THE STATE INVESTMENT CORPORATION LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED

DECEMBER 31, 2017

THE STATE INVESTMENT CORPORATION LTD

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PART A

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, 2017.

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 15th Floor, Air Mauritius Centre, 6, President John Kennedy Street, Port Louis.

DIRECTORS

The following Directors held office during the year ended December 31, 2017 and unless otherwise stated, up to date of signing the financial statements: -

NAKHUDA, Ayub Hussein	-Chairman	(Up to 18 May 2018)
VEERASAMY, Banoomatee	-Acting Managing Director	(Up to 29 March 2018)
LUCHMEEPERSAD, Vidianand		
NAGHEE REDDY, Kritananda		
NEERUNJUN, Premode		
SOONDRAM, Visvanaden		
NILAMBER, Anoop Kumar		(As from 16 January 2017)

Subsequent Appointment

SONOO, Jairaj C.S.K	-Chairman	(As from 18 May 2018)
BEEJAN, Manickchand	-Managing Director	(As from 01 April 2018)

DIVIDENDS

No dividend was proposed and paid during the year under review (2016: NIL).

DIRECTORS' SERVICE CONTRACTS

The service contract of the Managing Director is for a period of two years starting from April 1, 2018. None of the other Directors has a service contract.

DIRECTORS' REMUNERATION AND BENEFITS

The remuneration and benefits received: -

	2017	2016
	Rs	Rs
Executive Directors	3,751,970	3,679,323
Non-executive directors	2,880,000	2,580,000
	6,631,970	6,259,323

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

	2017	2016
	Rs	Rs
Donations made during the year	188,172.20	65,295.25

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:

	Ernst & Young 31 December 2017	BDO 31 December 2016
	Rs	Rs
Audit Fees	750,000	720,000
Non- Audit	75,000	-

Approved by the Board of Directors on 27 JUN 2018 and signed on its behalf by:-

DIRECTOR

DIRECTOR

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, 2017.

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For Prime Partners Ltd
Company Secretary

Date: 27 JUN 2018

1. STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") of The State Investment Corporation Limited ("Corporation or SIC") is pleased to submit the Corporate Governance Report for the year ended 31 December 2017.

As required by Section 75 (2) of the Financial Reporting Act 2014, the Corporation has adopted the National Code of Corporate Governance of Mauritius ("the Code") and will submit to the Financial Reporting Council a statement of compliance along with the Code. The Board remains stringent when it comes to upholding the highest standards of integrity and transparency in their governance of the Corporation. The importance and value of a balanced interplay between directors, management and shareholders has long been a major principle governing the conduct of SIC.

The corporate governance framework consists of:-

(i) explicit and implicit contracts between the Corporation and the stakeholders for distribution of responsibilities, rights, and rewards;
(ii) procedures for reconciling the sometimes conflicting interests of stakeholders in accordance with their duties, privileges, and roles; and
(iii) procedures for proper supervision, control, and information flows to serve as a system of checks and balances.

Function of the Board of Directors and Composition

The role of the Board is to set the Corporation's strategic targets. Strategic decisions are made at that level. The Board has all the necessary powers for managing, directing and supervising the management of the business and affairs of the Corporation. The Board is ultimately responsible for properly directing the affairs of the Corporation in conformity with legal and regulatory frameworks and consistent with best governance practices. The Board also determines the Corporation's values and standards and ensures that its obligations to stakeholders are understood and met.

The main objects and functions of the Board are inter alia:

- providing effective leadership based on an ethical foundation;
- addressing all aspects that are of strategic importance for the Corporation;
- overseeing that the Corporation's strategy will result in sustainable outcomes;
- monitoring risk management and overseeing the effectiveness of the Corporation's internal control systems;
- monitoring compliance with laws, regulations and codes of good practice; and
- ensuring that the Corporation is and is seen to be a responsible corporate citizen.

The following directors held office during the year ended 31 December 2017 and unless otherwise stated, up to the date of signing the financial statements:

	Name of directors	Remarks
1.	Mr. Ayub Hussein Nakhuda, C.S.K - Chairman	Up to 18 May 2018
2.	Mrs. Banoomatee Veerasamy (Acting Managing Director)	Up to 29 March 2018
3.	Mr. Premode Neerunjun	
4.	Mr. Visvanaden Soondram	
5.	Mr. Kritananda Naghee Reddy	
6.	Mr. Vidianand Lutchmeeparsad	
7.	Mr. Anoop Kumar Nilamber	As from 16 January 2017
Subsequent Appointment		
	Mr. Jairaj Sonoo, C.S.K- Chairman	As from 18 May 2018
	Mr. Manickchand Beejan - Managing Director	As from 01 April 2018

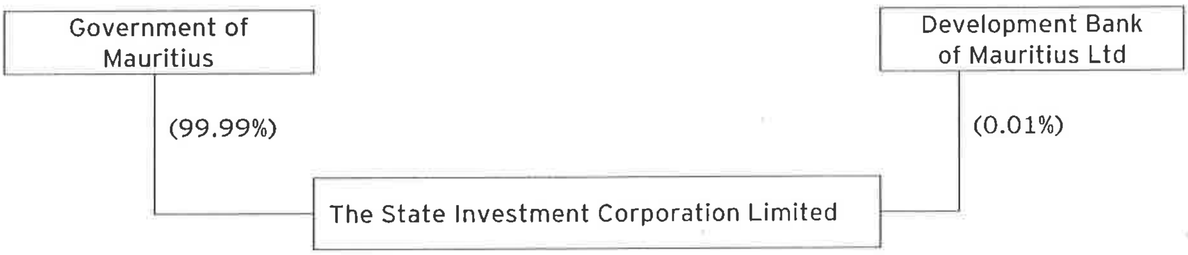
1. STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

Function of the Board of Directors and Composition (Cont'd)

A Board Charter which sets out the objectives, roles and responsibilities of the Board was approved on 05 June 2018.

2. ULTIMATE SHAREHOLDING STRUCTURE

The State Investment Corporation Limited is a public company. Its shareholding structure is as follows:-



2.1 *Common Directors*

There are no common directors who served the Corporation and Development Bank of Mauritius Ltd.

3. THE BOARD OF DIRECTORS

The Board has a unitary structure. The functions and responsibilities of the Chairperson and Managing Director are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairperson is responsible for leading the Board and facilitating effectiveness. He promotes high standards of corporate governance on the Board and within the Corporation and is free to act independently in the best interests of the Corporation. The Managing Director is an Executive Director to whom the Board has delegated the responsibility for day to day management of the Corporation. The Managing Director is also responsible for business direction and for operational decisions of the Corporation. The Chairperson and Managing Director are not related.

The Chairperson ensures that board meetings are held as and when necessary. He leads the Board to ensure its effectiveness and approves the agenda of each board meeting in consultation with the Managing Director. The Chairperson reviews board papers before they are presented to the Board and ensures that Board Members are provided with accurate, timely and clear information. The Officers at Management level who have prepared papers, or who can provide additional insight into the matters to be discussed, are invited to present the papers or attend at the relevant time during board meetings. The Chairperson monitors communication and relations between the Corporation and its shareholders, between the Board and Management and between independent and non- independent directors, with a view to encourage constructive relations and dialogue amongst them. The Chairperson facilitates the contribution of non-executive directors.

3. THE BOARD OF DIRECTORS (CONT'D)

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.

The table below illustrates the categorisation of directors into Executive Directors (EDs), Non-Executive Directors (NEDs) and Independent Directors:

Name of Directors	Non-Executive Directors	Executive Directors	Independent Directors
Mr. Ayub Hussein Nakhuda, C.S.K - Chairman (Up to 18 May 2018)	√	-	√
Mrs. Banoomatee Veerasamy (Acting Managing Director) (Up to 29 March 2018)	-	√	
Mr. Premode Neerunjun	√	-	
Mr. Visvanaden Soondram	√	-	
Mr. Kritananda Naghee Reddy	√	-	√
Mr. Vidianand Lutchmeeparsad	√	-	
Mr. Anoop Kumar Nilamber (Appointed as from 16 January 2017)	√	-	
Subsequent Appointment			
Mr. Jairaj Sonoo, C.S.K - Chairman (Appointed as from 18 May 2018)	√	-	√
Mr. Manickchand Beejan - Managing Director (Appointed as from 01 April 2018)	-	√	

The Directors consider that the current Board is of reasonable size and that its Directors possess the right mix of skills and experience to provide leadership, reflect integrity and make judgement for managing the affairs of the Corporation.

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 taking into consideration the present level of operations of the Corporation. The Senior Executives of the Corporation 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 01 April 2018.

On appointment to the Board and its Committees, directors receive a comprehensive induction pack from Prime Partners Ltd, Corporate Secretary.

Director's Selection, Training and Development

In line with the Corporation's policy, an evaluation of the performance of the Board and its Directors were carried out during the year under consideration. The Board provides training to new Directors, as and when required.

The current practice is for the controlling shareholder to propose members of the Board for election by Shareholders at the Annual Meeting of the Corporation.

3. THE BOARD OF DIRECTORS (CONT'D)

3.1 Board Meetings

The Board met 17 times during the year ended 31 December 2017 and considered a range of matters, including investments, review of performance, monitoring of progress on key issues, recommendations from committees and statutory matters.

3.2 Board Committees

The Board has four standing committees. These committees could have access to independent expert advice at the expense of the Corporation. The approved terms of reference of the Board Committees can be made available upon request to the Corporate Secretary. A broad description of the Board Committees is provided below:-

3.2.1 Corporate Governance Committee

The Corporate Governance Committee acts as a useful mechanism for making recommendations to the Board on corporate governance principles to be adopted so that the Board remains effective and complies with the Code. The Corporate Governance Committee is constituted as follows:-

Mr. Neerunjun	- Chairperson
Mr. K. Naghee Reddy	
Mr. V. Soondram	
Mr. A. K. Nilamber	- Appointed as from 03 February 2017
Secretary	- Prime Partners Ltd

The Committee met three times during the year under review.

