	(2,720)
Total comprehensive income		-	459,895	(2,720)	457,175
Balance at December 31, 2017		85,000	6,607,360	(1,411)	6,690,949

The notes on pages 9 to 57 form an integral part of these financial statements.
Auditor's report on pages 4 to 4(b).

STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2018

	Notes	2018	Restated 2017
		Rs'000	Rs'000
Cash flows from operating activities			
Cash (absorbed by)/generated from operations	27(a)	(930,959)	464,865
Interest received		3,294	2,125
Tax paid	18	(702)	(3,399)
Net cash (used in)/from operating activities		(928,367)	463,591
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(2,919)	(1,356)
Purchase of intangible assets	7	(182)	-
Purchase of investment properties		-	(32,400)
Purchase of investment in financial asset		(170,149)	-
Proceeds from sale of property, plant and equipment		24	215
Loan granted		-	(54,655)
Loan recovered		-	3,009
Disposal of investment in financial assets		77,453	33,054
Redemption of held-to-maturity investment		-	11,300
Net cash used in investing activities		(95,773)	(40,833)
Cash flows from financing activities			
Interest paid		(37,819)	-
Dividend paid		(35,000)	-
Proceeds from long term borrowings		700,000	-
Repayment of share buy back NIT		-	(105,750)
Net cash from/(used in) financing activities		627,181	(105,750)
Net (decrease)/increase in cash and cash equivalents		(396,959)	317,008
Movement in cash and cash equivalents			
At January 1,		984,983	667,975
Net (decrease)/increase in cash and cash equivalents		(396,959)	317,008
At December 31,	27(b)	588,024	984,983

The notes on pages 9 to 57 form an integral part of these financial statements.
Auditor's report on pages 4 to 4(b).

1. GENERAL INFORMATION

The Statement Investment Corporation Ltd (the 'Company') was incorporated as a private company on August 21, 1984 and was converted into a public company on April 7, 1992.

The address of its registered office is situated on the 15th Floor, Air Mauritius Centre, John Kennedy Street, Port Louis, Mauritius.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

The Company acts as the invesment arm of the Government of Mauritius and provides funds for the realisation of high-growth entrepreneurial ventures and assists businesses to industry leadership position. It also invests in quoted and unquoted financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are prepared under the historical cost convention except that :

(i) investment property is stated at fair value;

(ii) investment in subsidiary companies and associates are carried at fair value through profit or loss; and relevant financial assets and financial liabilities are stated at fair value through profit or loss or at amortised cost.

2.1 Basis of preparation

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

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from January 1, 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in notes 2.7 and 2.8. The Company has elected to apply the exemption in IFRS 9 paragraph 7.2.15 not to restate prior periods in the year of initial application of the standard. The Company has chosen to adopt the simplified expected credit loss model for trade receivables in accordance with IFRS 9 paragraph 5.5.15.

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Company has adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 2.15. In accordance with the transition provisions in IFRS 15, the Company has not restated comparatives for the 2017 financial year.

Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
The amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. The amendment has no impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. The amendment has no impact on the Company's financial statements.

Annual Improvements to IFRSs 2014-2016 Cycle

- IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant.
- IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition. The amendment has no impact on the Company's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. The amendment has no impact on the Company's financial statements.

Transfers of Investment Property (Amendments to IAS 40). The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The amendment has no impact on the Company's financial statements.

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 January 1, 2019 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 16 Leases
IFRS 17 Insurance Contracts
IFRIC 23 Uncertainty over Income Tax Treatments
Prepayment Features with negative compensation (Amendments to IFRS 9)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective (cont'd)

Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
Annual Improvements to IFRSs 2015-2017 Cycle
Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
Definition of a Business (Amendments to IFRS 3)
Definition of Material (Amendments to IAS 1 and IAS 8)

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

2.2 Property, plant and equipment

All property, plant and equipment are stated at historical cost of acquisition less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is calculated on the straight line method to write off the cost of assets to their residual values over their estimated useful life as follows:

	Annual rates
	%
Buildings	2 - 5
Office furniture and fittings	10 - 25
Motor vehicles	20 - 25

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater that its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Investment property

Investment property, held to earn rentals or for capital appreciation or both and not occupied by the company are measured initially at cost, including transaction costs. Subsequent to initial recognition investment properties are carried at fair value, representing open-market value determined periodically by external valuers. Changes in fair values are included in profit or loss. Land held under operating leases is classified and accounted for by the company as investment property when the rest of the definition of investment property is met.

Property that is under construction or development to earn rentals or for capital appreciation or both is accounted as investment property.

2.4 Intangible assets

(a) *Leasehold rights*

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Leasehold rights are shown at historical cost, have a finite useful life and are carried at cost less acumulated depreciation. Amortization is calculated using the straight line method over its estimated useful lives (54.5 years).

(b) *Computer software*

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives (5 years).

Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software that will generage economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investment in subsidiaries

Investments in subdiaries are accounted for as financial assets at fair value through profit or loss. In accordance with the exception under IFRS 10 Consolidated Financial Statements, the Company does not consolidate subsidiaries in the financial statements.

2.6 Investment in associates

Investment in associates are accounted for as financial assets at fair value though profit or loss. In accordance with the exemption within IAS 28 Investments in Associates and Joint Ventures, the Company does not account for its investment in associates using the equity method.

2.7 Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

(i) Fair value through profit or loss

The Company classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI;
- equity investments that are held for trading;
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI; and
- derivative financial instruments not designated as hedging instruments.

The company had previously classified available for sale financial assets at fair value through profit and loss. The company has elected to apply the same policy under IFRS 9. As before, all fair value gains and losses will continue to be recognised in the profit and loss as they arise. Held-for-trading financial assets will continue to be measured at fair value through profit and loss under IFRS 9. The transition from IAS 39 to IFRS 9 will have no material impact on equity investments' classification and measurement due to continuity of accounting policy being applied.

(ii) Amortised cost

These assets arise principally from the provision of services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial assets (cont'd)

(ii) Amortised cost (cont'd)

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

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

2.8 Financial liabilities

The Company classifies its financial liabilities into the following categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

Other financial liabilities

Other financial liabilities include the following items:

Bank borrowings and debentures are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Current and deferred income tax

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

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

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

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

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

2.10 Share capital

(a) *Ordinary shares*
Ordinary shares are classified as equity.

2.11 Retirement benefit obligations

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Retirement benefit obligations (cont'd)

Defined benefit plans (cont'd)
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 independent actuaries using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in acturial 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. Remeasurements recognised in other comprehensive income shall not be classified to profit or loss in subsequent period.

The Company 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 liability obligation at the beginning of the annual period to the net defined 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 are recogsnied immediately in profit or loss.

2.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

2.13 Foreign currencies

(i) *Functional and presentation currency*
Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Mauritian rupees, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Foreign currencies (cont'd)

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in profit or loss within 'finance costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other gains- net'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

2.14 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for sales of services, stated net of discounts, returns, value added taxes, rebates and other similar allowances. Revenue is recognised at a point in time when services have been

There are no changes to the amounts reported in the financial statements year ended December 31, 2018 under IFRS 15 to the amounts that would have been reported had the Company continued to report in accordance with IAS 18, Revenue.

