THE STATE INVESTMENT CORPORATION LTD

FINANCIAL STATEMENTS – YEAR ENDED

DECEMBER 31, 2016

THE STATE INVESTMENT CORPORATION LTD

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STATUTORY DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016.

PRINCIPAL ACTIVITY

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

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

DIRECTORS

Directors of the Corporation during the financial year 2016 and the subsequent appointment were as follows:-

NAKHUDA, Ayub Hussein	Chairperson
VEERASAMY, Banoomatee	Acting Managing Director
LUCHMEEPERSAD, Vidianand	
NAGHEE REDDY, Kritananda	
NEERUNJUN, Premode	
SOONDRAM, Visvanaden	
NILAMBER, Anoop Kumar	(Appointed as from January 16, 2017)

DIVIDENDS

No dividend has been proposed and paid during the period under review (2015: NIL).

DIRECTORS' SERVICE CONTRACTS

The Acting Managing Director is on the permanent establishment of the Corporation. None of the other Directors has a service contract.

DIRECTORS' REMUNERATION AND BENEFITS

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

(i) Directors of The State Investment Corporation Ltd	**December 31, 2016**	December 31, 2015
	Rs.	Rs.
Executive Directors	**3,679,323**	2,926,591
Non-executive directors	**2,580,000**	1,996,818
	6,259,323	4,923,409

STATUTORY DISCLOSURE FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS' SHARE INTERESTS

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

SIGNIFICANT CONTRACTS

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

DONATIONS

	December 31, 2016	December 31, 2015
	Rs.	Rs.
Donations made during the year	**65,295**	4,000

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

AUDITORS' FEES

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

	December 31, 2016	December 31, 2015
	Rs.	Rs.
Audit Fees	**720,000**	700,000
Non- Audit	-	-

Approved by the Board of Directors on 28 JUN 2017 and signed on its behalf by:-

DIRECTOR **DIRECTOR**

1. STATEMENT ON CORPORATE GOVERNANCE

The directors have pleasure in submitting their report to shareholders on corporate governance.

Corporate governance is the framework of rules and practices by which a board of directors ensures accountability, fairness, and transparency in a Company's relationship with its all stakeholders to enhance both business growth and corporate accountability. Its ultimate objective is to realise the long term shareholders' value whilst taking into account the interests of various stakeholders.

The corporate governance framework consists of:-

(i) explicit and implicit contracts between the Company 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.

The Board of Directors is committed to ensuring that 'The Principles and Best Practices of the Mauritian Code on Corporate Governance (the "Code")' are observed and practised as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value.

Function of the Board of Directors and Composition

The role of the Board is to set the Company's strategic targets; strategic decisions are made at that level. The Board also determines the Company's values and standards and ensures that its obligations to its stakeholders are understood and met.

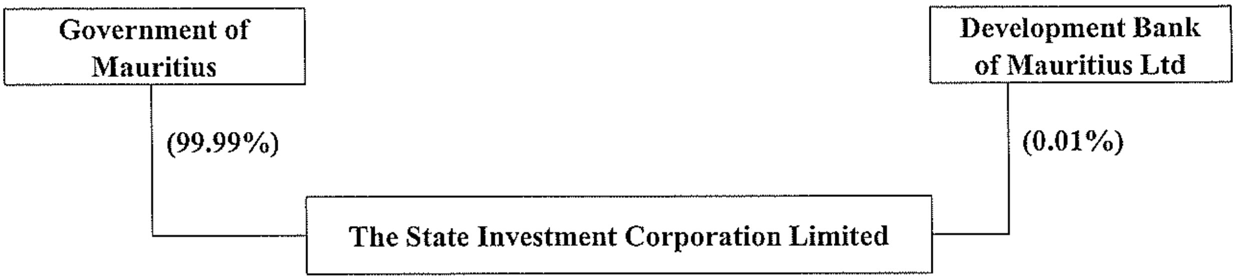
The Directors who served on the Board during the year 2016 are as follows:-

		Remarks
1.	Mr. Ayub Hussein Nakhuda, C.S.K - Chairman	
2.	Mrs. Banoomatee Veerasamy (Acting Managing Director)	
3.	Mr. Premode Neerunjun	
4.	Mr. Visvanaden Soondram	
5.	Mr. Kritananda Naghee Reddy	
6.	Mr. Vidianand Lutchmeeparsad	
Appointment after the year ended December 31, 2016		
	Mr. Anoop Kumar Nilamber	As from February 3, 2017

A Board Charter has been worked out based on the new Code on Corporate Governance gazetted in November 2016. The Charter will be considered by the Board during the financial year ending December 31, 2017.

2. ULTIMATE SHAREHOLDING STRUCTURE

The State Investment Corporation Ltd is a public Company. Its shareholding structure is as follows:-



2.1 Common Directors

The common directors at each level are as follows:-

Directors	The State Investment Corp. Ltd	Development Bank of Mauritius Ltd
Mr. Ayub Hussein Nakhuda, C.S.K – Chairman	♦	-
Mrs. Banoomatee Veerasamy (Acting Managing Director)	♦	-
Mr. Premode Neerunjun	♦	-
Mr. Visvanaden Soondram	♦	-
Mr. Kritananda Naghee Reddy	♦	-
Mr. Vidianand Lutchmeeparsad	♦	-
Mr. Anoop Kumar Nilamber (Appointed as from January 16, 2017)	♦	-

3. THE BOARD OF DIRECTORS

The Board has a unitary structure under the chair of Mr. Ayub Hussein Nakhuda. 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 Company and is free to act independently in the best interests of the Company. The Managing Director is an Executive Director to whom the Board of Directors has delegated the responsibility for day to day management of the Company. The Managing Director is also responsible for the business direction and for operational decisions of the Company. 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. Management staff who have prepared the 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 Company 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 effective contribution of non-executive directors.