3.2.2 Audit & Risk Management Committee

The principal function of the Audit & Risk Management Committee is to oversee the financial reporting process. The activities of the Audit & Risk Management Committee include regular reviews and monitoring of the effectiveness of: (a) the Corporation's financial reporting and internal control policies; (b) risk management systems; (c) accounting policies; (d) the internal audit function; (e) the independence of the external audit process as well as assessment of the external auditor's performance and the remuneration of external auditors, among others.

The Audit & Risk Management Committee is constituted as follows:-

Mr. V. Soondram	- Chairperson
Mr. V. Lutchmeeparsad	
Mr. K. Naghee Reddy	
Mr. A. K. Nilamber	- Appointed as from 03 February 2017
Secretary	- Prime Partners Ltd

The Committee met thrice during the year under review.

3. THE BOARD OF DIRECTORS (CONT'D)

3.2 Board Committees (Cont'd)

3.2.3 Investment Committee (reconstituted as from 19 April 2017)

The Investment Committee is mainly responsible for determining the Group's investment strategy and reviewing and monitoring the investment activities, policies, guidelines and risk limits of the Corporation and its subsidiaries. The Investment Committee is constituted as follows:-

Mr. A. K. Nilamber	- Chairperson
Mr. V. Soondram	
Mr. K. Naghee Reddy	
Mrs. B. Veerasamy	- (Up to 29 March 2018)
Secretary	- Prime Partners Ltd, Corporate Secretary

Subsequent Appointment

Mr. P. Beejan	- 05 June 2018

The Committee met thrice during the year under review.

3.2.4 Staff Committee (constituted as from 05 October 2017)

The Staff Committee is mainly responsible for determining, agreeing and developing the Corporation's general policy for the recruitment and selection of staff and to handle other HR matters. The Staff Committee is constituted as follows:-

Mr. V. Lutchmeeparsad	- Chairman
Mr. P. Neerunjun	
Mr. A. Nilamber	
Mr. K. Naghee Reddy	
Secretary	- Mr. R. Goolaup, Head of Human Resource

The Committee met four times during the year under review. The Staff Committee was renamed 'Remuneration and Nomination Committee' on 05 June 2018.

Subsequent Appointment

Mr. P. Beejan	- 05 June 2018
Secretary	- Prime Partners Ltd (05 June 2018)

3. THE BOARD OF DIRECTORS (CONT'D)

3.2 Board Committees (Cont'd)

3.2.5 Attendance at Board and Board Committees for the year 2017

The directors are invited to attend each board meeting and meetings of committees of which they are members. Their attendance for the year under review is shown below:

Directors	Board	Audit & Risk Management Committee	Corporate Governance Committee	Staff Committee	Investment Committee
Mr. Ayub Hussein Nakhuda, C.S.K - Chairman (Up to 18 May 2018)	17/17	-	-	-	
Mrs. Banoomatee Veerasamy (Acting Managing Director) (Up to 29 March 2018)	14/17	-	-	-	3/3
Mr. Premode Neerunjun	12/17		1/1	2/4	-
Mr. Visvanaden Soondram	12/17	3/3	1/1	-	1/3
Mr. Kritananda Naghee Reddy	16/17	3/3	1/1	3/4	3/3
Mr. Vidianand Lutchmeeparsad	13/17	1/3	-	4/4	-
Mr. Anoop Kumar Nilamber (As from 16 January 2017)	16/17	3/3	0/1	4/4	3/3

3.3 Remuneration paid to the Directors for the year 2017

Details of remuneration paid to Directors for the year under review are as follows:-

Name of Directors	Remuneration
Mr. Ayub Hussein Nakhuda, C.S.K - Chairman (Up to 18 May 2018)	Rs1,380,000
Mrs. Banoomatee Veerasamy (Acting Managing Director) * (Up to 29 March 2018)	Rs3,751,970
Mr. Premode Neerunjun	Rs300,000
Mr. Visvanaden Soondram	Rs300,000
Mr. Kritananda Naghee Reddy	Rs300,000
Mr. Vidianand Lutchmeeparsad	Rs300,000
Mr. Anoop Kumar Nilamber (Appointed as from 16 January 2017)	Rs300,000

* The Acting Managing Director was not entitled to the Director's fees.

3. THE BOARD OF DIRECTORS (CONT'D)

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

	NAME OF SUBSIDARIES OF SIC	J.SONOO	M. BEEJAN	P. NEERUNJUN	V. SOONDRAM	K. NAGHEE REDDY	V.LUTCHMEEPARSAD	A. NILAMBER
1	Casino de Maurice Ltee		√					
2	Le Caudan Waterfront Casino du Domaine Ltee		√					
3	Le Grand Casino du Domaine Ltee		√					
4	SIC Management Services Ltd	√	√			√		√
5	Grand Baie Casino Ltd		√			√	√	√
6	Compagnie Mauricienne D'Hippodromes Ltee	√	√					
7	Guibies Holdings Limited	√	√					
8	Guibies Properties Limited	√	√					
9	Prime Real Estate Ltd	√	√					
10	Domaine Les Pailles Limitee		√		√			
11	Capital Asset Management Ltd		√					√
12	EREIT Management Ltd	√	√	√		√		√
13	Les Pailles Management Ltd		√					
14	Prime Partners Ltd		√	√				
15	SIC Development Co. Ltd	√	√					
16	Lakepoint Ltd		√					
17	State Investment Finance Corporation Ltd		√					
18	Ebene Accelerator Ltd			√	√			

3.5 Directorship in listed companies during the year under consideration and up to the date of signing of the financial statements:-

Name	Companies
Mrs Banoomatee Veerasamy	• Lottotech Ltd • Air Mauritius Ltd
Mr Vidianand Lutchmeeparsad	• SBM Holdings Ltd
Mr. Manickchand Beejan	• Lottotech Ltd • Air Mauritius Ltd

3. THE BOARD OF DIRECTORS (CONT'D)

3.6 Directors' dealing in shares of the Corporation

The Directors have neither direct nor indirect interest in the shares of the Corporation. None of the other members has direct or indirect interest in the shares of the Corporation.

3.7 Profile of the Directors in post as at 31 December 2017

Mr. Ayub Hussein Nakhuda, C.S.K (In post up to 18 May 2018)

Economist by training, Mr. Nakhuda has worked at various levels in Government. Starting as Economist in the then Ministry of Economic Planning & Development, he successively occupied the posts of Senior Economist, Principal Economist and Deputy Director. He subsequently moved to the Ministry of Finance, where he held the post of Financial Secretary until his retirement. He represented the Parent Ministry on the Boards of several parastatal bodies.

Mr. Nakhuda has extensive experience in economic planning and in devising policy agenda for sectoral development. He participated in the drafting of National Development Plans and annual budgets; headed the secretariat of National Committee set up for the preparation of the document "Mauritius: Vision 2020", which charts out the vision of Mauritius in the year 2020; helped define the contours of new development initiatives to broaden the economic base; and contributed to efforts to promote R&D to enhance Mauritius' international competiveness through institutional changes. Mr. Nakhuda has represented Mauritius at several international conferences and meetings and presented papers on diverse themes.

Mrs. Banoomatee Veerasamy (In post up to 29 March 2018)

Mrs Veerasamy is a Fellow of the Institute of Chartered Secretaries and Administrators and has been with the SIC since its inception. She holds a B.A (Hons) in Administration and an LLB (Hons) and an LLM from the University of London. She is also a qualified Stockbroker and played an active role in the setting up of a Stock Exchange in Mauritius. She occupied the post of Acting Managing Director as from December 2014. During her employment at SIC, she held directorship on various related companies.

Mr. Premode Neerunjun

Mr Neerunjun holds the post of Deputy 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.

3. THE BOARD OF DIRECTORS (CONT'D)

3.7 Profile of the Directors in post as at 31 December 2017 (Cont'd)

Mr. Vidianand Lutchmeeparsad

Mr Lutchmeeparsad is a fellow of the Institute of Chartered Secretaries and Administrators. Mr. Vidianand Lutchmeeparsad holds also a Master of Business Administration (MBA) with specialization in Marketing. He is presently the Permanent Secretary of the Ministry of Finance and Economic Development. He is a member of the Board of Landscope (Mauritius) Ltd, NIC Healthcare Ltd, SBM Holdings Ltd and various other companies. He has a rich career in Public Administration and Management. He has worked for PricewaterhouseCooper, International (UK) on the Public Sector Management and Improvement Programme (PSMIP), where he was fully involved in the reforms that have been initiated in the Public Sector in the 1980's. Since 1989, he has toured several Ministries. As Administrative Officer at the Prime Minister's Office, he carried out survey on various Parastatal Bodies and provided reports on the basis of which the Government took policy decisions for the redeployment of man-power within the Public Service. He has also headed the Health Infrastructure Planning Section of the Ministry of Health and Quality of Life where he was in charge of the Project of Mediclinics and Polyclinics and for the processing of the issue of Health Development Certificates to Private Promoters in the 1980's.In 1997 he joined the Ministry of Agriculture, Fisheries and Cooperatives and in 1998 he was promoted to the post of Principal Assistant Secretary and thereafter Permanent Secretary at the Ministry of Public Infrastructure, Land transport and Shipping. He was involved in many Building and Road Projects. He has been representing the Government on a number of Boards and Committees. He was also the Chairperson of the Project Plan Committee up to April 2015 and was involved in the assessment of Government Investment Projects for the Public Sector Investment Programmes. He was also Chairman of Construction Industry Development Board. Mr. Lutchmeeparsad has also been the Secretary of Taskforce on Religious Festivals at National Level from 2000-2015.

Mr. Visvanaden Soondram

Mr Soondram is a Fellow of the Association of Chartered Certified Accountants and also holds a master degree in Finance. He has over 21 years of experience in the Public Sector and has served in various fields including management audit and finance. He is currently occupying the post of Director at the Ministry of Finance and Economic Development.

Mr. Anoop Kumar Nilamber

Mr Nilamber is currently Economic Advisor at the Ministry of Finance and Economic Development. Prior to occupying this post, Mr. Nilamber 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.