(a) Rendering of services

- Directorship fees on representation of directors in investee companies are recognised on a cash basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Revenue recognition (cont'd)

(h) Other revenues earned by the Company are recognised on the following bases:

- Interest income - calculated by applying the effective interest rate to the gross carrying amount of
- Dividend income - when the shareholder's right to receive payment is established.
- Rental income - as it accrues.

2.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the period in which the dividend are declared.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency and price risk) credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

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

(a) Market risk

(i) Currency risk

The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

The currency portfolio is as follows:

	MUR	USD	EURO	GBP	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
As at December 31, 2018					
Investments	**6,458,268**	**170,378**	**504,956**	**-**	**7,133,602**
Trade and other receivables	**278,740**	**-**	**-**	**-**	**278,740**
Cash in hand and at bank	**144,096**	**212,756**	**226,038**	**6,133**	**589,023**
Long term receivables	**5,976**	**-**	**-**	**-**	**5,976**
Total assets	**6,887,080**	**383,134**	**730,994**	**6,133**	**8,007,341**
Liabilities	**1,816,165**	**-**	**-**	**-**	**1,816,165**
As at December 31, 2017					
Investments	6,198,113	140,181	596,031	-	6,934,325
Trade and other receivables	118,299	-	-	-	118,299
Cash in hand and at bank	660,854	109,790	211,122	4,266	986,032
Long term receivables	6,511	-	-	-	6,511
Total assets	6,983,777	249,971	807,153	4,266	8,045,167
Liabilities	1,673,520	105,130	211,122	-	1,989,772

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The following table demonstrates the sensitivity to a reasonable possible change in the US Dollar, GBP and Euro exchange rate, with all other variables held constant, of the Company's profit before tax (due to changed in the fair value of monetary assets and liabilities).

	Increase/ decrease in rates	Effect on loss before tax
	%	Rs'000
2018		
US Dollar	+5	19,157
	-5	(19,157)
EURO	+5	36,550
	-5	(36,550)
GBP	+5	307
	-5	(307)
2017		
US Dollar	+5	7.009
	-5	(7,009)
EURO	+5	26,410
	-5	(26,410)
GBP	+5	213
	-5	(213)

(ii) Price risk

The company is exposed to equity securities price risk because of investments held by the company and classified at fair value through profit or loss. The company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

Sensitivity analysis

A sensitivity analysis showing the impact of the increase/decreases in the fair value of the investments on the company's post-tax profit for the year and on equity is shown in note 3.2.

(b) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of investments at fair value through profit or loss (FVPL), deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

(b) Credit risk (cont'd)

Credit risk is managed on a Company basis. For banks and financial institutions, only independently rated parties are accepted.

Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

The Company is exposed to credit risk as follows:	2018	2017
	Rs'000	Rs'000
Trade receivables	16,567	66,427
Receivable from related parties	12,869	49,777
Financial assets at amortised cost	249,304	-
Cash at bank	589,023	986,032
	867,763	1,102,236

The main concentration to which the Company is exposed arises on the following short term receivables, debentures and interest receivable.

	2018	2017
Related parties	Rs'000	Rs'000
Le Grand Baie Casino Limited	-	33,455
Government of Mauritius- COIL	-	15,050
Other related companies	9,976	1,272
	9,976	49,777

Amount receivables for related parties represent unsecured financial assistance and with no terms of repayment. The amounts disbursed as financial assistance have been approved by the Board of Directors.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities. The Company aims at maintaining flexibility in funding by keeping committed credit lines available.

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2018				
Borrowings	999	-	-	700,000
Other payables	672,355	-	-	-
Other liabilities	11,806	-	431,005	-
	685,160	-	431,005	700,000

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

(c) Liquidity risk (cont'd)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2017				
Borrowings	1,049	-	-	-
Other payables	1,517,736	-	-	-
Other liabilities	34,982	-	436,005	-
	1,553,767	-	436,005	-

(d) Interest rate risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates. The company's interest-rate risk arises from banking facilities.

The sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax has only an immaterial impact on the Company's equity.

3.2 Fair value estimation

The fair value of financial information traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transaction on an arm`s length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily quoted equity investments classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of the forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 **Fair value estimation (cont'd)**

(i) Recurring fair value measurement

	2018			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Investment property	-	-	610,000	610,000
Investment at fair value through profit or loss				
Agriculture	-	-	1,314	1,314
Communications	52,503	198,240	135,494	386,237
Distribution	-	-	299,059	299,059
Entertainment & Tourism	351,600	-	357,812	709,412
Financial Services	254,123	553,403	1,356,045	2,163,571
Gaming	592,875	-	158,674	751,549
ICT	-	-	40,878	40,878
Manufacturing	15,417	489,123	126,062	630,602
Other Holdings	653	-	-	653
Other Services	-	-	11,368	11,368
Real Estate	-	1,157,446	981,513	2,138,959
	1,267,171	2,398,212	3,468,219	7,133,602
	1,267,171	2,398,212	4,078,219	7,743,602

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 **Fair value estimation (cont'd)**

(ii) **Fair values (cont'd)**

Fair value hierarchy (cont'd)
The following table shows the valuation techniques used in determination of fair values within Level 3 of the hierarchy as well as the key unobservable inputs used in the valuation model.

Quantitative information of significant unobservable inputs - Level 3

Type	2018 Fair value	Key unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
	Rs'000			
Investment property	610,000	Latest market value		
Fair value through profit and loss investments:				
Agriculture	1,314			
Communications	135,494			
Distribution	299,058	PE	5%	An increase/decrease in PE will lead to an increase/decrease in fair value of Rs.14.8m.
Entertainment & Tourism	357,812			
Financial Services	1,356,044	Growth rate		
Gaming	158,674		5%	An increase/decrease in growth rate will lead to an increase/decrease in fair value of Rs.5.4m
ICT	40,878			
Manufacturing	126,062			
Other Services	11,369	Rental yield	5%	An decrease/increase in rental yield will lead to an increase/decrease in fair value of Rs.10.5m and Rs.9.5m respectively.
Real Estate	981,514			
	4,078,219			

The fair value of securities not quoted in an active market is determined by the Company using valuation techniques including third party transaction values, earnings, net asset value of discounted cash flows, whichever is considered to be appropriate.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

(ii) Fair values

Fair value hierarchy

Fair value measurement using significant unobservable inputs (Level 3).

	Balance at January 1, 2018	Additions	Disposal	Transfer	Capital Reduction	Fair value Adjustment	Balance at December 31, 2018
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investment property	610,000	-	-	-	-	-	610,000
Agriculture	-	-	-	-	-	1,314	1,314
Communications	144,799	-	(15,506)	-	(56,205)	62,406	135,494
Distribution	293,107	-	-	-	-	5,951	299,058
Entertainment & Tourism	337,716	-	-	-	-	20,096	357,812
Financial Services	1,290,593	44,100	(1,250)	-	-	22,601	1,356,044
Gaming	214,720	96,655	-	-	-	(152,701)	158,674
ICT	40,220	-	-	-	-	658	40,878
Manufacturing	-	-	-	126,062	-	-	126,062
Other Services	13,673	100	-	-	-	(2,404)	11,369
Real Estate	894,398	29,294	-	-	-	57,822	981,514
	3,839,226	170,149	(16,756)	126,062	(56,205)	15,743	4,078,219

The entity's policies is to recognise transfers out of Level 3 as of the date of the event or change in circumstances that cause the transfer.