The table below illustrates the categorisation of the 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	✓	-	✓
Mrs. Banoomatee Veerasamy (Acting Managing Director)	-	✓	-
Mr. Premode Neerunjun	✓	-	-
Mr. Visvanaden Soondram	✓	-	-
Mr. Kritananda Naghee Reddy	✓	-	✓
Mr. Vidianand Lutchmeeparsad	✓	-	-
Mr. Anoop Kumar Nilamber (Appointed as from January 16, 2017)	✓	-	-

The existing 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 Company.

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 Company. Senior staff are invited to attend board meetings as and when required.

With the exception of the Acting Managing Director, all directors have a term of office of one year. The Acting Managing Director does not have a fixed-term contract. Members of the Board are elected at the annual meeting of shareholders.

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

3.1 Board Meetings

The Board met 14 times during the year ended December 31, 2016 and the Board considered a broad range of matters, including investments, review of performance, monitoring of progress on key issues, recommendations from the committees and statutory matters.

3.2 Board Committees

The Board has three standing committees. These committees could have access to independent expert advice at the expense of the Company. 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 all the 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.P. Neerunjun	- Chairperson
Mr. K. Naghee Reddy	
Mr. V. Soondram	
Mr. A. K. Nilamber	- Appointed as from February 3, 2017
Secretary	- Prime Partners Ltd

The Committee met once during the year under review.

3.2.2 Audit & Risk Management Committee

The principal function of the Audit & Risk Committee is to oversee the financial reporting process. The activities of the Audit & Risk Committee include regular reviews and monitoring of the effectiveness of: (a) the Company'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 Company will review the Audit & Risk Management Committee Charter based on the new Code of Corporate Governance gazetted in November 2016.

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 February 3, 2017
Secretary	- Prime Partners Ltd

The Committee met once during the year under review.

3.2.3 Investment Committee (reconstituted as from April 19, 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 Company 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	
Secretary	- Prime Partners Ltd, Corporate Secretary

3.2.4 Attendance at Board and Board Committees

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	Corporate Governance
Mr. Ayub Hussein Nakhuda, C.S.K – Chairman	14/14	-	
Mrs. Banoomatee Veerasamy (Acting Managing Director)	13/14	1/1	1/1
Mr. Premode Neerunjun	13/14		1/1
Mr. Visvanaden Soondram	11/14	1/1	1/1
Mr. Kritananda Naghee Reddy	11/14	1/1	1/1
Mr. Vidianand Lutchmeeparsad	14/14	1/1	-
Mr. Anoop Kumar Nilamber (Appointed ass from 16 January 2017)	-	-	-

3.3 Remuneration paid to the Directors

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	Rs.1,380,000
Mrs. Banoomatee Veerasamy (Acting Managing Director)*	Rs.3,679,322
Mr. Premode Neerunjun	Rs.300,000
Mr. Visvanaden Soondram	Rs.300,000
Mr. Kritananda Naghee Reddy	Rs.300,000
Mr. Vidianand Lutchmeeparsad	Rs.300,000
Mr. Anoop Kumar Nilamber (Appointed as from January16, 2017)	-

* The Acting Managing Director is not entitled to the Directors' fees.

3.4 Board Appraisal

No appraisal of the Board was carried out during the year 2016. An appraisal methodology has been worked out for the Financial Year 2017.

3.5 Directors' dealing in Shares of the Company

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

3.6 Profile of the Existing Directors

Mr. Ayub Hussein Nakhuda, C.S.K, is currently the Chairman of the State Investment Corporation Ltd. Previously, he served as Chairman of the Board of Investment, Enterprise Mauritius, Business Parks of Mauritius Ltd, Revenue Authority, among others. He also represented the parent Ministry on the Boards of several parastatal bodies.

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.

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; deaded 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.

Mr. Nakhuda does not hold directorship in listed companies.

Mrs. Banoomatee Veerasamy is presently the Acting Managing Director at the Company. She has been with the SIC since its inception and is presently the Group Corporate Secretarial Manager and Head of Corporate Services at the SIC. Moreover, she is the Executive Director of a wholly owned subsidiary of the SIC, Prime Partners Ltd, which offers Corporate Secretarial Services to entities within the SIC Group. She also leads another subsidiary of the SIC namely Prime Securities Ltd, which provides investment dealer services. A Fellow of the Institute of Chartered Secretaries and Administrators, Mrs Veerasamy also 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. Besides, being director on various companies, Mrs Veerasamy is also responsible for the management of Le Val Development Co Ltd, EREIT Management Ltd and Prime Real Estate Ltd. Mrs Veerasamy has been appointed as Acting Managing Director of SIC end December 2014.

Mrs. Veerasamy holds directorship in Air Mauritius Ltd which is a listed Company.

Mr. Premode 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. Mr. Neerunjun 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. Neerunjun does not hold directorship in listed companies.

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

Mr. Naghee Reddy does not hold directorship in listed companies.

Mr. Vidianand 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 Price Water House, 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. Lutchmeeparsad holds directorship in SBM Holdings Ltd which is a listed Company.

Mr. Visvanaden Soondram is a Fellow of the Association of Chartered Certified Accountants and also holds a master degree in Finance. He has over 20 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. Soondram does not hold directorship in listed companies.

Mr. Anoop Kumar 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.