Subsequent Appointment

Mr. Jairaj Sonoo, C.S.K (As from 18 May 2018)

Mr Sonoo holds a Masters in Business Administration (MBA) from University of Surrey, UK. 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 Chief Executive Overseas Expansion of SBM Holdings Ltd from August 2016 to September 2017.

3. THE BOARD OF DIRECTORS (CONT'D)

3.7 Profile of the Directors in post as at 31 December 2017 (Cont'd)

Subsequent Appointment (Cont'd)

Mr. Jairaj Sonoo, C.S.K (As from 18 May 2018) (Cont'd)

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. Manickchand (Prem) Beejan (As from 01 April 2018)

Mr Beejan has a long and successful career with work experience in Government, state-owned enterprises and private sector companies. He sat in capacities ranging from Chairman, Executive Director and Independent Director on more than 40 Boards of companies that are involved in a diverse range of activities including insurance, equity investment, portfolio and wealth management, fund management, casinos, housing, property development, sugar sector, IT sector, commerce and education.

Prem has more than 35 years of professional experience starting his career as Government Economist and successively moving up to the level of Managing Director. His areas of competence include project conception, development and implementation, designing innovative financial instruments, designing and implementing business processes, and long-range asset-liability matching with scenario planning. Prem is currently the Managing Director of the State Investment Corporation Limited and holds directorship on various investee companies.

Prem holds a B.A. Hons with Distinction in Economics from a Canadian University and an MSc in Financial Management from the University of London. His pastime includes complex modelling in EXCEL and trading at the stock market.

Senior Management's Profile

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 an 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.

Ms 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 Administrative and Finance Officer 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 Investment Executive at SIC. He is a 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 experience in the financial sector. He currently acts as Board Member on various investee companies of SIC.

4. STATEMENT ON REMUNERATION POLICY

The Corporation's philosophy on remuneration is that the overall remuneration package should be sufficiently competitive to attract, retain and motivate high calibre employees capable of achieving the Corporation's objectives and enhancing shareholders' value.

Remuneration practices are structured to provide:-

- clear difference between individuals to reflect positions, performance and reward;
- strong incentives for superior performance;
- reward to top contributors; and
- strong signals to underachievers to encourage them to improve performance.

The remuneration of Directors is decided by the Shareholders.

5. DIVIDEND POLICY

The Corporation has no formal on dividends policy. The Corporation has last declared dividend during the year ended 30 June 2018.

6. CORPORATE SECRETARY

Prime Partners Ltd acts as Corporate Secretary of the Corporation and its subsidiaries. All directors have access to the advice and services of the Corporate Secretary. The Corporate Secretary is responsible to the Board for administration of Board and Committee proceedings.

The Corporate Secretary provides guidance to Directors on matters of Company Law and on their responsibilities in the statutory environment in which the Corporation operates.

7. RISK MANAGEMENT AND INTERNAL CONTROL

(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.

7. RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

(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 risks*: The identification and management of these risks are further discussed in Note 3 of the financial statements.

MAJOR EVENTS

The Corporation has acquired land at Cote D'or, closely located to the forthcoming Administrative City and has a multi-sports complex and a Training Centre.

The Corporation has also transferred, as equity, have land situated in the region of the Guibies Valley, Pailles, in a JV with a foreign promoter for the purpose of implementing a Smart City.

8. DONATIONS / SOCIAL ISSUES

The policy of the Corporation is to support through donation non-political activities and events having a national dimension. Donations effected by the Corporation during the financial year under review amounted to Rs 188,712.20 (2016: Rs 62,295.25).

9. RELATED PARTY TRANSACTIONS

During the year ended 31 December 2017, the Corporation transacted with related entities. The nature, volume of transactions and the balance with the related entities are disclosed in the Audited Financial Statements.

10. STAKEHOLDERS' RELATIONS AND COMMUNICATIONS

The Corporation's website www.stateinvestment.com is used to provide relevant information. Furthermore, open lines of communication are maintained to ensure transparency and optimal disclosure.

The Corporation maintains regular contact with the controlling shareholder through meetings with the Chairman and Managing Director. The Board also receives regular feedback on the views of the controlling shareholder.

The Annual Meeting of each year gives a reasonable opportunity for the Board to discuss all matters relating to the Corporation and its performance with shareholders.

11. CALENDAR OF EVENTS

• Financial Year End	31 December
• Annual Meeting of Shareholders	June

12. MEMORANDUM AND ARTICLES OF ASSOCIATION

The Corporation is governed by the Memorandum and Articles of Association approved by the Shareholders on 28 February 1992. The Memorandum and Articles of Association are in agreement with the Companies Act 2001 and do not contain any material clause that needs to be disclosed.

13. SHAREHOLDERS' AGREEMENTS/THIRD PARTY MANAGEMENT AGREEMENTS

A Memorandum of Understanding was signed between the Government of Mauritius and the Corporation regarding the management and implementation of different schemes set up by Government under the Investment Support Programme (formerly known as Restructuring Working Group). This is described further in Note 26 of the financial statements.

14. SHARE OPTION PLAN

There is no share option plan.

15. CODE OF ETHICS

The Corporation's Code of Ethics is covered in the terms and conditions of service of the employees. The latter are expected to abide by the Code.

16. 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.

17. ENVIRONMENTAL ISSUES AND CARBON REDUCTION REPORTING

Management strives to operate day-to-day-business activities in an eco-friendly and energy-saving environment.

The Corporation is committed to plan and operate its day-to-day business activities in an environmentally friendly and energy-saving manner to minimise carbon emissions. E-filing, e-mails, scanning of documents and file sharing are being encouraged and are already in place at the Corporation.

18. INTERNAL CONTROL

Internal audit is an objective assurance function reporting to the Board of Directors and Management.

Internal audit provides assurance to the Board on the efficiency and effectiveness of internal control and on the risk management infrastructure of the Corporation as well as compliance with good corporate governance practices. It assists the Board and Management to maintain and improve the process by which risks are identified and managed. Further, it helps the Board to discharge its responsibilities to maintain and strengthen the internal control framework.

19. CORPORATE SOCIAL RESPONSIBILITY

There is no Corporate Social Responsibility Policy at the Corporation.

20. EXTERNAL AUDITORS

The external auditors are responsible for reporting on whether the financial statements are fairly presented. The fees charged by auditors for audit and other services were:-

	E&Y - 2017 Rs (Exc Vat)	BDO - 2016 Rs (Exc Vat)
Audit	750,000	720,000
Non-Audit	75,000	36,800

The Audit and Risk Management Committee reviews the work undertaken by the external auditors and assesses annually its independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole. The Committee monitors the auditor's compliance with relevant regulatory, ethical and professional standards. It also monitors the provision of any non-audit services as well as processes for the rotation of auditors.

21. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flow of the Corporation. In preparing the financial statements, the directors are required to:

(i) select suitable accounting policies and apply them consistently;
(ii) make judgements and estimates that are reasonable and prudent;
(iii) state whether International Financial Reporting Standards have been followed and complied with, subject to any material departures disclosed and explained in the financial statements; and
(iv) prepare the financial statements as a going concern basis unless it is inappropriate to presume that the Corporation will not continue in business.

The Directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Corporation and enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the Corporation and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The Directors report that:

(i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
(iii) applicable accounting standards have been adhered to; and
(iv) the Code of Corporate Governance has been adhered to. Reasons have been provided where there has been a departure.

Signed on behalf of the Board of Directors: 27 JUN 2018

DIRECTOR DIRECTOR

STATEMENT OF COMPLIANCE

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

Name of PIE: The State Investment Corporation Ltd

Reporting Period: Year Ended December 31, 2017

We, the Directors of The State Investment Corporation Ltd confirm that, to the best of our knowledge, the Corporation has complied with all of 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:

Section 2.2.3: Composition of the Board
The recommendation of the Code is to have at least two executive directors.

The Board of Directors is of view that the recommendation of the Code is met through the attendance and participation of the Managing Director, who is an Executive Director, and of other senior staff during deliberations of the Board. The present level of business activity does not warrant a second Executive Director.

Signed on behalf of the Board of Directors: 27 JUN 2018

....
Director Director

Date: ....

PART B

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS 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") set out on pages 4 to 57 which comprise the statement of financial position as at 31 December 2017, 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 significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, 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 and the Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with 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 Report of Directors, Corporate Governance Report, Statement of Compliance and the Secretary's Certificate as required by the Companies Act 2001, 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 the requirements of the Companies Act 2001 and the Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE STATE INVESTMENT CORPORATION LTD (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

We communicate with the directors 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.

Use of our report

This report is made solely to the Company's members, 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.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE STATE INVESTMENT CORPORATION LTD (CONTINUED)

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, tax advisors and dealings in the ordinary course of business.

We have obtained all the 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.

Financial Reporting Act 2004

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

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

ERNST & YOUNG
Ebène, Mauritius

Date: 29 JUN 2018

ANDRE LAI WAN LOONG, F.C.A
Licensed by FRC

ASSETS	Notes	2017	2016
		Rs'000	Rs'000
Non-current assets			
Property, plant and equipment	5	14,922	14,542
Investment properties	6	610,000	19,500
Intangible assets	7	13,463	13,703
Investments at fair value through profit or loss	8	7,141,226	5,976,753
Non-current receivables	9	6,511	8,390
Current tax assets	16	21	-
Employee benefit asset	12	-	3,192
		7,786,143	6,036,080
Current assets			
Trade and other receivables	10	119,052	548,953
Cash and cash equivalents	24(b)	986,032	670,254
		1,105,084	1,219,207
Total assets		8,891,227	7,255,287
EQUITY AND LIABILITIES			
Equity			
Share capital	11	85,000	85,000
Retained earnings		6,814,261	6,350,852
Actuarial reserve		(1,411)	1,309
Total equity		6,897,850	6,437,161
Non-current liabilities			
Other liabilities	13	436,005	-
Deferred tax liability	14	3,556	936
		439,561	936
Current liabilities			
Other payables	15	1,517,736	639,006
Employee benefit liability	12	49	-
Current tax liabilities	16	-	70,155
Borrowings	17	1,049	2,279
Other liabilities	13	34,982	105,750
		1,553,816	817,190
Total liabilities		1,993,377	818,126
Total equity and liabilities		8,891,227	7,255,287

These financial statements have been approved for issue by the Board of Directors on: 27 JUN 2018

Directors   Directors

The notes on pages 8 to 57 form an integral part of these financial statements.
Independent Auditor's report on pages 1 to 3.