Except as detailed in the table above, the directors consider that carrying amounts of financial assets and financial liabilities recognised approximates their fair values.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

(ii) Fair values (cont'd)

Fair value hierarchy (cont'd)

Fair value measurement using significant observable inputs (Level 2).

	Balance at January 1, 2018	Additions	Disposal	Transfer to level 1	Fair value Adjustment	Balance at December 31, 2018
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investment at fair value through profit and loss:	-					
Communications	247,576	-	-	-	(49,336)	198,240
Financial services	563,877	-	-	-	(10,474)	553,403
Manufacturing	518,334	-	-	(126,062)	96,850	489,122
Real Estate	1,123,046	-	-	-	34,401	1,157,447
	2,452,833	-	-	(126,062)	71,441	2,398,212

For investment classified as Level 2, fair value is estimated by reference of dividend, maintainable earnings, net assets value of the underlying assets, observable market data and indices of similar entities.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

(ii) Fair values (cont'd)

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy - Level 3

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2016 are as shown below:

Description	Input	Sensitivity used	Effect on fair value	Effect on fair value
			Rs'000	Rs'000
Fair value through profit and loss investments:				
Distribution	PE	-5% and +5%	(14.7)	14.7
Gaming	Growth	-1% and +1%	(5.4)	5.4
Real Estate	Rental	-5% and +5%	10.5	(9.5)

*The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

(ii) Fair values (cont'd)

Fair value hierarchy (cont'd)

(i) Recurring fair value measurement

	2017			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Investment property	-	-	610,000	610,000
Investment at fair value through profit or loss				
Communications	67,835	247,576	144,799	460,210
Distribution	-	-	293,107	293,107
Entertainment & Tourism	384,829	-	337,716	722,545
Financial Services	318,853	563,877	1,290,593	2,173,323
Gaming	465,375	-	214,720	680,095
ICT	-	-	40,220	40,220
Manufacturing	14,815	518,334	-	533,149
Other Holdings	559	-	-	559
Other Services	-	-	13,673	13,673
Real Estate	-	1,123,046	894.398	2,017,444
	1,252,266	2,452,833	3,229,226	6,934,325
	1,252,266	2,452,833	3,839,226	7,544,325

3. **FINANCIAL RISK MANAGEMENT (CONT'D)**

3.2 **Fair value estimation (cont'd)**

(ii) **Fair values (cont'd)**

Fair value hierarchy (cont'd)

Fair value measurement using significant unobservable inputs (Level 3).

	Balance at January 1, 2017	Additions	Disposal	Transfer	Fair value Adjustment	Balance at December 31, 2017
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investment property	19,500	590,000	-	-	500	610,000
Agriculture	37,669	-	-	-	(37,669)	-
Communications	123,951	-	-	-	20,848	144,799
Distribution	304,716	-	-	-	(11,608)	293,108
Entertainment & Tourism	305,629	-	(7,885)	-	39,972	337,716
Financial Services	1,223,136	26	(25)	-	67,455	1,290,592
Gaming	322,441	-	-	-	(107,721)	214,720
ICT	40,600	-	-	-	(380)	40,220
Other Services	10,937	-	-	-	2,736	13,673
Real Estate	317,444	573,750	-	-	3,204	894,398
	2,686,523	573,776	(7,910)	-	(23,163)	3,229,226
	2,706,023	1,163,776	(7,910)	-	(22,663)	3,839,226

The entity's policies is to recognise transfers out of Level 3 as of the date of the event or change in circumstances that cause the transfer.

Except as detailed in the table above, the directors consider that carrying amounts of financial assets and financial liabilities recognised approximates their fair values.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Fair values (cont'd)

Fair value hierarchy (cont'd)

Fair value measurement using significant observable inputs (Level 2).

	Balance at January 1, 2017	Additions	Disposal	Transfer to level 1	Fair value Adjustment	Balance at December 31, 2017
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investment at fair value through profit and loss:						
Communications	234,977	-	-	-	12,600	247,577
Financial services	528,547	-	-	-	35,330	563,877
Manufacturing	393,798	-	-	-	124,535	518,333
Real Estate	848,484	-	-	-	274,562	1,123,046
	2,005,806	-	-	-	447,027	2,452,833

For investment classified as Level 2, fair value is estimated by reference of dividend, maintainable earnings, net assets value of the underlying assets, observable market data and indices of similar entities.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Capital risk management

The Company's objectives when managing capital are:

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

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

The Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital, other reserves and retained earnings).

The debt-to-adjusted capital ratios at December 31, 2018 were as follows:

	2018	2017
	Rs'000	Rs'000
Total debt	**700,000**	-
Less: cash in hand and at bank	**(588,024)**	(984,983)
Net debt	**111,976**	(984,983)
Adjusted capital	**6,813,451**	6,690,949
Debt-to-adjusted capital ratio	**0.02**	N/A

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

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

(a) **Impairment of financial assets**

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1 Critical accounting estimates and assumptions (cont'd)

(b) **Pension benefits**

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 15.

(c) **Revaluation of investment properties**

The Company carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Company engaged independent valuation specialists to determine fair value of land situated at Le Roc, Guibies, Pailles on April 25, 2018 and land and building situated at Quatre-Bornes on April 25, 2018. For the investment property, the valuer used market value as valuation technique.

The determined fair value of the investment properties is most sensitive to the estimated yield as well as the long term vacancy rate.

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

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

(e) **Limitation of sensitivity analysis**

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1 Critical accounting estimates and assumptions (cont'd)

(f) **Asset lives and residual values**

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

(g) **Depreciation policies**

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

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

(h) **Deferred tax on investment properties**

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties the directors reviewed the Company's investment property portfolio and concluded that none of the Company's investment property portfolio are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Company's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Company has not recognised any deferred taxes on changes in fair value of investment properties as the Company is not subject to any capital gain taxes on disposal of its investment properties.

(i) **Investment entities**

The company has been deemed to meet the definition of an investment entity as the following conditions exist:

(a) The company has obtained funds for the purpose of providing investors with investment management services.
(b) The company's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment.
(c) The performance of investments made are measured and evaluated on a fair value basis.

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Office furniture and fittings	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000
(a) 2018				
COST				
At January 1,	25,122	18,629	1,204	44,955
Additions	-	2,919	-	2,919
Disposals	-	(32)	-	(32)
At December 31,	**25,122**	**21,516**	**1,204**	**47,842**
DEPRECIATION				
At January 1,	11,304	18,457	272	30,033
Charge for the year	502	425	233	1,160
Disposal adjustments	-	(12)	-	(12)
At December 31,	**11,806**	**18,870**	**505**	**31,181**
NET BOOK VALUES				
At December 31,	**13,316**	**2,646**	**699**	**16,661**
(b) 2017				
COST				
At January 1,	25,122	18,438	779	44,339
Additions	-	191	1,165	1,356
Disposal	-	-	(740)	(740)
At December 31,	**25,122**	**18,629**	**1,204**	**44,955**
DEPRECIATION				
At January 1,	10,802	18,216	779	29,797
Charge for the year	502	241	233	976
Disposal adjustment	-	-	(740)	(740)
At December 31,	**11,304**	**18,457**	**272**	**30,033**
NET BOOK VALUES				
At December 31,	**13,818**	**172**	**932**	**14,922**

(c) There has been no additions of assets under finance lease for the year (2017: Rs.nil).