Senior Management's Profile

Mrs Anista Ramphul Punchoo joined The State Investment Corporation Ltd 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 companies where the Company has invested.

Mr. Deevendra Cally is presently working as Investment Executive at The State Investment Corporation Ltd. 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 and is presently the Chairman of the Casinos of Mauritius Pension Fund.

4. STATEMENT ON REMUNERATION POLICY

The Company'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 Company'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 Company has no formal on dividends policy. However, its aim is to provide shareholders adequate returns on their investments. The Company has not declared dividend over the past five years.

6. CORPORATE SECRETARY

Prime Partners Ltd acts as Corporate Secretary of the Company 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 Company 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 Company'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 Company's objectives. The risk management mechanisms in place include:-

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

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

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

(c) Integration of internal control and risk management

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

The Company 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 Committee which, in part, derived its information from internal and external audit reports on risk and internal control throughout the Company.

(e) *Management of key risks*

Risks within the Company 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 on pages 19 to 22 to the financial statements.

8. DONATIONS

Donations effected by the Company during the financial year under review amounted to Rs.65,295 (2015: Rs.4,000).

The Company did not make any political donations during the year.

9. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2016, the Company transacted with related entities. The nature, volume of transactions and the balance with the related entities are set out shown on page 51 of the Audited Financial Statements.

10. STAKEHOLDERS' RELATIONS AND COMMUNICATIONS

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

11. CALENDAR OF EVENTS

• **Financial Year End**		**31December**
• **Dividends**	- Declaration	**31December**
	- Payment	**June**
• **Annual Meeting of Shareholders**		**June**

12. MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company 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.

The Corporation is in the process of carrying out a strategic review of its role and functions. A new constitution will be adopted once the review is completed.

13. SHAREHOLDERS' AGREEMENTS/THIRD PARTY MANAGEMENT AGREEMENTS

A Memorandum of Understanding has been signed between the Government of Mauritius and the Corporation regarding the management and implementation of different schemes set up by Government under the Restructuring Working Group (RWG). This is described further in note 26 of the financial statements. It is to be noted that functioning of the RWG has been reviewed during the financial year 2016.

14. SHARE OPTION PLAN

There is no share option plan.

15. CODE OF ETHICS

The Company'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 Company complies with the Occupational Safety and Health Act 2005 and other legislative and regulatory frameworks.

17. ENVIRONMENTAL ISSUES AND CARBON REDUCTION REPORTING

Because of the nature of its activities, the Company's operation is not expected to have an adverse impact on the environment. 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 Company 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 CSR Policy at the Company.

20. EXTERNAL AUDITORS

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

	BDO 2016 Rs. (Exc Vat)	BDO 2015 Rs. (Exc Vat)
Audit	720,000	700,000
Non-Audit	-	-

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 Company and of the Group. 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 Company 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 Company 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 Company 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: 28 JUN 2017

....
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, 2016

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.

Section 2.10.3: Board and Director Appraisal

No appraisal of the Board and of Directors was carried out during the year 2016. A appraisal methodology has been worked out during the Financial Year 2017.

Signed on behalf of the Board of Directors:

....
Director **Director**

Date: 28 JUN 2017

THE STATE INVESTMENT CORPORATION LTD

CERTIFICATE FROM THE COMPANY SECRETARY FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016.

....

For Prime Partners Ltd
Company Secretary

Date: 28 JUN 2017

BDO

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Fax: +230 202 9993
www.bdo.mu

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of The State Investment Corporation Ltd

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

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of The State Investment Corporation Ltd (the Company), on pages 5 to 54 which comprise the statement of financial position as at December 31, 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 5 to 54 give a true and fair view of the financial position of the Company as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *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)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Financial Reporting Act 2004

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

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

BDO & Co,
BDO & Co
Chartered Accountants

Rajabalee.

Azize Rajabalee, FCCA
Licensed by FRC

Port Louis,
Mauritius.

2 8 JUN 2017

THE STATE INVESTMENT CORPORATION LTD

STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2016

ASSETS	Notes	2016	2015
		Rs'000	Rs'000
Non-current assets			
Property, plant and equipment	5	**14,542**	15,213
Investment property	6	**19,500**	19,500
Intangible assets	7	**13,703**	14,297
Investments at fair value through profit or loss	8	**5,976,753**	5,618,666
Non-current receivables	9	**8,390**	9,532
Retirement benefit asset	12	**3,192**	1,231
		6,036,080	5,678,439
Current assets			
Trade and other receivables	10	**548,953**	540,578
Cash and cash equivalents	24(b)	**670,254**	858,906
		1,219,207	1,399,484
Total assets		**7,255,287**	7,077,923
EQUITY AND LIABILITIES			
Equity			
Share Capital	11	**85,000**	85,000
Retained earnings		**6,350,852**	5,907,745
Actuarial reserve		**1,309**	(257)
Total equity		**6,437,161**	5,992,488
Non-current liabilities			
Other liabilities	13	-	105,750
Deferred tax liabilities	14	**936**	510
		936	106,260
Current liabilities			
Other payables	15	**639,006**	823,575
Current tax liabilities	16	**70,155**	48,480
Borrowings	17	**2,279**	1,370
Other liabilities	13	**105,750**	105,750
		817,190	979,175
Total liabilities		**818,126**	1,085,435
Total equity and liabilities		**7,255,287**	7,077,923

These financial statements have been approved for issue by the Board of Directors on: 28 JUN 2017

Mbakhuk (signature)
Directors

Bheecarry (signature)
Directors

The notes on pages 9 to 54 form an integral part of these financial statements.
Auditor's report on pages 4 to 4(b).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2016