THE STATE INVESTMENT CORPORATION LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

	Notes	2017	2016
		Rs'000	Rs'000
INCOME			
Investment income	19	184,029	161,664
Interest income	20	492	1,528
Other income	21	8,123	9,372
Increase in fair value of investment properties	6	500	-
Net foreign exchange gain		-	17
Gain on disposal of investments at fair value through profit or loss		-	14,314
		193,144	186,895
Net change in investments at fair value through profit or loss	18	624,629	353,167
EXPENSES			
Loss on disposal of investments at fair value through profit or loss		90	-
Employee benefit expense	22	27,206	24,888
Motor vehicle running expenses		554	551
Audit and other related fees		992	868
Other professional expenses		9,535	2,151
Depreciation of property, plant and equipment	5	976	767
Amortisation of intangible assets	7	470	595
Repairs and maintenance		8	53
Interest expense	23	34,982	-
Other general expenses		8,001	9,695
Net foreign exchange loss		318	-
Impairment of receivables from related companies		266,789	31,215
		349,921	70,783
Profit before tax		467,852	469,279
Income tax expense	16	(4,443)	(26,173)
Profit after tax		463,409	443,106
Other comprehensive income			
Other comprehensive income:			
Items that may be reclassified to other income		-	-
Items that may not to be reclassified to profit or loss			
Re-measurement (losses)/ gains on defined benefit plans	12	(3,277)	1,842
Income tax effect		557	(276)
		(2,720)	1,566
Other comprehensive income for the year, net of tax		(2,720)	1,566
Total comprehensive income for the year, net of tax		460,689	444,672

The notes on pages 8 to 57 form an integral part of these financial statements.
Independent Auditor's report on pages 1 to 3.

	Issued capital	Share buy back capital	Retained earnings	Actuarial reserve	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2017	**100,000**	**(15,000)**	**6,350,852**	**1,309**	**6,437,161**
Profit for the year	-	-	**463,409**	-	**463,409**
Other comprehensive income	-	-	-	**(2,720)**	**(2,720)**
Total comprehensive income	-	-	**463,409**	**(2,720)**	**460,689**
At December 31, 2017	**100,000**	**(15,000)**	**6,814,261**	**(1,411)**	**6,897,850**
At January 1, 2016	100,000	(15,000)	5,907,745	(257)	5,992,488
Profit for the year	-	-	443,106	-	443,106
Other comprehensive income	-	-	-	1,566	1,566
Total comprehensive income	-	-	443,106	1,566	444,673
At December 31, 2016	100,000	(15,000)	6,350,852	1,309	6,437,161

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

	Notes	2017	2016
		Rs'000	Rs'000
Operating activities			
Cash generated from/(used in) operations	24(a)	465,183	(116,724)
Interest received	19,20	2,125	3,117
Tax paid	16	(3,399)	(4,348)
Net cash generated from/ (used in) operating activities		463,909	(117,955)
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1,356)	(96)
Purchase of investment properties		(32,400)	-
Purchase of investment in financial asset		-	(5,530)
Proceeds from sale of property, plant and equipment		215	776
Loan granted		(54,655)	-
Loan recovered		3,009	1,196
Disposal of investment in financial assets		33,054	19,932
Redemption of held-to-maturity investment		11,300	17,849
Net cash (used in)/generated from investing activities		(40,833)	34,127
Cash flows from financing activities			
Repayment of share buy back NIT	13	(105,750)	(105,750)
Net cash used in financing activities		(105,750)	(105,750)
Net increase/(decrease) in cash and cash equivalents		317,326	(189,578)
Movement in cash and cash equivalents			
At January 1,		667,975	857,536
Net increase/(decrease) in cash and cash equivalents		317,326	(189,578)
Effect of exchange difference		(318)	17
At December 31,	24(b)	984,983	667,975

The notes on pages 8 to 57 form an integral part of these financial statements.
Independent Auditor's report on pages 1 to 3.

1. GENERAL INFORMATION

The State 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 investment 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. ACCOUNTING POLICIES

2.1 Basis of preparation

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.

2.2 Statement of compliance

The financial statements of The State Investment Corporation Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The Company meets the definition of an investment entity as defined by IFRS 10 and is to account for the investment in its subsidiaries at fair value through profit or loss.

These financial statements are the only financial statements presented by the Company.

IFRS 10 'Consolidated financial statements'. This standard contains special accounting requirements for investment entities. Where an entity meets the definition of an 'investment entity', it does not consolidate its subsidiaries, or apply IFRS 3 Business Combinations when it obtains control of another entity. The Company has accounted its investments in subsidiary companies at fair value through profit or loss, instead of presenting consolidated financial statements.

The Company has determined that it meets the definition of an investment entity. As a result, the subsidiaries, are accounted for at fair value through profit or loss.

The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs 000), except when otherwise indicated.

Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that:

(i) Investment properties are stated at fair value;

(ii) Investments at fair value through profit or loss and relevant financial assets and financial liabilities are stated at their fair value.

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The following relevant revised standards have been applied in these financial statements as of 1 January 2017:

AMENDMENTS	Effective date
IAS 7 Disclosure Initiative -Amendments to IAS 7	January 1, 2017
IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses -Amendments to IAS 12	January 1, 2017
Annual Improvements 2015 - 2017 Cycle	January 1, 2017

The effects of these standards have been described below:

Disclosure Initiative (Amendments to IAS 7)

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities. These amendments have no significant impact on the financial statements as the notes and policies provide sufficient information to the users.

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

The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised. These amendments have no significant impact on the Company.

Annual Improvements 2014 - 2016 Cycle - 1 January 2017

The following amendments were made to these standards:

- IFRS 1 - Deletes the short-term exemptions in paragraphs E3-E7 of IFRS 1, because they have now served their intended purpose

- IFRS 12 - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

- IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition

These amendments did not have any impact on the financial statements.

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standards and interpretations issued but not yet effective up to the date of issuance of the financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expect to be applicable at a future date. The Company intend to adopt those standards when they become effective.

They are mandatory for accounting periods beginning on the specified dates, but the Corporration has not

	Effective for accounting period beginning on or after
New or revised standards and interpretations:	
IFRS 9 Financial Instruments	January 1, 2018
IFRS 16 Leases	January 1, 2019
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
IFRS 17 Insurance Contracts	January 1, 2021
New or revised interpretations	
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRIC 23 Uncertainty over Income Tax Treatments	January 1, 2019
Amendments	
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28	Effective date deferred indefinitely
Transfers of Investment Property (Amendments to IAS 40)	January 1, 2018
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	January 1, 2018
Clarifications to IFRS 15 'Revenue from Contracts with Customers'	January 1, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)	January 1, 2018
IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	January 1, 2018
IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice	January 1, 2018

The effects of these standards which may have an impact at a future date have been described below:

IFRS 9 Financial Instruments

IFRS 9 replaces the multiple classification and measurement models in IAS 39 [Financial instruments: Recognition and measurement] with a single model that has initially only two classification categories: amortised cost and fair value. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. IFRS 9, introduces new requirements for classifying and measuring financial assets as follows:

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for collection of the contractual cash flow, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

IFRS 9 Financial Instruments (Cont'd)

All other debt and equity instruments must be recognised at fair value.

Debt instruments that are held for sale or to collect cash flows and whose contractual terms give rise to specified cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding are classified as fair value through other comprehensive income (FVOCI). While equity instruments are measured at fair value through profit or loss, except for equity instruments that are not held for trading, which may be designated at FVOCI without subsequent recycling to profit or loss. For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss. The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

In December 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete.

- a third measurement category (Fair Value through Other Comprehensive Income (FVOCI)) for certain financial assets that are debt instruments;
- a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

The Company is currently assessing the potential impact on the financial statements resulting from its application of IFRS 9. Adoption of IFRS 9 will result in a change in classification of available-for-sale investments. The Company may elect to classify them as FVOCI or at fair value through profit or loss. The Company have not yet made a decision in this regard. In the former case, all fair value gains and losses would be reported on other comprehensive income, no impairment losses would be recognised in profit or loss and no gains or losses would be reclassified to profit or loss on disposal. In the latter case, all fair value gains and losses would be recognised in profit or loss as they arise, increasing the volatility of the Company's profits.

Trade receivables carried at amortised cost are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, these financial assets will continue to be subsequently measured at amortised cost under IFRS 9.

There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities.

IFRS 9 requires the Company to record expected credit losses on all of its trade receivables, either on a 12-month or lifetime basis. The Company will apply the simplified approach and record lifetime expected losses on all trade receivables. Based on an initial assessment, the Company has determined that there will be no significant impact on the loss allowance in 2018. The Company continues to refine its actual expected credit loss model and the impact arising from this exercise may be different from the initial assessment. This standard will be adopted as from January 1, 2018.

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases standard, IAS 17 Leases, and related Interpretations. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessor continue to classify leases as operating or finance, with IFRS 16, approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors. The Company have started an initial assessment of the potential impact on its consolidated and separate financial statements. The most significant impact expected is that the Company may have to recognise new assets and liabilities for their operating leases. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. The Company is yet to assess the full impact of adopting the standard and will provide more information in the financial statements for the year ended December 31, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company plans to adopt the new standard on the required effective date using the modified retrospective method. During 2016, the Company performed a preliminary assessment of IFRS 15, which was continued with a more detailed analysis completed in 2017.

No significant impact is expected from the adoption of IFRS 15 on the Company's revenue and profit or loss.