(d) The company does not have any assets under finance lease at December 31, 2018 (2017: Rs nil).

(e) Depreciation expense of Rs. 1,160,000 (2017: Rs.976,000) for the year has been fully charged to expenses.

6. INVESTMENT PROPERTY

	2018	2017
	Rs'000	Rs'000
Level 3		
At January 1,	610,000	19,500
Additions	-	590,000
Net gain from fair value measurement	-	500
At December 31,	610,000	610,000

(i) The Company's investment properties consist of three properties namely, land situated at Le Roc, Guibies Pailles, building situated at Quatre-Bornes and land at Cote D'Or. Management determined that the investment properties consist of two classes of assets - Land & Building - based on the nature, characteristics and risks of each property.

(ii) The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss.

(iii) The last valuation was performed by independent valuation specialist, Mr. NP Jeetun, Chartered Valuation Surveyor on Le Roc properties and buildings at Quatre Bornes on 25th of April 2018. A market comparative method of valuation has been used to determine the fair value.

(iv) Management policy is to performed revaluation every 3 years by independent valuer. At December 31, 2018, the directors estimate the fair value of the investment property to be Rs.610m.

(v) The following amounts have been recognised in profit or loss:

	2018	2017
	Rs'000	Rs'000
Rental Income derived from investment properties		
Operating expenses arising on the investment property:	1,560	1,560
- that generated rental income during the year	563	552

(vi) During the year and as at the year-end, no restrictions on the releasability of investment properties or the remittance of income and proceeds of disposal were present. The Company does not have any contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

7. INTANGIBLE ASSETS

		Leasehold rights	Computer software	Total
2018		Rs'000	Rs'000	Rs'000
COST				
At January 1,		15,000	10,667	25,667
Additions		-	182	182
At December 31,		15,000	10,849	25,849
AMORTISATION				
At January 1,		1,765	10,439	12,204
Charge for the year		250	123	373
At December 31,		2,015	10,562	12,577
NET BOOK VALUES				
At December 31,	Rs.	12,985	287	13,272

7. INTANGIBLE ASSETS (CONT'D)

	Leasehold rights	Computer software	Total
2017	Rs'000	Rs'000	Rs'000
COST			
At January 1,	15,000	10,437	25,437
Additions	-	230	230
At December 31,	15,000	10,667	25,667
AMORTISATION			
At January 1,	1,515	10,219	11,734
Charge for the year	250	220	470
At December 31,	1,765	10,439	12,204
NET BOOK VALUES			
At December 31,	13,235	228	13,463

(a) Intangible assets include leasehold rights with a remaining useful life of fifty two years.

The leasehold rights relates to land situated at:

- 1A Victoria Avenue, Quatre Borne of an extent of $4,221m^2$ at a cost of Rs.10,000,790.
- 50P Victoria Avenue, Quatre Borne of an extent of $4,221m^2$ at a cost of Rs.4,999,210.

(b) Amortisation charge for the year has been fully charged to expenses.

8. INVESTMENTS IN SUBSIDIARY COMPANIES - AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	Rs'000	Rs'000
At January 1	**1,673,940**	1,481.929
Additions	**140,855**	-
Transfer to investment in associates (note 9)	**573,750**	-
(Decrease)/increase in fair value (note 21)	**(85,315)**	192,011
At December 31,	**2,303,230**	1,673,940

The Company meets the definition of investments entity. Therefore, it does not consolidate its subsidiaries but rather, it recognises them as investment at fair value through profit or loss. The invesment in subsidiaries fair value is estimated by reference to the maintainable earnings, dividend yield, net assets value of the underlying assets, observable market data and indices of similar entities as appropriate.

IFRS 9 impact is nil on investment in subsidiary companies.

8. INVESTMENT IN SUBSIDIARY COMPANIES - AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

(i) Details of the subsidiary companies are as follows:

	Class of Shares held	Year end	Proportion of ownership Direct 2018	Direct 2017	Indirect 2018	Indirect 2017	Activity
			%	%	%	%	
Beach Casinos Limited	Ordinary	31-Dec-18	100.00	100.00	-	-	Gaming
Capital Asset Management Limited	Ordinary	31-Dec-18	100.00	100.00	-	-	Fund Management
Casino de Maurice Limited	Ordinary	31-Dec-18	100.00	100.00	-	-	Gaming
Compagnie Mauricienne D'Hippodromes Ltée	Ordinary	31-Dec-18	10.00	10.00	72.00	72.00	Property Development
Domaine Les Pailles Limitée	Ordinary	31-Dec-18	8.63	8.63	66.46	66.46	Food & Consumer goods
EREIT Management Ltd	Ordinary	31-Dec-18	100.00	100.00	-	-	Management services
Grand Baie Casino Limited	Ordinary	31-Dec-18	100.00	100.00	-	-	Gaming
Guibies Holding Ltd	Ordinary	31-Dec-18	10.00	10.00	72.00	72.00	Property Development
Guibies Properties Ltd	Ordinary	31-Dec-18	10.00	10.00	72.00	72.00	Property Development
Lakepoint Limited	Ordinary	31-Dec-18	100.00	100.00	-	-	Leisure & Entertainment
Le Caudan Waterfront Casino Limited	Ordinary	31-Dec-18	51.00	51.00	-	-	Gaming
Le Grand Casino Du Domaine Limited	Ordinary	31-Dec-18	62.36	62.36	-	-	Gaming
Le Val Development Limited	Ordinary	31-Dec-18	70.00	70.00	-	-	Property Development
Les Pailles Management Limited	Ordinary	31-Dec-18	100.00	100.00	-	-	Management Services
MJTI Propeties Limited	Ordinary	31-Dec-18	91.37	91.37	-	-	Property Development
Prime Partners Limited	Ordinary	31-Dec-18	100.00	100.00	-	-	Corporate Services
Prime Securities Ltd	Ordinary	31-Dec-18	-	80.00	-	-	Stock Broking Services
Prime Real Estate Limited	Ordinary	31-Dec-18	80.00	80.00	-	-	Property Development
SIC Development Co. Ltd	Ordinary	31-Dec-18	100.00	-	-	-	Financial Intermediary Services
SBM Infrastructure Development Co Ltd	Ordinary	31-Dec-18	90.00	-	-	-	Line of Credit Management Ser
SIC Fund Management Ltd	Ordinary	31-Dec-18	100.00	100.00	-	-	Fund Management
SIC Management Services Company Limited	Ordinary	31-Dec-18	100.00	100.00	-	-	Management Services
State Investment Finance Corporation Limited	Ordinary	31-Dec-18	80.00	80.00	-	-	Investment
Sun Casinos Limited	Ordinary	31-Dec-18	100.00	100.00	-	-	Gaming
Grand Baie Casino Limited	Ordinary	31-Dec-18	100.00	100.00	-	-	Gaming
Yihai Investment Ltd *	Ordinary	31-Dec-18	99.99	-	-	-	Real Estate

All the subsidiaries are incorporated in and their place of business are the Republic of Mauritius.
* Yihai Investment Ltd has been reclassified from associates to subsidiary.

8. INVESTMENT IN SUBSIDIARY COMPANIES - AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

(ii) *Significant restrictions*

The Company receives income in the form of dividends, interest and director fees from its investments in unconsolidated subsidiaries, and there are no significant restrictions on the transfer of funds from these entities to the Company.