	Notes	2016	2015
		Rs'000	Rs'000
INCOME			
Investment income	19	**161,664**	129,313
Interest income	20	**1,528**	2,195
Other income	21	**9,372**	7,266
Net foreign exchange gain		**17**	1,082
Gain on disposal of investment		**14,314**	-
		186,895	139,856
Net change in investments at fair value through profit or loss profit or loss	18	**353,167**	(567,768)
EXPENSES			
Loss on disposal of investment		-	34,835
Employee benefit expense	22	**24,888**	25,368
Motor vehicle running expenses		**551**	827
Professional and other related fees		**828**	805
Depreciation of property, plant and equipment	5	**767**	2,166
Amortisation of intangible assets	7	**595**	609
Repairs and maintenance		**53**	158
Interest expense	23	-	1,233
Other general expenses		**11,886**	11,269
Impairment of receivables from related companies		**31,215**	130,443
		70,783	207,713
Profit/(loss) before tax		**469,279**	(635,625)
Income tax expense	16	**(26,173)**	(57,888)
Profit/(loss) after tax		**443,106**	(693,513)
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 on defined benefit plans		**1,842**	8,212
Income tax effect		**(276)**	(1,232)
		1,566	6,980
Other comprehensive income for the year, net of tax		**1,566**	6,980
Total comprehensive income for the year, net of tax		**444,672**	(686,533)

The notes on pages 9 to 54 form an integral part of these financial statements.
Auditor's report on pages 4 to 4(b).

STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2016

	Note	Issued capital	Share buy back capital	Retained earnings	Actuarial reserve	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
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**
At January 1, 2015		100,000	(15,000)	6,601,258	(7,237)	6,679,021
Loss for the year		-	-	(693,513)	-	(693,513)
Other comprehensive income		-	-	-	6,980	6,980
Total comprehensive income		-	-	(693,513)	6,980	(686,533)
At December 31, 2015		100,000	(15,000)	5,907,745	(257)	5,992,488

The notes on pages 9 to 54 form an integral part of these financial statements.

Auditor's report on pages 4 to 4(b).

STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2016

	Notes	2016	2015
		Rs'000	Rs'000
Cash flows from operating activities			
Cash absorbed in operations	24(a)	(116,724)	(226,552)
Interest received		3,117	9,910
Tax paid	16	(4,348)	(1,383)
Net cash absorbed in operating activities		(117,955)	(218,025)
Cash flows from investing activities			
Purchase of equipment	5	(96)	-
Purchase of investment in financial asset		(5,530)	(50,350)
Proceeds from sale of property, plant and equipment		776	3,527
Loan granted		-	(2,210)
Loan recovered		1,196	1,501
Disposal of investment in financial assets		19,932	358,413
Redemption of held-to-maturity investment	8	17,849	23,564
Net cash (absorbed in)/generated from investing activities		34,127	334,445
Cash flows from financing activities			
Interest paid	23	-	(1,233)
Repayment of share buy back NIT	13	(105,750)	(105,750)
Net cash absorbed in financing activities		(105,750)	(106,983)
Net (decrease)/increase in cash and cash equivalents		(189,578)	9,437
Movement in cash and cash equivalents			
At January 1,		857,536	847,017
Net (decrease)/increase in cash and cash equivalents		(189,578)	9,437
Effect of exchange difference		17	1,082
At December 31,	24(c)	667,975	857,536

The notes on pages 9 to 54 form an integral part of these financial statements.
Auditor's report on pages 4 to 4(b).

1. GENERAL INFORMATION

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The financial statements of The Statement Investment Corporation Ltd comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS).

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 Fund.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

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

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

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

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

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

Annual Improvements to IFRSs 2012-2014 cycle

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

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

- IFRS 7 amendment provides specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. The amendment has no impact on the Company's financial statements.

- IFRS 7 is amended to clarify that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. The amendment has no impact on the Company's financial statements.

- IAS 19 amendment clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. The amendment has no impact on the Company's financial statements.

- IAS 34 amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information. The amendment has no impact on the Company's financial statements.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2017 or later periods, but which the Company has not early adopted.

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

IFRS 9 Financial Instruments
IFRS 15 Revenue from Contract with Customers
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 16 Leases
Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
Amendments to IAS 7 Statement of Cash Flows
Clarifications to IFRS 15 Revenue from Contracts with Customers
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)
Annual Improvements to IFRSs 2014-2016 Cycle
IFRIC 22 Foreign Currency Transactions and Advance Consideration
Transfers of Investment Property (Amendments to IAS 40)

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

2.2 Property, plant and equipment

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Plant and equipment (cont'd)

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

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

2.3 Investment property

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

2.4 Intangible assets

(a) *Leasehold rights*
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).

2.5 Investment in subsidiaries

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

2.6 Investment in associates

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

2.7 Financial assets

(a) *Categories of financial assets*
The Company classifies its financial assets in the following categories: financial assets through profit or loss, loans and receivables and, held-to-maturity investments.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial assets (cont'd)

(a) *Categories of financial assets (cont'd)*

(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.

(b) *Recognition and measurement*

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial assets (cont'd)

(c) *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 aount 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.

2.8 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.

2.9 Current and deferred income tax

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

Current tax

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

Deferred tax

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Current and deferred income tax (cont'd)

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

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

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

2.10 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.

2.11 Cash and cash equivalents

Cash and cash equivalents include 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.

2.12 Share capital

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

2.13 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Retirement benefit obligations

Defined benefit plans

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

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

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

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

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

2.15 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).

2.16 Trade and other payables

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 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.

2.18 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.