2.5 SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

All property, plant and equipment are stated at historical cost of acquisition less accumulated depreciation and any accumulated impairment losses. 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.

2.5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Property, plant and equipment (Cont'd)

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 property, plant and equipment are determined by comparing proceeds with carrying amount and are included in profit or loss. And any impairment loss arising on property, plant and equipment is recognised in profit or loss.

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 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.

(b) Intangible assets

(a) Leasehold rights

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. 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.

2.5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Intangible assets (Cont'd)

(a) Leasehold rights (Cont'd)

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).

(c) Investment in subsidiaries

Investments in subsidiaries 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.

(d) 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.

(e) Financial assets

Initial recognition and measurement

The Company classifies its financial assets in the following categories: financial assets through profit or loss, loans and receivables and, held-to-maturity investments. AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs for all financial assets except those that are carried at fair value through profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss category are recognised in the period in which they arise.

2.5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial assets (Cont'd)

Initial recognition and measurement (Cont'd)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models to reflect the issuer's specific circumstances.

Categories of financial assets

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

These comprise financial assets designated at fair value through profit or loss at inception.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if are expected to be realised within twelve months to the end of the reporting period.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

The Company's loans and receivables comprise cash and cash equivalents, and trade and other receivables.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinables payments and fixed maturities that the Company`s management has the positive intention and ability to hold to maturity. Held-to-maturity investments are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at fair value through profit or loss.

Impairment of financial assets

(i) Financial assets carried at amortised cost

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and, the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Long term receivables

Long term receivables with fixed maturity terms are measured at amortised cost using the effective interest method, less provision for impairment. The carrying amount of the asset is reduced by the difference between assets's carrying amount and the present value of estimated cash flows discounted using the original effective interest rate. The amount is recognised in profit or loss. If there is objective evidence that an impairment loss has been incurred, the amount of impairment loss is measured according to the original terms of receivables.

(g) Current and deferred 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 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 for financial reporting purposes. However, if the deferred 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 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 tax asset is realised or the deferred 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 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.

(h) Trade receivables

Trade receivables are 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 receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in profit or loss.

(i) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Share capital

(a) Ordinary shares

Ordinary shares are classified as equity.

(k) Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

(l) Employment Benefit

Defined benefit plans

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

The liability recognised in the statement of financial position in respect of defined benefit pension 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 actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. 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 recognised immediately in profit or loss.

(m) 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).

2.5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Trade and other payables

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

(o) 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.

(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.

(p) 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.

(i) Rendering of services

- Directorship fees on representation of directors in investee companies are recognised are recognised as they accrue unless collectibility is in doubt..

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

- Interest income - as it accrues unless collectability is in doubt.
- Dividend income - when the shareholder's right to receive payment is established.
- Rental income - as it accrues.

(q) 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.

2.5 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset (or those assets) is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Compnay does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks , including market risk (foreign exchange risk and interest rate); 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) *Foreign exchange risk*

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

The Company carries its operations locally and therefore is not exposed to foreign exchange risk except for transactions with investors and bank accounts denominated in foreign currency, which are mainly United States dollars ("USD"). As such, the Company is exposed to the exchange rate movement of the Mauritian rupee against the United States dollar.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (Cont'd)

(a) Market risk (Cont'd)

(ii) *Currency risk*

The currency profile of the Company's financial assets and liabilities are summarised as follows:

	MUR	USD	EURO	GBP	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
As at December 31, 2017					
Investments	6,405,014	140,181	596,031	-	7,141,226
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	7,190,678	249,971	807,153	4,266	8,252,068
Liabilities	1,673,520	105,130	211,122	-	1,989,772
As at December 31, 2016					
Investments	5,343,963	160,442	472,348	-	5,976,753
Trade and other receivables	548,953	-	-	-	548,953
Cash in hand and at bank	479,625	83,324	105,221	2,084	670,254
Long term receivables	8,390	-	-	-	8,390
Total assets	6,380,931	243,766	577,569	2,084	7,204,350
Liabilities	633,096	78,873	105,221	-	817,190

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 changes in the fair value of monetary assets and liabilities).

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

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (Cont'd)

(a) Market risk (Cont'd)

(ii) Currency risk (Cont'd)

	Increase/ decrease in rates	Effect on loss before tax
	%	Rs'000
2016		
US Dollar	+5	8,022
	-5	(8,022)
EURO	+5	23,617
	-5	(23,617)
GBP	+5	104
	-5	(104)

(iii) 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 is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current environment.

The Company is exposed to credit risk as follows:	2017	2016
	Rs'000	Rs'000
Trade receivables	66,427	29,508
Receivable from related parties	49,777	402,037
Cash at bank	986,032	670,254
	1,102,236	1,101,799

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

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

(b) Credit risk (Cont'd)

	2017	2016
Related parties	Rs'000	Rs'000
Casino de Maurice Limited	-	63,237
Lake point Limited	-	50,813
Le Caudan Waterfront Casino Limited	-	20,654
Domaine Les Pailles Limitée	-	198,687
Le Grand Baie Casino Limited	33,455	49,256
Government of Mauritius -COIL	15,050	-
Other related companies	1,272	-
	49,777	382,647

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 implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close our market positions.

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. The amounts disclosed in the table are contractual undiscounted cash flows:

	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	-
At December 31, 2016				
Borrowings	2,279	-	-	-
Other payables	639,006	-	-	-
Other liabilities	105,750	-	-	-
	747,035	-	-	-

(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. FINANCIAL RISK MANAGEMENT (CONT'D)

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.

(i) Recurring fair value measurement

	2017			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Investment properties	-	-	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	725,235	-	740,050
Other Holdings	559	-	-	559
Other Services	-	-	13,673	13,673
Real Estate	-	1,123,046	894,398	2,017,444
	1,252,266	2,659,734	3,229,226	7,141,226
	1,252,266	2,659,734	3,839,226	7,751,226

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, 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 properties	19,500	590,000	-	-	500	610,000
Investments						
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)

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, 2017	Additions	Disposal	Transfer to level 1	Fair value Adjustment	Balance at December 31, 2017
Investment at fair value through profit and loss:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Communications	234,977	-	-	-	12,600	247,577
Financial services	528,547	-	-	-	35,330	563,877
Manufacturing	600,698	-	-	-	124,535	725,233
Real Estate	848,484	-	-	-	274,562	1,123,046
	2,212,706	-	-	-	447,027	2,659,733

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.

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 2017 are as shown below:

Description	Input	Sensitivity used	Effect on fair value	Effect on fair value
Fair value through profit and loss investments :			Rs'000	Rs'000
Distribution	PE	-5% and +5%	(14,421)	14,421
Gaming	Growth rate	-1% and +1%	8,537	(8,046)
Real Estate	Rental	-5% and +5%	10,413	(9,422)

*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)

Quantitative information of significant unobservable inputs (Level 3)

Type	2017 Fair value	Key unobservable inputs	Range of unobservable inputs (probability - weighted average)	
	Rs'000			
Investment property		Latest market value		
Fair value through profit and loss investments:				
Agriculture	-			
Communications	144,799			
Distribution	293,107	PE	5%	An increase/decrease in PE will lead to an increase/decrease in fair value of Rs.14.4m.
Entertainment & Tourism	337,716			
Financial Services	1,290,593			
Gaming	214,720	Growth rate	1%	An decrease/increase in growth rate will lead to an increase/decrease in fair value of Rs.8.5m and Rs 8.0m respectively.
ICT	40,220			
Manufacturing	-			
Other Services	13,673			
Real Estate	894,398	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.
	3,229,226			

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 (Cont'd)

Fair value hierarchy (Cont'd)

(i) Recurring fair value measurement

	2016			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Investment property	-	-	19,500	19,500
Investment at fair value through profit or loss				
Agriculture	289	-	37,669	37,958
Communications	65,513	234,976	123,948	424,437
Distribution	-	-	304,716	304,716
Entertainment & Tourism	317,372	-	305,629	623,001
Financial Services	281,943	528,547	1,223,136	2,033,626
Gaming	376,125	-	322,441	698,566
ICT	-	-	40,600	40,600
Manufacturing	20,366	600,699	-	621,065
Other Holdings	693	-	-	693
Other Services	8,355	-	10,938	19,293
Real Estate	6,871	848,483	317,444	1,172,798
	1,077,527	2,212,705	2,706,021	5,996,253

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, 2016	Additions	Disposal	Transfer	Fair value Adjustment	Balance at December 31, 2016
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investment property	19,500	-	-	-	-	19,500
Agriculture	37,669					37,669
Communications	91,406	-	-	-	32,542	123,948
Distribution	421,657	-	-	-	(116,941)	304,716
Entertainment & Tourism	223,874	-	(42,269)	-	124,024	305,629
Financial Services	1,211,681	-	-	-	11,455	1,223,136
Gaming	300,105	-	-	-	22,336	322,441
ICT	43,025	-	-	-	(2,425)	40,600
Manufacturing	45,714	-	(8,571)	22,857	(60,000)	-
Other Services	8,182	-	-	-	2,756	10,938
Real Estate	255,290	47,731	(410)	-	14,833	317,444
	2,658,103	47,731	(51,250)	22,857	28,580	2,706,021

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).

	At January 1, 2016	Additions	Disposal	Transfer to level 1	Fair value Adjustment	At December 31, 2016
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investment at fair value through profit and loss:						
Communications	163,695	-	-	-	71,281	234,976
Financial services	569,100	-	-	-	(40,553)	528,547
Manufacturing	517,242	-	-	-	83,457	600,699
Real Estate	802,406	-	-	-	46,077	848,483
	2,052,443	-	-	-	160,262	2,212,705

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.

3.3 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.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Capital risk management (Cont'd)

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 Company does not have significant external debts.