(iii) *Financial support*

As per policy decision of the main shareholder, SIC intends to continue to provide support to some of its unconsolidated subsidiaries, however the Company has no contractual commitment to provide any other financial or other support to its unconsolidated subsidiaries.

The Company has no contractual commitment to provide any other financial or other support to its unconsolidated subsidiaries.

(iv) Subsidiaries are denominated in the following currencies:

	2018	2017
	Rs'000	Rs'000
Rupee	**2,303,230**	1,673,940

(v) The fair value mesurement of the shares held by the company in the subsidiaries is categorised into the following fair value hierarchy:

At December 31, 2018	**Level 2**	**Level 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
Investment in subsidiary companies	**1,157,446**	**1,145,784**	**2,303,230**

At December 31, 2017	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000
Investment in subsidiary companies	1,123,046	550,894	1,673,940

(v) The table below shows the changes in level 3 instruments

	Investment in subsidiaries at fair value through profit or loss	
	2018	2017
	Rs'000	Rs'000
Opening balance	**550,894**	633,445
Additions	**140,855**	-
Reclassification	**573,750**	-
Loss recognised in profit or loss	**(119,715)**	(82,551)
Closing balance	**1,145,784**	550,894

9. INVESTMENT IN ASSOCIATES - AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	Rs'000	Rs'000
At January 1,	1,620,463	989,127
Additions	29,294	573,750
Disposals	(1,250)	-
Transfer to investments in subsidiaries (note 8)	(573,750)	-
Fair value movement (note 21)	18,542	57,586
At December 31,	1,093,299	1,620,463

For investment in associates, fair value is estimated by reference to the maintainable earnings, net assets value of the underlying assets, observable market data and indices of similar entities as IFRS 9 impact is nil on investment in associates.

9. INVESTMENT IN ASSOCIATES - AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Details of the investment in the associates are as follows:

	Class of Shares held	Year end	Proportion of ownership Direct 2018	Direct 2017	Indirect 2018	Indirect 2017	Activity
			%	%	%	%	
Mauritius Duty Free Paradise Co Ltd	Ordinary	31-Dec-18	20.00	20.00	-	-	Distribution
Mauritius Shopping Paradise Co Ltd	Ordinary	31-Dec-18	43.35	43.35	-	-	Distribution
Mauritius Land Based Oceanic Park Ltd	Ordinary	31-Dec-18	63.00	63.00	-	-	Utilities
National Equity Fund	Preference	31-Dec-18	25.00	25.00	-	-	Financial Services
Pointe Coton Resorts Hotels Co Limited	Ordinary	31-Mar-18	28.54	28.54	-	-	Leisure and Entertainment
Port Louis Fund Ltd	Ordinary	30-Jun-18	38.66	38.56	-	-	Investment fund
Rodrigues Venture Capital and Leasing Fund Ltd	Ordinary	30-Jun-18	-	50.00	-	-	Financial Services
Splendid Property Co Ltd	Ordinary	31-Dec-18	25.00	25.00	-	-	Real Estate
State Informatics Limited	Ordinary	31-Dec-18	20.00	20.00	-	-	ICT
Ebene Car Park Ltd	Ordinary	31-Dec-18	28.10	-	-	-	Real Estate
Yihai Investment Ltd *	Ordinary	31-Dec-18	-	30.00	-	-	Real Estate

(ii) *Restrictions*

The Company receives income in the form of dividends and interest from its investments in associates, and there are no significant restrictions on the transfer of funds from these entities to the Company.

(iii) *Financial support*

During the current year, the company provided financial support in the form of advances for working capital management purposes. The Company intends to support one of its associates which has embarked on a restructuring plan regarding its business and marketing strategy.

* Yihai Investment Ltd has been reclassified from associates to subsidiary.

9. INVESTMENT IS ASSOCIATES - AT FAIR VALUE THROUGH PROFIT OR LOSS

(iv) Associates are denominated in the following currencies:

	2018	2017
	Rs'000	Rs'000
Rupee	799,226	1,332,052
Euro	294,073	288,411
	1,093,299	1,620,463

(v) The fair value mesurement of the shares held by the company in the associates is categorised into the following fair value hierarchy:

	Level 3	
	2018	2017
	Rs'000	
Investment in associates	1,093,299	1,620,463

(vi) The table below shows the changes in level 3 instruments

	Investment in associates at fair value through profit or loss	
	2018	2017
	Rs'000	Rs'000
Opening balance	1,620,463	989,127
Additions	29,294	573,750
Disposals	(1,250)	-
Transfer to investments in subsidiaries (note 8)	(573,750)	-
Fair value movement	18,542	57,586
Closing balance	1,093,299	1,620,463

10. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Fair value through profit or loss		
	Quoted	Unquoted	Total
2018	Rs'000	Rs'000	Rs'000
At January 1,			
-As previously reported	1,252,266	2,594,557	3,846,823
-Effect of prior year adjustment (note 30)	-	(206,901)	(206,901)
As restated	1,252,266	2,387,656	3,639,922
Capital reduction	-	(56,205)	(56,205)
Disposals	-	(15,506)	(15,506)
Fair value gains (note 21)	14,905	153,957	168,862
At December 31,	1,267,171	2,469,902	3,737,073

10. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

	Held-to-maturity	Fair value through profit or loss		
	Unquoted	Quoted	Unquoted	Total
	Rs'000	Rs'000	Rs'000	Rs'000
2017				
At January 1,				
-As previously reported	774	1,077,527	2,427,397	3,505,698
-Effect of prior year adjustment	-	-	(203,387)	(203,387)
As restated	774	1,077,527	2,224,010	3,302,311
Disposals	(774)	(18,433)	(14,700)	(33,907)
Fair value movement (Note 21)	-	193,172	178,346	371,518
At December 31,	-	1,252,266	2,387,656	3,639,922

The fair value mesurement of the shares held by the company in the other investments at fair value through profit or loss is categorised into the following fair value hierarchy:

(i)

At December 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Investments fair value through profit or loss	**1,267,171**	**1,240,767**	**1,229,135**	**3,737,073**

At December 31, 2017	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Investments fair value through profit or loss	1,252,255	1,536,687	850,980	3,639,922

(ii) Other investments at fair value through profit or loss are denominated in the following currencies:

	2018	2017
	Rs'000	Rs'000
Currency		
Rupee	**3,390,213**	3,259,957
US Dollar	**135,979**	140,181
Euro	**210,881**	239,784
	3,737,073	3,639,922

10. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

(iii) The table below shows the changes in Level 3 instruments for the year ended December 31, 2018:

	Fair value through profit or loss
	Rs'000
Opening balance as previously reported	
-As previously reported	**1,057,881**
-Effect of prior year adjustment	**(206,901)**
-As restated	**850,980**
Transfer from Level 2	**330,252**
Capital reduction	**(56,205)**
Disposal	**(15,506)**
Gains recognised in profit or loss	**119,614**
Closing balance	**1,229,135**

The table below shows the changes in Level 3 instruments for the year ended December 31, 2017:

	Available for sale	Held-to-maturity	Total
	Rs'000	Rs'000	Rs'000
Opening balance as previously reported	1,063,175	774	1,063,949
Effect of prior year adjustment	(203,387)	-	(203,387)
As restated	859,788	774	860,562
Transfers	(7,137)	(774)	(7,911)
Movement in profit or loss	(1,671)	-	(1,671)
Closing balance	850,980	-	850,980

11. NON-CURRENT RECEIVABLES

	2017
	Rs'000
Loans to employees (note 11(a))	6,511

(a) The loans to employees bear fixed rate of interest and the monthly repayments are deductible from the employee's salaries.