(a) *Rendering of services*
- Directorship fees on representation of directors in investee companies are recognised on a cash basis.

(b) Other revenues earned by the Company are recognised on the following bases:
- Interest income - as it accrues unless collectibility is in doubt.
- Dividend income - when the shareholder`s right to receive payment is established.
- Rental income - as it accrues.

2.19 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.

2.20 Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar fixed assets. Rental income is recognised on a straight line basis over the lease term.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

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

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

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

(a) **Market risk**

(i) **Currency risk**

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

The currency portfolio is as follows:

	MUR	USD	EURO	GBP	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
As at December 31, 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	**631,012**	**78,873**	**105,221**	**2,084**	**817,190**
As at December 31, 2015					
Investments	4,918,657	283,637	416,372	-	5,618,666
Trade and other receivables	540,578	-	-	-	540,578
Cash in hand and at bank	461,181	149,545	245,634	2,546	858,906
Long term receivables	9,532	-	-	-	9,532
Total assets	5,929,947	433,182	662,006	2,546	7,027,682
Liabilities	765,097	146,310	170,972	2,546	1,084,925

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

(a) **Market risk (cont'd)**

(i) **Currency risk (cont'd)**

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

	Increase/ decrease in rates	Effect on loss before tax
	%	Rs'000
2016	+5	**8,245**
US Dollar	-5	**(8,245)**
EURO	+5	**23,617**
	-5	**(23,617)**
2015	+5	14,344
US Dollar	-5	(14,344)
EURO	+5	20,819
	-5	(20,819)

(ii) **Price risk**

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

Sensitivity analysis

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

(b) **Credit risk**

Credit risk 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:	**2016**	2015
	Rs'000	Rs'000
Receivable from related parties	**402,037**	405,741
Cash at bank	**670,254**	858,906
	1,072,291	1,264,648

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

(b) **Credit risk (cont'd)**

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

	2016	2015
Related parties	**Rs'000**	Rs'000
Casino de Maurice Limited	**63,237**	77,943
Lake point Limited	**50,813**	50,812
Le Caudan Waterfront Casino Limited	**20,654**	20,369
Domaine Les Pailles Limitée	**198,687**	237,811
Le Grand Baie Casino Limited	**49,256**	-
	382,647	386,935

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

(c) **Liquidity risk**

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

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

		Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
		Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2016					
Borrowings		**2,279**	-	-	-
Other payables		**639,006**	-	-	-
Other liabilities		**105,750**	-	-	-
	Rs.	**747,035**	-	-	-
At December 31, 2015					
Borrowings		1,370	-	-	-
Other payables		823,575	-	-	-
Other liabilities		105,750	105,750	-	-
	Rs.	930,695	105,750	-	-

(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

	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

Fair value hierarchy

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).

	Balance at January 1, 2016	Additions	Disposal	Transfer to level 1	Fair value Adjustment	Balance 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. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

(ii) Fair values (cont'd)

Fair value hierarchy (cont'd)

The following table shows the valuation techniques used in determination of fair values within Level 3 of the hierarchy as well as the key unobservable inputs used in the valuation model.

Quantitative information of significant unobservable inputs - Level 3

Type	2016 Fair value Rs'000	Key unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Investment property	19,500	Latest market value		
Fair value through profit and loss investments :				
Agriculture	37,669			
Communications	123,949			
Distribution	304,716	PE	5%	An increase/decrease in PE will lead to an increase/decrease in fair value of Rs.14.9m.
Entertainment & Tourism	305,629			
Financial Services	1,223,136	Growth rate		
Gaming	322,441		5%	An increase/decrease in growth rate will lead to an increase/decrease in fair value of Rs.13.6m.
ICT	40,600			
Other Services	10,937			
Real Estate	317,444	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.
	2,706,021			

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)

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

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

Description	Input	Sensitivity used	Effect on fair value Rs'000	Effect on fair value Rs'000
Fair value through profit and loss investments :				
Distribution	PE	-5% and +5%	(14,986)	14,986
Gaming	Growth	-5% and +5%	(13,642)	13,642
Real Estate	Rental	-5% and +5%	10,521	(9,519)

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

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

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

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

Fair value hierarchy (cont'd)

(i) Recurring fair value measurement

	2015			
	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	-	-	37,669	37,669
Communications	51,109	163,695	91,407	306,211
Distribution	-	-	421,657	421,657
Entertainment & Tourism	307,111	-	223,873	530,984
Financial Services	302,077	569,100	1,211,681	2,082,858
Gaming	224,400	-	300,105	524,505
ICT	-	-	43,025	43,025
Manufacturing	23,648	517,242	45,714	586,604
Other Holdings	766	-	-	766
Other Services	10,039	-	8,182	18,221
Real Estate	8,470	802,406	255,290	1,066,166
	927,620	2,052,443	2,658,103	5,638,166

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, 2015	Additions	Disposal	Transfer	Fair value Adjustment	Balance at December 31, 2015
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investment property	19,500	-	-	-	-	19,500
Agriculture	37,669	-	-	-	-	37,669
Communications	91,407	-	-	-	-	91,407
Distribution	400,638	-	-	-	21,019	421,657
Entertainment & Tourism	271,275	-	(9,278)	-	(38,123)	223,873
Financial Services	1,178,169	-	(19,567)	-	53,079	1,211,681
Gaming	323,542	50,000	-	-	(73,437)	300,105
ICT	41,089	-	-	-	1,936	43,025
Manufacturing	60,000	-	(14,286)	-	-	45,714
Other Services	18,851	-	(11,694)	-	1,025	8,182
Real Estate	249,140	-	-	-	6,150	255,290
	2,691,280	50,000	(54,825)	-	(28,351)	2,658,103

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

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

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(ii) Fair values (cont'd)

Fair value hierarchy (cont'd)

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

	Balance at January 1, 2015	Additions	Disposal	Transfer to level 1	Fair value Adjustment	Balance at December 31, 2015
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investment at fair value through profit and loss:						
Communications	151,456	-	-	-	12,239	163,695
Financial services	643,663	-	-	-	(74,563)	569,100
Manufacturing	643,383	-	-	-	(126,141)	517,242
Real Estate	768,391	-	-	-	34,015	802,406
	2,206,893	-	-	-	(154,450)	2,052,443

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

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Capital risk management

The Company's objectives when managing capital are:

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

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

The Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital, other reserves and retained earnings). The Company does not have significant external debts.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

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

(a) 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.