3.4 Categories of financial instruments

	2017	2016
Financial assets	Rs'000	Rs'000
Financial assets at fair value through profit or loss		
Investments at fair value through profit or loss	7,141,226	5,976,753
Financial assets at amortised cost		
Non-current receivables	6,511	8,390
Trade and other receivables	118,299	548,308
Cash and cash equivalents	986,032	670,254
	1,110,842	1,226,952
Total financial assets	8,252,068	7,203,705
Current	8,245,557	7,195,315
Non current	6,511	8,390
Financial liabilities	Rs'000	Rs'000
Financial liabilities at amortised cost		
Other liabilities	436,005	-
Other payables	1,517,736	639,006
Bank overdraft	1,049	2,279
Other liabilities	34,982	105,750
Total financial liabilities	1,989,772	747,035
Current	1,553,767	747,035
Non current	436,005	-

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

Judgements

In the process of applying the Company's accounting policies, management has not made any significant judgements which could have some significant effect on the amounts recognised in the financial statements.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date, 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) Held-to-maturity investments

The Company follows the guidance of International Accounting Standard (IAS) 39 - "Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Company evaluates its intention and ability to hold such investments to maturity.

If the Company fails to keep these investments to maturity other than for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

(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 12.

(c) Revaluation of investment properties

In preparing these financial statements, the directors have obtained from an independent professional valuer the estimated fair value of the Company's investment properties which is disclosed in the notes to the financial statements. These estimates have been based on market data regarding current yield on similar properties. The actual recoverable amount of the investment property could therefore differ significantly from the estimates. Further details are given in note 6.

(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, 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.

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

Estimates and assumptions (Cont'd)

(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.

(f) Impairment of receivables

Management exercise a degree of judgement when assessing whether a receivable is impaired or not. It uses the best information available at time of assessment and makes estimates about future recoverability.

(g) 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.

(h) 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.

(i) 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.

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Office furniture and fittings	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000
(a) 2017				
COST				
At January 1,	25,122	18,438	779	44,339
Additions	-	191	1,165	1,356
Disposals	-	-	(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
Disposals	-	-	(740)	(740)
At December 31,	11,304	18,457	272	30,033
NET BOOK VALUES				
At December 31,	13,818	172	932	14,922

	Buildings	Office furniture and fittings	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000
(b) 2016				
COST				
At January 1,	25,122	18,342	4,479	47,943
Additions	-	96	-	96
Disposals	-	-	(3,700)	(3,700)
At December 31,	25,122	18,438	779	44,339
DEPRECIATION				
At January 1,	10,300	17,951	4,479	32,730
Charge for the year	502	265	-	767
Disposal adjustment	-	-	(3,700)	(3,700)
At December 31,	10,802	18,216	779	29,797
NET BOOK VALUES				
At December 31,	14,320	222	-	14,542

6. INVESTMENT PROPERTIES

	2017	2016
	Rs'000	Rs'000
Level 3		
At January 1,	19,500	19,500
Additions	590,000	-
Net gain from fair value remeasurement	500	-
At December 31,	610,000	19,500

(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. During the year, the Company acquired a plot of land of 169.5 A.5P at Cote D'Or from Employees Real Estate Investment Trust (EREIT) amounting to Rs 590M. Management determined that the investment properties consist of two classes of assets - Land & Building - based on the nature, characteristics and risks of each property.

The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. An independent valuation specialist, Mr. NP Jeetun, Chartered Valuation Surveyor was appointed to assess the fair value of the following properties at 31 December 2017.A market comparative method of valuation has been used to determine the fair value.

(a) Building held on leasehold land from the Government of Mauritius as per lease agreement registered in L.B 190 No 88-Victoria Avenue, Quatre-Bornes,Plaines-Wilhems

(b) Property at Le Roc Guibies, Pailles-Moka

The directors estimated that the land at Cote D'or, which has been acquired during the year for Rs590M approximates its fair value.

	2017	2016
	Rs'000	Rs'000
(ii) Rental Income derived from investment properties	1,560	1,560
Operating expenses arising on the investment property:		
- that generated rental income during the year	552	554

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

6. INVESTMENT PROPERTIES (CONT'D)

(iii) Reconciliation of fair value:

	Investment Properties	
	Land	Building
	Rs'000	Rs'000
At January 1 and December 31	-	-
Remeasurement recognised in profit or loss	1,000	(500)
At December 31,	1,000	(500)

7. INTANGIBLE ASSETS

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

	Leasehold rights	Computer software	Total
	Rs'000	Rs'000	Rs'000
COST			
At January 1, 2016 and at December 31, 2016	15,000	10,437	25,437
AMORTISATION			
At January 1, 2016	1,265	9,874	11,139
Amortisation	250	345	595
At December 31, 2016	1,515	10,219	11,734
CARRYING AMOUNT			
At December 31, 2016	13,485	218	13,703

7. INTANGIBLE ASSETS (CONT'D)

Intangible assets include leasehold rights with a remaining useful life of fifty three 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 2,110m^2 at a cost of Rs.4,999,210.

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

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	Rs'000	Rs'000
Investment in subsidiaries at fair value through profit or loss (see note (a))	1,673,940	1,481,929
Investment in associates and jointly controlled entity at fair value through profit or loss (see note (b))	1,620,463	989,127
Other investments at fair value through profit or loss (see note (c))	3,846,823	3,505,698
	7,141,226	5,976,753

(a) Investment in subsidiaries at fair value through profit or loss

	2017	2016
	Rs'000	Rs'000
At January 1	1,481,929	1,292,647
Fair value movement (note 18)	192,011	189,282
At December 31,	1,673,940	1,481,929

The Company meets the definition of investment 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 at 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.

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

(a) *Investment in subsidiaries 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 2017	Direct 2016	Indirect 2017	Indirect 2016	Activity
			%	%	%	%	
Beach Casinos Limited	Ordinary	31-Dec-17	100.00	100.00	-	-	Gaming
Capital Asset Management Limited	Ordinary	31-Dec-17	100.00	100.00	-	-	Fund Management
Casino de Maurice Limited	Ordinary	31-Dec-17	100.00	100.00	-	-	Gaming
Compagnie Mauricienne D'Hippodromes Ltée	Ordinary	31-Dec-17	10.00	10.00	72.00	72.00	Property Development
Domaine Les Pailles Limitée	Ordinary	31-Dec-17	8.63	8.63	66.46	66.46	Food & Consumer goods
EREIT Management Ltd	Ordinary	31-Dec-17	100.00	100.00	-	-	Management services
Guibies Holding Ltd	Ordinary	31-Dec-17	10.00	10.00	72.00	72.00	Property Development
Guibies Properties Ltd	Ordinary	31-Dec-17	10.00	10.00	72.00	72.00	Property Development
Lakepoint Limited	Ordinary	31-Dec-17	100.00	100.00	-	-	Leisure & Entertainment
Le Caudan Waterfront Casino Limited	Ordinary	31-Dec-17	51.00	51.00	-	-	Gaming
Le Grand Casino Du Domaine Limited	Ordinary	31-Dec-17	62.36	62.36	-	-	Gaming

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

(a) *Investment in subsidiaries at fair value through profit or loss (Cont'd)*

(i) Details of the subsidiary companies (Cont'd)

	Class of	Year	Proportion of ownership				
			Direct		Indirect		
	Shares held	end	2017	2016	2017	2016	Activity
			%	%	%	%	
Le Val Development Limited	Ordinary	31-Dec-17	70.00	70.00	-	-	Property Development
Les Pailles Management Limited	Ordinary	31-Dec-17	100.00	100.00	-	-	Management Services
MJTI Propeties Limited	Ordinary	31-Dec-17	91.37	91.37	-	-	Property Development
Prime Partners Limited	Ordinary	31-Dec-17	100.00	100.00	-	-	Corporate Services
Prime Securities Ltd	Ordinary	31-Dec-17	80.00	80.00	-	-	Stock Broking Services
Prime Real Estate Limited	Ordinary	31-Dec-17	80.00	80.00	-	-	Property Development
SIC Fund Management Ltd	Ordinary	31-Dec-17	100.00	100.00	-	-	Fund Management
SIC Management Services Company Limited	Ordinary	31-Dec-17	100.00	100.00	-	-	Management Services
State Investment Finance Corporation Limited	Ordinary	31-Dec-17	80.00	80.00	-	-	Investment
Sun Casinos Limited	Ordinary	31-Dec-17	100.00	100.00	-	-	Gaming
Grand Baie Casino Limited	Ordinary	31-Dec-17	100.00	100.00	-	-	Gaming

All the subsidiaries are incorporated in and their place of business are the Republic of Mauritius.

(ii) *Restrictions*

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

(iii) *Support*

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

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

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

(a) *Investment in subsidiaries at fair value through profit or loss (Cont'd)*

(iv) Subsidiaries are denominated in the following currencies:

	2017	2016
	Rs'000	Rs'000
Rupee	1,673,940	1,481,928

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

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2017	-	1,123,046	550,894	1,673,940
At December 31, 2016	-	848,484	633,444	1,481,928

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

	Investment in subsidiaries at fair value through profit or loss	
	2017	2016
	Rs'000	Rs'000
At January 1	633,445	490,239
Fair value movement	(82,551)	143,205
At December 31,	550,894	633,444

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

(b) Investment in associates and jointly controlled entity at fair value through profit or loss

	2017	2016
	Rs'000	Rs'000
At January 1,	989,127	1,104,115
Additions	573,750	-
Fair value movement (note 18)	57,586	(114,988)
At December 31,	1,620,463	989,127

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 appropriate.