12. TRADE AND OTHER RECEIVABLES

		2018	2017
		Rs'000	Rs'000
Trade receivables		**16,567**	66,427
Prepayments		-	753
Receivables from related parties		-	49,777
Other receivables		-	2,095
	Rs.	**16,567**	119,052

(i) *Impairment of receivables*

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables.

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) *Impairment of receivables (cont'd)*
To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due.

In 2017, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

(ii) In 2017, trade receivables were recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables was established when there was objective evidence that the Company would not be able to collect all amounts due according to the original terms of receivables.

(iii) None of the other classes within trade and other receivables contain impaired assets.

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

(v) The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2018	2017
	Rs.	Rs.
Rupee	16,567	119,052

13. FINANCIAL ASSETS AT AMORTISED COST

	Non-current		Current	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs '000	Rs'000
Loans to employees (note 13(i))	5,976	-		
Treasury bills (note 13(ii))	-	-	242,158	-
Related parties (note 13(iii))	-	-	12,869	-
Other receivables (note 13(iii)	-	-	19,501	-
Less loss allowance (note 13(iv))	-	-	(12,355)	-
	5,976	-	262,173	-

(i) The loans to employees bear fixed rate of interest and the monthly repayments are deductible from the employee's salaries. The short term portion is included in other receivables.

(ii) Due to the short-term nature of the treasury bills, the carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

13. FINANCIAL ASSETS AT AMORTISED COST (CONT'D)

(iii) Other receivables and related parties
These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and payable within more than one years from the end of the reporting period.

(iv) The loss allowance for financial assets at amortised cost as at December 31, 2017 is insignificant. Imapirment has been made in financial asset at amortised cost and recognised in profit or loss as follows:

	Related parties	Other receivables	Total
	Rs'000	Rs'000	Rs'000
Loss allowance recognised in profit or loss at December 31, 2018	2,743	9,612	12,355

(v) All of the financial assets at amortised cost are denominated in Mauritian Rupees. As a result, there is no exposure to foreign currency risk.

(vi) As of December 31, 2018 financial assets at amortised cost amounting to Rs.12,355,000 were impaired.

14. **SHARE CAPITAL**	**2018 & 2017**	**2018 & 2017**
	Number	**Rs'000**
Authorised, Issued & Fully Paid		
Ordinary shares of Rs.10 each	**8,500,010**	**85,000**

15. RETIREMENT BENEFIT OBLIGATION

The pension plan of the Company is a final salary defined benefit plan for senior employees and is wholly funded. It provides for a pension at retirement and a benefit on death or disablement in service before retirement.

	2018	2017
	Rs'000	Rs'000
Amount recognised in the statement of financial position:		
Defined pension plan	**(17,058)**	(49)
Amount charged to profit or loss:		
Defined pension plan	**1,267**	1,483
Amount charged to other comprehensive income:		
Defined pension plan	**17,453**	3,277

(i) The company contributes to a defined benefit pension. The plan is a final salary plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

15. RETIREMENT BENEFIT OBLIGATION (CONT'D)

The assets of the plan are independently administered by SICOM Ltd.

The most recent actuarial valuation of the plan assets and present value of the defined benefit obligations were carried out at December 31, 2018 by SICOM Ltd (Actuarial valuer). The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) The amounts recognised in the statements of financial position are as follows:

	2018	2017
	Rs'000	Rs'000
Present value of funded obligations	78,818	69,503
Fair value of plan assets	(61,760)	(69,454)
Asset in the statement of financial position	17,058	49

The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

	2018	2017
	Rs'000	Rs'000
At January 1,	49	(3,192)
Charged to profit or loss	1,267	1,483
Charged to other comprehensive income	17,453	3,277
Contributions paid	(1,711)	(1,519)
Balance at December 31,	17,058	49

(iii) The movement in the defined benefit obligations over the year is as follows:

	2018	2017
	Rs'000	Rs'000
At January 1,	69,503	60,440
Current service cost	1,704	2,335
Interest expense	4,684	3,324
Actuarial gain	15,647	4,741
Benefits paid	(12,720)	(1,337)
At December 31,	78,818	69,503

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

	2018	2017
	Rs'000	Rs'000
At January 1,	69,454	63,632
Return on plan assets	4,336	3,523
Contributions by plan participants	835	739
Contributions by the employer	1,670	1,479
Benefits paid	(12,729)	(1,383)
Asset (loss)/gain	(1,806)	1,464
At December 31,	61,760	69,454

15. RETIREMENT BENEFIT OBLIGATION (CONT'D)

(v) The amounts recognised in profit or loss are as follows:

	2018	2017
	Rs'000	Rs'000
Current service cost	**1,704**	2,335
Employee contributions	**(835)**	(739)
Fund expenses	**50**	86
Interest expense	**348**	(199)
Total included in employee benefit expense	**1,267**	1,483

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

	2018	2017
	Rs'000	Rs'000
Remeasurement on the net defined benefit liability:		
Liability experience losses	**(15,647)**	(4,741)
Actuarial (loss)/gain	**(1,806)**	1,464
	(17,453)	(3,277)

(vii) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2018	2017
	%	%
Government securities and cash	**56.50**	57.70
Loans	**3.80**	3.90
Local equities	**13.50**	15.50
Overseas bonds and equities	**25.60**	22.30
Property	**0.60**	0.60
	100.00	100.00

(viii) The principal actuarial assumptions used for the purposes of the actuarial valautions were:

	2018	2017
	%	%
Discount rate	**6.74**	5.50
Future salary growth rate	**4.00**	4.00
Future pension growth rate	**3.00**	3.00

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

(ix) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	Increase	Decrease
December 31, 2018	Rs.	Rs.
Discount rate 1% lower/higher	Rs 11.4 M	Rs 9.3 M
Expected salary growth 1% increase/decrease	Rs 4.2 M	Rs 3.7 M
Life expectancy 1 year increase/decrease	Rs 2.1 M	Rs 2.1 M
December 31, 2017		
Discount rate (1% movement)	Rs 10.0 M	Rs 7.9 M
Future long-term salary assumption (1% movement)	Rs 4.2 M	Rs 3.6 M
Life expectancy (1 year movement)	Rs 1.7 M	Rs 1.7 M

15. RETIREMENT BENEFIT OBLIGATION (CONT'D)

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

The sensitivity above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occuring at the end of reporting period.

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

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years other than the change in discount rate.

(xi) The defined benefit pension plan exposes the company to actuarial risks, such as longevity risk, salary risk, interest rate risk and market (investment) risk.

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

16. OTHER LIABILITIES

	2018	2017
	Rs'000	Rs'000
At January 1,	470,987	105,750
Repayment during the year	(39,982)	(105,750)
Contracted during the year	-	436,005
Interest payable	11,806	34,982
At December 31,	442,811	470,987

The other liailities are repayable as follows:	2018	2017
	Rs'000	Rs'000
Within one year	11,806	34,982
After one year and before three years	431,005	436,005
	442,811	470,987

17. DEFERRED TAX LIABILITY

Deferred income tax is calculated on all temporary differences under the liability method at 17% (2017: 17%).