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

4.1 Critical accounting estimates and assumptions (cont'd)

(b) Pension benefits (cont'd)

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

The Company carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Company engaged independent valuation specialists to determine fair value of land situated at Anse Courtois, Pailles on May 13, 2015 and building situated at Quatre-Bornes on 14 May 2014 . For the investment property the valuer used market value as valuation technique.

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

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

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

(e) Limitation of sensitivity analysis

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

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

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

4.1 Critical accounting estimates and assumptions (cont'd)

(f) 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.

(j) Investment entities

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

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

5. PROPERTY, PLANT AND EQUIPMENT

		Buildings	Office furniture and fittings	Motor vehicles	Total
		Rs'000	Rs'000	Rs'000	Rs'000
(a) **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,	Rs.	**14,320**	**222**	-	**14,542**

		Buildings	Office furniture and fittings	Motor vehicles	Total
		Rs'000	Rs'000	Rs'000	Rs'000
(b) **2015**					
COST					
At January 1,		25,122	18,576	17,993	61,691
Disposal		-	(234)	(13,514)	(13,748)
At December 31,		**25,122**	**18,342**	**4,479**	**47,943**
DEPRECIATION					
At January 1,		9,798	17,553	13,983	41,334
Charge for the year		502	530	1,134	2,166
Disposal adjustment		-	(132)	(10,638)	(10,770)
At December 31,		**10,300**	**17,951**	**4,479**	**32,730**
NET BOOK VALUES					
At December 31,	Rs.	**14,822**	**391**	-	**15,213**

(c) There has been no additions of assets under finance lease for the year (2015: Rs.nil).

(d) The company does not have any assets under finance lease at December 31, 2016 (2015: Rs nil).

(e) Depreciation for the year has been fully charged to expenses.

(f) Borrowings are secured by floating charges on the assets of the company including fixed assets.

6. INVESTMENT PROPERTY

	2016	2015
	Rs'000	Rs'000
Level 3		
At January 1 and at December 31,	**19,500**	19,500

(i) Land situated at Anse Courtois, Pailles was revalued on May 13, 2015 by Ramsaran Nundalalee MRICS Chartered Valuation Surveyor, an independent professionally qualified valuer. The fair value was determined on an open-market basis by reference to market evidence of transaction prices for similar properties.

The Directors have decided to book 75% of the value obtained from the external valuer to mitigate the company's exposure to any risks that may arise from unfavourable conditions in the investment property market.

(ii) Building situated at Quatre-Bornes was revalued on 14 May 2014 by NP Jeetun, Chartered Valuation Surveyor, an independent professionally qualified valuer. The fair value was determined on an open-market basis by reference to market evidence of transaction prices for similar properties.

(iii) Gains and losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

(iv) Rental income from investment properties amounted to Rs.1.56m (2015: Rs.1.56m).

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

7. INTANGIBLE ASSETS

		Leasehold rights	Computer software	Total
		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
Charge for the year		250	345	595
At December 31, 2016		**1,515**	**10,219**	**11,734**
NET BOOK VALUES				
At December 31, 2016	Rs.	**13,485**	**218**	**13,703**

7. INTANGIBLE ASSETS (CONT'D)

		Leasehold rights	Computer software	Total
		Rs'000	Rs'000	Rs'000
COST				
At January 1, 2015 and at December 31, 2015		**15,000**	**10,437**	**25,437**
AMORTISATION				
At January 1, 2015		1,015	9,516	10,531
Charge for the year		250	359	609
At December 31, 2015		**1,265**	**9,875**	**11,140**
NET BOOK VALUES				
At December 31, 2015	Rs.	**13,735**	**562**	**14,297**

Intangible assets include leasehold rights with a remaining useful life of fifty four years.

The leasehold rights relates to land situated at:

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

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

8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	Rs'000	Rs'000
Investment in subsidiaries at fair value through profit or loss (see note (a))	**1,481,928**	1,292,646
Investment in associates at fair value through profit or loss (see note (b))	**989,127**	1,104,115
Other investments at fair value through profit or loss (see note (c))	**3,505,698**	3,221,905
	5,976,753	5,618,666

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

	2016	2015
	Rs'000	Rs'000
At January 1	**1,292,646**	1,329,310
Additions	**-**	50,000
Increase/(Decrease) in fair value (note 18)	**189,282**	(86,664)
At December 31,	**1,481,928**	1,292,646