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

	Class of Shares held	Year end	Proportion of ownership Direct 2017	Direct 2016	Indirect 2017	Indirect 2016	Activity
			%	%	%	%	
Editions de l'Ocean Indien Limitée	Ordinary	31-Dec-17	-	49.98	-	-	Editing and printing
Mauritius Duty Free Paradise Co Ltd	Ordinary	31-Dec-17	20.00	20.00	-	-	Distribution
Mauritius Shopping Paradise Co Ltd	Ordinary	31-Dec-17	43.35	43.35	-	-	Distribution
Mauritius Land Based Oceanic Park Ltd	Ordinary	31-Dec-17	63.00	63.00	-	-	Utilities
National Equity Fund	Preference	31-Dec-17	25.00	25.00	-	-	Financial Services
Pointe Coton Resorts Hotels Co Limited	Ordinary	31-Mar-17	28.54	28.54	-	-	Leisure and Entertainment
Port Louis Fund Ltd	Ordinary	30-Jun-17	38.56	38.30	-	-	Investment fund
Rodrigues Venture Capital and Leasing Fund Ltd	Ordinary	30-Jun-17	50.00	50.00	-	-	Financial Services
Splendid Property Co Ltd	Ordinary	31-Dec-17	25.00	25.00	-	-	Real Estate
State Informatics Limited	Ordinary	31-Dec-17	20.00	20.00	-	-	ICT
Yihai Investment Ltd *	Ordinary	31-Dec-17	30.00	-	-	-	Real Estate

* During the year, the Company invested Rs573,750,000 in Yihai Investment Ltd. The consideration represents land of 97A situated at Les Pailles, Moka in return of Rs573,750,000 Ordinary shares.

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

(b) Investment in associates and jointly controlled entity at fair value through profit or loss (Cont'd)

(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) 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.

(iv) Associates and jointly controlled entities are denominated in the following currencies:

	2017	2016
	Rs'000	Rs'000
Rupee	1,332,051	689,413
Euro	288,411	299,714
	1,620,462	989,127

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

At December 31, 2017	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Investment in associates and jointly controlled entity	-	-	1,620,462	1,620,462

At December 31, 2016	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Investment in associates	-	-	989,127	989,127

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

	Investment in associates and jointly controlled entity at fair value through profit or loss	
	2017	2016
	Rs'000	Rs'000
At January 1	989,127	1,104,115
Addition	573,750	-
Fair value movement (Note 18)	57,586	(114,988)
At December 31,	1,620,462	989,127

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

(c) Other investments at fair value through profit or loss

	Held-to-maturity	Fair value through profit or loss			
	Unquoted	Listed	Quoted	Unquoted	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2017	774	1,001,386	76,141	2,427,397	3,505,698
Disposals	(774)	(6,686)	(11,747)	(14,700)	(33,907)
Fair value movement (Note 18)	-	206,300	1,574	167,158	375,032
At December 31, 2017	-	1,201,000	65,968	2,579,855	3,846,823

	Held-to-maturity	Fair value through profit or loss			
	Unquoted	Listed	Quoted	Unquoted	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2016	55,766	848,284	79,335	2,238,520	3,221,905
Additions	-	5,530	-	47,730	53,260
Transfers	22,857	-	-	-	22,857
Disposals	(17,849)	(18,002)	(1,945)	(33,401)	(71,197)
Fair value movement	(60,000)	165,574	(1,249)	174,548	278,873
At December 31, 2016	774	1,001,386	76,141	2,427,397	3,505,698

(i) **At December 31, 2017**

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Fair value through profit or loss	1,252,255	1,536,687	1,057,881	3,846,823

At December 31, 2016	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Fair value through profit or loss	1,077,527	1,364,222	1,063,175	3,504,924
Held-to-maturity investments	-	-	774	774
Total	1,077,527	1,364,222	1,063,949	3,505,698

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

(c) Other investments at fair value through profit or loss (Cont'd)

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

	2017	2016
	Rs'000	Rs'000
Currency		
Rupee	3,466,858	3,172,622
US Dollar	140,181	160,442
Euro	239,784	172,634
	3,846,823	3,505,698

(iii) Held-to-maturity investments are denominated in the following currencies:

	2017	2016
	Rs'000	Rs'000
Rupee	-	774

(iv) The maturity dates and the rate of dividend for each held-to-maturity securities are as follows:

	Rs'000	Maturity dates	Returns
Seven Waterfalls Horizons (Mtius) Ltd	774	31 March 2017	9.25%

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

	Fair value through profit or loss	Held-to-maturity	Total
	Rs'000	Rs'000	Rs'000
At January 1,	1,063,175	774	1,063,949
Transfers	(7,137)	(774)	(7,911)
Gains recognised in profit or loss	1,843	-	1,843
At December 31,	1,057,881	-	1,057,881

The table below shows the changes in Level 3 instruments for the year ended December 31, 2016:

	Available for sale	Held-to-maturity	Total
	Rs'000	Rs'000	Rs'000
Opening balance	988,484	55,766	1,044,250
Gains recognised in profit or loss	74,691	(60,000)	14,691
Transfers	-	22,857	22,857
Disposal	-	(17,849)	(17,849)
Closing balance	1,063,175	774	1,063,949

9. NON-CURRENT RECEIVABLES

	2017	2016
	Rs'000	Rs'000
Loans to employees (note (a))	6,511	8,390

(a) 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.

10. TRADE AND OTHER RECEIVABLES

	2017	2016
	Rs'000	Rs'000
Trade receivables	66,427	29,508
Prepayments	753	645
Receivables from related parties	49,777	402,037
Other receivables	2,095	116,763
	119,052	548,953

(a) The carrying amount of trade and other receivables approximate their fair values.

(b) As of December 31, 2017 impairment of related parties amount to Rs 172M (2016: Rs 31M)

This relates to a group debtor for whom there is no recent history default. The ageing analysis of this trade receivable is as follows:

	2017	2016
	Rs'000	Rs'000
Over 6 months	15,630	7,828

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

(d) Other receivables consist of the following:

	2017	2016
	Rs'000	Rs'000
Deposit on land acquisition	-	113,500
Rental receivable	650	1,170
Advances to staffs	1,445	1,225
Other receivables	-	868
	2,095	116,763

(e) 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.

(f) All of the company's receivables is denominated in Mauritian rupee.

11. SHARE CAPITAL

	2017 & 2016	2017 & 2016
Authorised, Issued & Fully Paid	Number	Rs'000
Ordinary shares of Rs.10 each	8,500,001	85,000

12. EMPLOYMENT BENEFIT

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.

	2017	2016
	Rs'000	Rs'000
Amount recognised in the statement of financial position:		
Defined pension plan	(49)	3,192
Amount charged to profit or loss:		
Defined pension plan	1,483	1,265
Amount charged to other comprehensive income:		
Defined pension plan	3,277	(1,842)

(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.

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, 2017 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:

	2017	2016
	Rs'000	Rs'000
Present value of funded obligations	69,503	60,440
Fair value of plan assets	(69,454)	(63,632)
In the statement of financial position	49	(3,192)

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

	2017	2016
	Rs'000	Rs'000
At January 1,	(3,192)	(1,231)
Charged to profit or loss	1,483	1,265
Charged to other comprehensive income	3,277	(1,842)
Contributions paid	(1,519)	(1,384)
At December 31,	49	(3,192)
Actual Return on plan assets	4,987	2,291

12. EMPLOYMENT BENEFIT (CONT'D)

(iii) The movement in the present value of the defined benefit obligations is as follows:

	2017	2016
	Rs'000	Rs'000
At January 1,	60,440	59,264
Current service cost	2,335	2,003
Interest expense	3,324	4,148
Actuarial loss/(gain)	4,741	(3,643)
Benefits paid	(1,337)	(1,332)
At December 31,	69,503	60,440

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

	2017	2016
	Rs'000	Rs'000
At January 1,	63,632	60,495
Expected return on plan assets	3,523	4,258
Contributions by plan participants	739	672
Contributions by the employer	1,479	1,343
Benefits paid	(1,383)	(1,335)
Asset gain/(loss)	1,464	(1,801)
At December 31,	69,454	63,632

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

	2017	2016
	Rs'000	Rs'000
Current service cost	2,335	2,003
Employee contributions	(739)	(672)
Fund expenses	86	44
Interest expense	(199)	(110)
Total included in employee benefit expense	1,483	1,265

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

	2017	2016
	Rs'000	Rs'000
Remeasurement on the net defined benefit liability:		
Liability experience (loss)/gain	(4,741)	3,643
Asset gain/(loss)	1,464	(1,801)
	(3,277)	1,842

12. EMPLOYMENT BENEFIT (CONT'D)

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

	2017	2016
	%	%
Government securities and cash	57.70	57.80
Loans	3.90	4.60
Local equities	15.50	14.80
Overseas bonds and equities	22.30	22.10
Property	0.60	0.70
	100.00	100.00

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

	2017	2016
	%	%
Discount rate	5.50	7.00
Future salary growth rate	4.00	5.50
Future pension growth rate	3.00	4.50
Mortality before retirement	A 6770 Ultimate Tables	
Mortality in retirement	Pa 90 Tables rated down by 2 years	
Retirement age	As per 2nd Schedule in the Statutory Bodies Pension Funds Act	

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, 2017	Rs.	Rs.
Discount rate 1% lower/higher	Rs 11.3M	Rs 8.9M
Expected salary growth 1% increase/decrease	Rs 4.7M	Rs 4.1M
Life expectancy 1 year increase/decrease	Rs 1.9M	Rs 1.9M
December 31, 2016		
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

(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 occurring at the end of reporting

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.

12. EMPLOYMENT BENEFIT (CONT'D)

(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.

(xiii) The weighted average duration of the defined benefit obligation is 15 years at the end of the reporting period (2016: 16 years).

13. OTHER LIABILITIES

	2017	2016
	Rs'000	Rs'000
At January 1,	105,750	211,500
Repayment during the year	(105,750)	(105,750)
Contracted during the year	436,005	-
Interest payable	34,982	-
At December 31,	470,987	105,750

The details of other liabilities are as follows

	2017	2016
Interest payable to NIT on Share Buy-Back agreement (Average rate 4.26%)	25,713	-
Interest payable on acquisition of Land at Cote D'or (Average rate 1.97%)	9,269	-
Amount payable to Guibies Properties Ltd	436,005	-
At December 31,	470,987	-

	2017	2016
Repayable:		
Within one year	34,982	105,750
After one year and before five years	436,005	-
	470,987	105,750

During the year, the Company acquired 88.05 Arpents of land from Guibies Properties Ltd for an amount of Rs436,005,000. The land was thereafter transferred to Yihai Investment Ltd as part of the Company's investment. The amount due to Guibies Properties Ltd will be settled out of distributions from Yihai Investment Ltd which is expected to be paid after two years.