There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statement of financial position:

	2018	2017
	Rs'000	Rs'000
Deferred tax liabilities	799	3,556

17. DEFERRED TAX LIABILITY (CONT'D)

The movement on deferred income tax account is as follows:

	2018	2017
	Rs'000	Rs'000
At January 1,	3,556	936
Movement in profit or loss	210	3,177
Credit to the other comprehensive income	(2,967)	(557)
At December 31,	799	3,556

Deferred tax liabilities, deferred tax credit in the profit or loss are attributable to the following items:

	At January 1, 2018	Charge to profit or loss	Credited to OCI	At December 31, 2018
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred income tax				
Accelerated tax depreciation	3,098	601	-	3,699
Retirement benefit obligations	458	(391)	(2,967)	(2,900)
Net deferred tax liabilities	3,556	210	(2,967)	799

	At January 1, 2017	Charge to Profit or loss	Credited to OCI	At December 31, 2017
Deferred income tax	Rs'000	Rs'000	Rs'000	Rs'000
Accelerated tax depreciation	457	2,641	-	3,098
Retirement benefit obligations	479	536	(557)	458
Net deferred tax liabilities	936	3,177	(557)	3,556

18. OTHER PAYABLES

	2018	2017
	Rs'000	Rs'000
Payable to Government of Mauritius - ISP (note 32)	548,910	954,126
Other payables	123,445	563,610
	672,355	1,517,736

The carrying amounts of other payables approximate their fair value.

- The amount payable to Government of Mauritius is in respect of the Investment Support Programme (ISP) and represents the cash held by the Company in a fiduciary capacity and are non-interest
- The other payable to Government of Mauritius are non-interest bearing and repayable on demand.

19. INCOME TAX

	2018	2017
	Rs'000	Rs'000
(a) Statement of financial position		
At July 1,	(21)	70,155
Charge for the year	427	1,266
Payment for statutory objection	-	(1,351)
Assessment 2005 to 2017 on deemed interest	-	(68,044)
Provision for CSR	97	-
Paid during the year	(702)	(2,047)
At June 30,	(199)	(21)

19. INCOME TAX (CONT'D)

(b) Statement of profit or loss

	2018	2017
	Rs'000	Rs'000
Current tax on the adjusted profit for the year at 17% (2017: 17%)	427	1,266
Provision for CSR	97	-
Deferred tax movement (note 17)	210	3,177
Charge for the year	734	4,443

The tax on the company's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the company as follows:

	2018	2017
	Rs'000	Rs'000
Profit before taxation	172,722	467,852

	2018	2017
	Rs'000	Rs'000
Tax calculated at a rate of 17% (2017: 17%)	29,363	79,535
Tax effect of :		
Expenses not deductible for tax purposes	13,344	497
Income not subject to tax	(42,070)	(75,589)
Provision for CSR	97	-
Charge for the year	734	4,443

20. BORROWINGS

	2018	2017
	Rs'000	Rs'000
Non-current		
Debentures		
SBM	500,000	-
Maubank	200,000	-
	700,000	-
Current		
Bank overdraft	999	1,049

(a) The bank overdraft, which is denominated in Mauritian rupee, is secured by floating charges on the assets of the Company and carries interest at the rate of PLR + 3.75% p.a.

(b) The exposure of the company's borrowings to interest rate changes and the contractual repricing dates is within six months.

(c) The carrying amount of borrowings approximate their fair value.

(d) Debentures carry an interest rate of 5.85% per annum with New Mauritius Hotels Ltd, Lottotech Ltd and SBM Holdings Ltd investment pledged as secutity

(e) Maturity date on debentures is 5 years to September 2023.

21. NET CHANGE IN INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	Rs'000	Rs'000
Fair value movement		
Investment in subsidiaries (note 8)	(85,315)	192,011
Investment in associates (note 9)	18,542	57,586
Other investments (note 10)	168,862	371,518
Net change on investments at fair value through profit or loss	102,089	621,115

22. INVESTMENT INCOME

	2018	2017
	Rs'000	Rs'000
Dividend income	141,302	182,396
Interest on debentures	-	1,633
	141,302	184,029

23. INTEREST INCOME

	2018	2017
	Rs'000	Rs'000
Staff loan	386	447
Bank deposits	277	45
	663	492

24. OTHER INCOME

	2018	2017
	Rs'000	Rs'000
Management fees	1,500	1,500
Rental income	2,733	1,560
Directorship Fees	3,718	4,436
Other miscellaneous income	2,723	412
Profit on disposal of plant and equipment	4	215
	10,678	8,123

25. EMPLOYEE BENEFIT EXPENSE

	2018	2017
	Rs'000	Rs'000
Wages and salaries, including termination benefits	28,914	25,588
Social security costs	164	135
Pension costs - defined benefit plans	1,790	1,483
	30,868	27,206

26. INTEREST EXPENSE

	2018	2017
	Rs'000	Rs'000
Share Buy-Back (NIT)	-	25,713
Land at Cote D'or (SICOM Trustee)	2,837	9,269
Interest on bond	11,806	-
	14,643	34,982

27. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	Notes	2018	Restated 2017
		Rs'000	Rs'000
Profit before tax		172,722	464,338
Adjustments for:			
Depreciation on property, plant and equipment	5	1,160	976
Amortisation of intangible assets	7	373	470
Gain on sale of property, plant and equipment		(4)	(215)
(Gains)/Loss on disposal of investment		(4,494)	90
Fair value gains on financial assets at fair value through profit or loss	19	(102,089)	(621,115)
Interest expense	24	14,643	34,982
Interest income		(3,294)	(2,123)
Increase in provision of retirement benefit obligation		(444)	(36)
Changes in working capital:			
- trade and other receivables		108,996	186,036
-Financial asset at amortised cost		(268,149)	-
-other liabilities		(23,176)	-
- trade and other payables		(827,203)	401,462
Cash (absorbed by)/generated from operations		(930,959)	464,865

(b) Cash and cash equivalents

	2018	2017
	Rs'000	Rs'000
Cash in hand and at bank	40,113	31,906
Cash held on behalf of GOM for ISP scheme	548,910	954,126
Cash at bank and in hand	589,023	986,032
Bank overdrafts (note 20)	(999)	(1,049)
	588,024	984,983

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

28. DIVIDENDS

	2018	2017
	Rs'000	Rs'000
Dividend proposed and paid during the year at Rs.4.12 per share (2017: Nil)	35,000	-

29. CHANGES IN ACCOUNTING POLICIES

(a) Impact on the financial statements

IFRS 9 and IFRS 15 were adopted without restating comparative information. Any adjustments arising from the new accounting policies are not reflected in the comparatives year ended December 31, 2017 but are recognised in the opening reserves on January 1, 2018.

The effect of IFRS 9 is nil on financial assets at fair value through profit or loss.

29. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(i) Reclassifications of financial instruments on adoption of IFRS 9

On the date of initial application, January 1, 2018, the financial instruments of the Company were as follows, with any reclassifications noted:

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original	New	Difference
			Rs'000	Rs'000	Rs'000
Non-current financial assets					
Investment in subsidiary companies	FVTPL	FVTPL	1,673,940	1,673,940	-
Investment in associates	FVTPL	FVTPL	1,620,463	1,620,463	-
Financial asset at fair value through profit or loss	FVTPL	FVTPL	3,639,922	3,639,922	-

. For equity investments that satisfy certain conditions, the Company has elected to present fair value changes on these quoted/unquoted equity securities in Profit and Loss under IFRS 9. Accordingly, these assets are categorised as "Equity investments at fair value through Profit and Loss". All other financial assets will be held at fair value through profit or loss ("FVTPL"). Fair values were determined using valuation techniques as determined by SIC's management. The investments in equity instruments have been fair valued through profit and loss in preceding years, as such this will have no effect on the transition from IAS 39 to IFRS 9.