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

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 2016	Direct 2015	Indirect 2016	Indirect 2015	Activity
			%	%	%	%	
Beach Casinos Limited	Ordinary	31-Dec-16	100.00	100.00	-	-	Gaming
Capital Asset Management Limited	Ordinary	31-Dec-16	100.00	100.00	-	-	Fund Management
Casino de Maurice Limited	Ordinary	31-Dec-16	100.00	100.00	-	-	Gaming
Casino Equipment Limited	Ordinary	31-Dec-16	4.76	4.76	59.00	59.00	Equipment Assembly
Compagnie Mauricienne D'Hippodromes Ltée	Ordinary	31-Dec-16	-	-	82.00	82.00	Property Development
Domaine Les Pailles Limitée	Ordinary	31-Dec-16	8.63	8.63	66.64	66.64	Food & Consumer goods
Domaine Les Pailles Training Centre Ltd	Ordinary	31-Dec-16	-	-	75.00	75.00	Training
EREIT Management Ltd	Ordinary	31-Dec-16	100.00	100.00	-	-	Management services
Guibies Holding Ltd	Ordinary	31-Dec-16	10.00	10.00	72.00	72.00	Property Development
Guibies Properties Ltd	Ordinary	31-Dec-16	-	-	82.00	82.00	Property Development
Lakepoint Limited	Ordinary	31-Dec-16	100.00	100.00	-	-	Leisure & Entertainment
Le Caudan Waterfront Casino Limited	Ordinary	31-Dec-16	51.00	51.00	-	-	Gaming
Le Grand Casino Du Domaine Limited	Ordinary	31-Dec-16	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 Shares held	Year end	Proportion of ownership Direct 2016	Direct 2015	Indirect 2016	Indirect 2015	Activity
			%	%	%	%	
Le Val Development Limited	Ordinary	31-Dec-16	70.00	70.00	-	-	Property Development
Les Pailles Management Limited	Ordinary	31-Dec-16	100.00	100.00	-	-	Management Services
MJTI Propeties Limited	Ordinary	31-Dec-16	91.37	91.37	-	-	Property Development
Prime Partners Limited	Ordinary	31-Dec-16	100.00	100.00	-	-	Corporate Services
Prime Securities Ltd	Ordinary	31-Dec-16	80.00	80.00	-	-	Stock Broking Services
Prime Real Estate Limited	Ordinary	31-Dec-16	80.00	80.00	-	-	Property Development
SIC Fund Management Ltd	Ordinary	31-Dec-16	100.00	100.00	-	-	Fund Management
SIC Management Services Company Limited	Ordinary	31-Dec-16	100.00	100.00	-	-	Management Services
State Investment Finance Corporation Limited	Ordinary	31-Dec-16	80.00	80.00	-	-	Investment
Sun Casinos Limited	Ordinary	31-Dec-16	100.00	100.00	-	-	Gaming
Grand Baie Casino Limited	Ordinary	31-Dec-16	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 unconsolidated subsidiaries, and there are no significant restrictions on the transfer of funds from these entities to the Company.

(ii) *Support*

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

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

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

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

(iii) Subsidiaries are denominated in the following currencies:

	2016	2015
	Rs'000	Rs'000
Rupee	**1,481,928**	1,292,646

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

At December 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Investment in subsidiaries	**-**	**848,484**	**633,444**	**1,481,928**

At December 31, 2015	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Investment in subsidiaries	-	802,407	490,239	1,292,646

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

	Investment in subsidiaries at fair value through profit or loss	
	2016	2015
	Rs'000	Rs'000
Opening balance	**490,239**	560,918
Additions	**-**	50,000
Gains/(losses) recognised in profit or loss	**143,205**	(120,679)
Closing balance	**633,444**	490,239

(b) **Investment in associates at fair value through profit or loss**

	2016	2015
	Rs'000	Rs'000
At January 1,	**1,104,115**	1,114,109
Disposal during the year	**-**	(19,567)
Fair value (decrease)/increase (note 18)	**(114,988)**	9,573
At December 31,	**989,127**	1,104,115

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) *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.

(ii) *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.

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

(b) Investment in associates at fair value through profit or loss (cont'd)

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

	Class of Shares held	Year end	Proportion of ownership Direct 2016	Direct 2015	Indirect 2016	Indirect 2015	Activity
			%	%	%	%	
Editions de l'Ocean Indien Limitée	Ordinary	31-Dec-16	49.98	49.98	-	-	Editing and printing
Mauritius Duty Free Paradise Co Ltd	Ordinary	31-Dec-16	20.00	20.00	-	-	Distribution
Mauritius Shoppping Paradise Co Ltd	Ordinary	31-Dec-16	43.35	43.35	-	-	Distribution
Mauritius Land Based Oceanic Park Ltd	Ordinary	31-Dec-16	63.00	63.00	-	-	Utilities
National Equity Fund	Preference	31-Dec-16	25.00	25.00	-	-	Financial Services
Pointe Coton Resorts Hotels Co Limited	Ordinary	31-Dec-16	28.54	28.54	-	-	Leisure and Entertainment
Port Louis Fund Ltd	Ordinary	31-Dec-16	38.30	37.84	-	-	Investment fund
Rodrigues Venture Capital and Leasing Fund Ltd	Ordinary	31-Dec-16	50.00	50.00	-	-	Financial Services
Splendid Property Co Ltd	Ordinary	31-Dec-16	25.00	25.00	-	-	Real Estate
State Informatics Limited	Ordinary	31-Dec-16	20.00	20.00	-	-	ICT

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

(b) Investment in associates at fair value through profit or loss (cont'd)

(iii) Associates are denominated in the following currencies:

	2016	2015
	Rs'000	Rs'000
Rupee	689,413	687,743
Euro	299,714	416,372
	989,127	1,104,115

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

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

At December 31, 2015	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Investment in associates	-	-	1,104,115	1,104,115