14. DEFERRED TAX LIABILITY

Deferred tax is calculated on all temporary differences under the liability method at 17% (2016: 17%).

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

	2017	2016
	Rs'000	Rs'000
Deferred tax liabilities	3,556	936

14. DEFERRED TAX LIABILITY (CONT'D)

The movement on deferred tax account is as follows:	2017	2016
	Rs'000	Rs'000
At January 1,	936	510
Movement in profit or loss	3,177	150
Credit to the other comprehensive income	(557)	276
At December 31,	3,556	936

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

	At January 1, 2016	Charge to profit or loss	Charge to OCI	At December 31, 2017
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax				
Accelerated tax depreciation	457	2,641	-	3,098
Employee benefit	479	536	(557)	458
Net deferred tax liabilities	936	3,177	(557)	3,556

	At January 1, 2015	Charge to Profit or loss	Charge to OCI	At December 31, 2016
Deferred tax	Rs'000	Rs'000	Rs'000	Rs'000
Accelerated tax depreciation	325	132	-	457
Employee benefit	185	18	276	479
Net deferred tax liabilities	510	150	276	936

15. OTHER PAYABLES

	2017	2016
	Rs'000	Rs'000
Payable to Government of Mauritius - ISP (note 26)	954,126	588,550
Other payables	563,610	50,456
	1,517,736	639,006

The carrying amounts of other payables approximate their fair value.

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

- The others payable are non-interest bearing and repayable on demand.

16. INCOME TAX

(a) Statement of financial position

	2017	2016
	Rs'000	Rs'000
At January 1,	70,155	48,480
Charge for the year	1,266	1,609
Payment for statutory objection	(1,351)	-
Assessment 2005 to 2016 on deemed interest	(68,044)	24,402
Under provision of income tax of previous year	-	12
Tax paid during the year	(2,047)	(4,348)
At December 31,	(21)	70,155

(b) Statement of profit or loss

	2017	2016
	Rs'000	Rs'000
Current tax on the adjusted profit for the year at 17% (2016: 17%)	1,266	1,609
Under provision of income tax of previous year	-	12
Deferred tax movement (note 14)	3,177	150
Tax claimed in previous periods (note (c))	-	24,402
Charge for the year	4,443	26,173

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:

	2017	2016
	Rs'000	Rs'000
Profit before taxation	467,852	469,279
Tax calculated at a rate of 17% (2016: 17%)	79,535	70,392
Tax effect of :		
Expenses not deductible for tax purposes*	497	10,264
Exempt income*	(75,589)	(78,897)
Tax claimed in previous periods (note (c))	-	24,402
Under provision of income tax of previous year	-	12
Charge for the year	4,443	26,173

* Expenses not deductible for tax purposes includes permanent differences on donations, brokerage fee, foreign exchange losses and legal expenses

* Exempt income includes permanent differences on dividend income, emoluments for disabled persons and gain on disposal of investments.

(c) The Company was subject to a tax assessment for 2005 to 2014 and a liability of Rs 70m arose as a result of the assessment, mostly due to deemed interest on advances.

17. BORROWINGS

	2017	2016
	Rs'000	Rs'000
Current		
Bank overdraft	1,049	2,279

17. BORROWINGS (CONT'D)

(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.

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

	2017	2016
	Rs'000	Rs'000
Fair value movement		
Investment in subsidiaries (note 8 (a))	192,011	189,282
Investment in associates and jointly controlled entity (note 8 (b (vi)))	57,586	(114,988)
Other investments (note 8 (c))	375,032	278,873
Net change on investments at fair value through profit or loss	624,629	353,167

19. INVESTMENT INCOME

	2017	2016
	Rs'000	Rs'000
Dividend income	182,396	160,075
Interest on debentures	1,633	1,589
	184,029	161,664

20. INTEREST INCOME

	2017	2016
	Rs'000	Rs'000
Staff loan	447	509
Bank deposits	45	1,019
	492	1,528

21. OTHER INCOME

	2017	2016
	Rs'000	Rs'000
Management fees	1,500	1,275
Rental income	1,560	1,560
Directorship fees	4,436	5,092
Other miscellaneous income	412	669
Profit on disposal of property, plant and equipment	215	776
	8,123	9,372

22. EMPLOYEE BENEFIT EXPENSE

	2017	2016
	Rs'000	Rs'000
Wages and salaries, including termination benefits	25,588	23,502
Social security costs	135	121
Pension costs - defined benefit plans	1,483	1,265
	27,206	24,888

23. INTEREST EXPENSE

	2017	2016
	Rs'000	Rs'000
Share Buy-Back (NIT) (Note 13)	25,713	-
Land at Cote D'or (SICOM Trustee) (Note 13)	9,269	-
	34,982	-

24. NOTES TO THE STATEMENT OF CASH FLOWS

	Notes	2017	2016
(a) Cash generated from operations		Rs'000	Rs'000
Profit before tax		467,852	469,279
Adjustments for:			
Depreciation on property, plant and equipment	5	976	767
Amortisation of intangible assets	7	470	595
Profit on disposal of property, plant and equipment		(215)	(776)
Exchange difference movement		318	(17)
Loss/(profit) on disposal of investment		90	(14,314)
Fair value (gains)/losses on financial assets at fair value through profit or loss	18	(624,629)	(353,167)
Interest costs	23	34,982	-
Interest revenue		(2,123)	(3,117)
Movement in employee benefit liability	12 (ii)	(36)	(119)
Changes in working capital:			
- trade and other receivables		186,036	(31,286)
- trade and other payables		401,462	(184,569)
Cash generated from/(used in) operations		465,183	(116,724)

(b) Cash and cash equivalents	2017	2016
	Rs'000	Rs'000
Cash in hand and at bank	31,906	81,704
Cash held on behalf of GOM for ISP scheme	954,126	588,550
Cash at bank and in hand	986,032	670,254
Bank overdrafts (note 17)	(1,049)	(2,279)
	984,983	667,975

25. RELATED PARTY TRANSACTIONS

2017	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
Subsidiaries	-		-	-	-	-
Prime Partners Ltd	-	276	-	-	-	-
Capital Assets Management Ltd	-	-	2,000	-	58	-
Les Pailles Management Ltd	-	-	5,000	-	-	-
Guibies Properties Limited	-	-	-	-	320	436,005
National Resilience Fund (DBM Restructuring)	-	-	-	-	112	-
Grand- Baie Casino	-	-	-	-	33,455	-
Le Val Development	-	-	-	-	101	-
Prime Partners	-	-	-	-	104	-
EREIT Management Ltd	-	-	-	-	160	-
Employee Real Estate Investment Trust	-	-	-	-	-	444,100
Les Pailles Management Ltd	-	-	-	-	150	-
SIFCOR	-	-	-	-	6	-
SIC FUND MGT	-	-	-	-	14,375	-
	-	276	7,000	-	34,480	436,449
Associates						
Bagged Sugar & Storage Distribution Co Ltd	-	-	13,566	-	-	-
Splendid Housing Development Co Ltd	-	-	1,470	-	-	-
State Informatics Ltd	-	-	2,177	-	-	-
Rodrigues Venture Capital Leasing	-	-	-	-	86	-
	-	-	17,213	-	86	-

25. RELATED PARTY TRANSACTIONS (CONT'D)

	Utilities and licences paid to	Secretarial fees	Dividend income	Remuneration	Amount owed by related parties	Amount owed to related parties
2017	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Directors and key management personnel	-	-	-	6,632	-	-
Enterprises with common directors	-	-	-	-	-	954,126
Government of Mauritius	-	-	-	-	15,050	-
Related bodies	981	-	-	-	-	-
2016						
Subsidiaries	-	276	4,000	-	386,898	-
Associates	-	-	54,197	-	89	-
Directors and key management personnel	-	-	-	6,259	-	-
Enterprises with common directors	-	-	-	-	-	588,550
Government of Mauritius	-	-	-	-	15,050	-
Related bodies	972	-	-	-	-	-

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.

25. 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 (2016: Rs.25m).
- Sun Casino Ltd in favour of State Bank of Mauritius amounting to NIL (2016: Rs.5m).
- Domaine Les Pailles Limitée in favour of The Mauritius Commercial Bank Ltd amounting to NIL (2016: Rs.34m).

The Company has also provided financial support to the following subsidiaries as long as the liabilities (including contingent liabilities) of the subsidiaries exceed their assets, fair value, and will lapse forthwith upon the date that their assets exceed their liabilities (including contingent liabilities):

- Beach Casino
- Casino de Maurice
- Sun Casino Ltd
- Le Grand Casino du Domaine
- Le Caudan Waterfront Casino

For the year December 31, 2017, the Company has recorded an impairment of Rs.172,261,945 relating to amounts owed by related parties (2016: Rs.31.2m). 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, 15 and 25.

26. 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.

26. 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.

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.

27. CONTINGENT LIABILITY

At December 31, 2017, the company had contingent liabilities in respect of the following:

Corporate Guarantees for an amount of Rs.40.5M and import loans amounting to Rs.178.98M have been given on behalf of the Government relating to the Economic Restructuring and Competitiveness Programme, 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.

28. COMMITMENTS

	2017	2016
	Rs'000	Rs'000
(a) Capital commitments	-	590,000

The company had made a total deposit of Rs. 145.9M in 2016 for purchase of land at Cote d'Or from Employees Real Estate Investment Trust (EREIT). The land had been transferred to the Company in 2017.

The total cost of the land at Cote D'or amounts to Rs.590M and the remaining balance Rs444.1m which has been accounted in other payables will be settled in susequent years.

(b) **Operating lease commitments**

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

	2017	2016
	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	26,481	27,027
	29,211	29,757

29. EVENTS SUBSEQUENT TO YEAR END

There are no significant events after the reporting date which require disclosures or amendments to the financial statements.

30. ULTIMATE SHAREHOLDER

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