There are no changes to the amounts reported in the financial statements year ended December 31, 2018 under IFRS 15 to the amounts that would have been reported had the Company continued to report in accordance with IAS 18, Revenue.

30. PRIOR YEAR ADJUSTMENTS

Prior year adjustment arose in respect of valuation of an investment which was overstated. The prior year adjustment has been adopted retrospectively in accordance with IAS 8.

(a) The effect on the statements of financial position are as follows:

	Financial asset at fair value through profit or loss	**Retained earnings**
	Rs'000	**Rs'000**
Balance as reported at Dec 31, 2016		
- as previously stated	3,505,697	6,350,852
- effect of prior year adjustment	(203,387)	(203,387)
- as restated	3,302,310	6,147,465
Balance as reported at Dec 31, 2017		
- as previously stated	3,846,823	6,814,261
- effect of change in deferred tax rate	(206,901)	(206,901)
- as restated	3,639,922	6,607,360

(b) The effect on the statements of profit or loss and other comprehensive income are as follows:

	2017
	Rs'000
Decrease in movement in fair value through profit or loss	3,514
Decrease in profit after tax	3,514

31. RELATED PARTY TRANSACTIONS

	Utilities and licences paid to	Secretarial fees	Dividend income	Remuneration	Amount owed by related parties	Amount owed to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2018						
Subsidiaries	-	656	16,500	-	4,626	431,005
Associates	-	-	19,756	-	5,500	-
Directors and key management personnel	-	-	-	7,097	-	-
Enterprises with common directors	-	-	-	-	-	548,910
Related bodies	889	-	-	-	-	-
2017						
Subsidiaries	-	276	7,000	-	34,480	880,105
Associates	-	-	17,213	-	86	-
Directors and key management personnel	-	-	-	6,632	-	-
Enterprises with common directors	-	-	-	-	-	954,126
Government of Mauritius	-	-	-	-	15,050	-
Related bodies	981	-	-	-	-	-

Terms and conditions of transactions with related parties.

Outstanding balances at end of year are unsecured, interest-free, repayable on demand and settlement occurs in cash.

31. RELATED PARTY TRANSACTIONS (CONT'D)

The Company has provided the following bank guarantees:

- Casino de Maurice in favour of State Bank of Mauritius amounting to NIL (2017 : NIL).
- Sun Casino Ltd in favour of State Bank of Mauritius amounting to NIL (2017 : NIL).
- Domaine Les Pailles Limitée in favour of The Mauritius Commercial Bank Ltd amounting to NIL (2017 : NIL).

For the year December 31, 2018, the Company has recorded an impairment of Rs 2,742,669/- relating to amounts owed by related parties (2017: Rs 172 M). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Transactions with Government of Mauritius.
There are various transactions and outstanding balances with the Government of Mauritius. The amounts involved and the terms and conditions are set out in the following relevant notes 11 and 18.

32. INVESTMENT SUPPORT PROGRAM (ISP)

In 2009 Government introduced the Mechanism for Transitional Support for the Private Sector (MTSP) under the Additional Stimulus Package (ASP) to assist firms facing difficulties in the context of the world's economic crisis by way of: equity support, liquidity/working capital including guarantee for bank support, asset purchase, swap or lease back for asset rich but cash poor enterprises.

In August 2010, the MTSP was renamed Economic Restructuring and Competitiveness Program (ERCP) which took over the role of MTSP.

Following the 2012 Budget Speech, the Vice Prime Minister and Minister of Finance and Economic Development announced the setting up of the National Resilience Fund (NRF), which in turn took over the role and responsibilities of ERCP.

GOM as such is not in a position to enter into agreement with individual beneficiaries. Therefore, the State Investment Corporation Ltd is assisting the enterprises affected by the financial slowdown, on behalf of MOFED, in terms of equity, debentures, loans and working capital. It has the responsibility for disbursing to the beneficiaries and receiving the repayment from the later. SIC also acts as Guarantor on behalf of the Government of Mauritius. Agreements are signed between the beneficiary clients and SIC.

32. INVESTMENT SUPPORT PROGRAM (ISP) (CONT'D)

As at date several schemes under the ISP programme (formerly RWG programme) have been introduced by the Government and SIC has been entrusted with the management and implementation of the different schemes set up by Government. The different schemes under the ISP programme are as follows:

- Stimulus Package
- Leasing Modernisation Scheme.
- Export Credit Insurance Scheme
- ERCP Credit Financing Scheme
- Planters Harvest Scheme
- Import facility
- Direct support under stimulus package
- Technopreneurship Scheme
- Women enterprise Scheme
- ICT Centre of excellence

The State Investment Corporation Ltd does not bear any of the credit risks of the funds' beneficiaries given its fiduciary role amounts in all the schemes under ISP. Further SIC doesn't bear any risk in relation to the guarantees they provide to the beneficiaries as the Government of Mauritius guarantees all the schemes and indemnifies SIC against any losses incurred in relation to the ISP schemes as stated in the memorandum of understanding (MOU) section 6, paragraph 2, where MOFED has agreed to "guarantee", make good and cover all losses/defaults incurred by SIC".

In prior years cash received under each scheme were not refunded to Ministry of Finance (MOFED). There were no obligations to remit the funds. In the absence of the pass through arrangements an asset and a corresponding liability were recognised in the books representing amount receivable from beneficiaries and amount payable to MOFED respectively.

However, an agreement has been reached between the parties in 2013 and SIC now has the obligation to refund the cash flows on a regular basis. This is effective as from January 1, 2013.

During the year ended December 31, 2015 SIC had made refunds and provided in regular returns to the MOFED as required per the agreement.

The formalisation of the contractual terms regarding the remittance of cash has resulted in the derecognition of the assets and liabilities relating to the various schemes.

33. CONTINGENT LIABILITY

At December 31, 2018, the company had contingent liabilities in respect of the.following:

Corporate Guarantees for an amount of Rs.13.7M and import loans amounting to Rs.2.9M have been given on behalf of the Government relating to the Investment Support Program, from which it is anticipated that no material loss will arise. In any case should any loss materialise, the loss will be borne by the Government of Mauritius.

34. COMMITMENTS

	2018	2017
	Rs'000	Rs'000
(a) Capital commitments	-	-

The Company does not hold any Capital Commitments as at close of financial year ended December 31, 2018.

(b) Operating lease commitments

The future minimum lease rentals payable under non cancellable operating leases are as follows:

	2018	2017
	Rs'000	Rs'000
Within one year	546	546
After one year but no more than five years	2,184	2,184
More than five years	25,935	26,481
	28,665	29,211

35. EVENTS SUBSEQUENT TO YEAR END

Following the decisions of the Board of SIC on 18 September 2019, there has been a change in the shareholding of SIC in Yihai Investment Ltd from 99.99% to 48.96%.

36. ULTIMATE SHAREHOLDER

The ultimate shareholder of the Company is the Government of Mauritius.