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

	Investment in associates at fair value through profit or loss	
	2016	2015
	Rs'000	Rs'000
Opening balance	1,104,115	1,114,109
(Losses)/gains recognised in profit or loss	(114,988)	9,573
Disposal	-	(19,567)
Closing balance	989,127	1,104,115

(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, 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 gains/(losses)	(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

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

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

	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, 2015	79,330	1,522,787	151,437	2,355,924	4,109,478
Additions	-	350	-	-	350
Disposals	(23,564)	(306,418)	(55,649)	(11,615)	(397,246)
Fair value losses	-	(368,435)	(16,453)	(105,789)	(490,677)
At December 31, 2015	55,766	848,284	79,335	2,238,520	3,221,905

(i)

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**

At December 31, 2015	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Fair value through profit or loss	927,619	1,250,036	988,484	3,166,139
Held-to-maturity investments	-	-	55,766	55,766
Total	927,619	1,250,036	1,044,250	3,221,905

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

	2016	2015
	Rs'000	Rs'000
Currency		
Rupee	**3,171,848**	2,882,503
US Dollar	**160,442**	283,637
Euro	**172,634**	-
	3,504,924	3,166,139

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

		2016	2015
		Rs'000	Rs'000
Rupee	Rs.	**774**	55,766

(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%
Solid Waste Recycling Ltd	-	31 Dec 2020	9.00%

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

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

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

	Fair value through profit or loss	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**

The table below shows the changes in Level 3 instruments for the year ended December 31, 2015:

	Available for sale	Held-to-maturity	Total
	Rs'000	Rs'000	Rs'000
Opening balance	917,423	79,330	996,753
Gains recognised in profit or loss	82,755	-	82,755
Disposal	(11,694)	(23,564)	(35,258)
Closing balance	988,484	55,766	1,044,250

9. NON-CURRENT RECEIVABLES

	2016	2015
	Rs'000	Rs'000
Loans to employees (note (a))	**8,390**	9,532

(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

		2016	2015
		Rs'000	Rs'000
Trade receivables		**29,508**	41,622
Prepayments		**645**	459
Receivables from related parties		**402,037**	405,741
Other receivables		**116,763**	92,756
	Rs.	**548,953**	540,578

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

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) As of December 31, 2016 trade receivable of Rs.7,827,718 (2015: Rs.801,908) were past due but not impaired.

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

	2016	2015
	Rs'000	Rs'000
Over 6 months	**7,828**	802

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

(d) 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.

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

11. SHARE CAPITAL

	2016 & 2015	**2016 & 2015**
	Number	**Rs'000**
Authorised, Issued & Fully Paid		
Ordinary shares of Rs.10 each	8,500,010	**85,000**

12. RETIRMENT BENEFIT OBLIGATION

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

	2016	2015
	Rs'000	Rs'000
Amount recognised in the statement of financial position:		
Defined pension plan	**3,192**	1,231
Amount charged to profit or loss:		
Defined pension plan	**1,265**	1,777
Amount charged to other comprehensive income:		
Defined pension plan	**(1,842)**	(8,212)

(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, 2016 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.

12. RETIRMENT BENEFIT OBLIGATION (CONT'D)

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

	2016	2015
	Rs'000	Rs'000
Present value of funded obligations	60,440	59,264
Fair value of plan assets	(63,632)	(60,495)
Asset in the statement of financial position	(3,192)	(1,231)

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

	2016	2015
	Rs'000	Rs'000
At January 1,	(1,231)	6,738
Charged to profit or loss	1,265	1,777
Charged to other comprehensive income	(1,842)	(8,212)
Contributions paid	(1,384)	(1,534)
Balance at December 31,	(3,192)	(1,231)

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

	2016	2015
	Rs'000	Rs'000
At January 1,	59,264	67,134
Current service cost	2,003	1,956
Interest expense	4,148	5,035
Actuarial gain	(3,643)	(12,031)
Benefits paid	(1,332)	(2,830)
At December 31,	60,440	59,264

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

	2016	2015
	Rs'000	Rs'000
At January 1,	60,495	60,396
Return on plan assets	4,258	4,508
Contributions by plan participants	672	748
Contributions by the employer	1,343	1,496
Benefits paid	(1,335)	(2,834)
Asset gain/(loss)	(1,801)	(3,819)
At December 31,	63,632	60,495

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

	2016	2015
	Rs'000	Rs'000
Current service cost	2,003	1,956
Employee contributions	(672)	(748)
Fund expenses	44	42
Interest expense	(110)	527
Total included in employee benefit expense	1,265	1,777

12. RETIREMENT BENEFIT OBLIGATION (CONT'D)

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

	2016	2015
	Rs'000	Rs'000
Remeasurement on the net defined benefit liability:		
Liability experience losses	(3,643)	(12,031)
Actuarial gain	1,801	3,819
	(1,842)	(8,212)

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

	2016	2015
	%	%
Government securities and cash	57.80	58.10
Loans	4.60	4.30
Local equities	14.80	15.90
Overseas bonds and equities	22.10	21.00
Property	0.70	0.70
	100.00	100.00

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

	2016	2015
	%	%
Discount rate	7.00	7.50
Future salary growth rate	5.50	6.00
Future pension growth rate	4.50	5.00

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

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

	Increase	Decrease
December 31, 2016	Rs.	Rs.
Discount rate 1% lower/higher	Rs 10.0 M	Rs 7.9 M
Expected salary growth 1% increase/decrease	Rs 4.2 M	Rs 3.6 M
Life expectancy 1 year increase/decrease	Rs 1.7 M	Rs 1.7 M
December 31, 2015		
Discount rate (1% movement)	Rs 10.2 M	Rs 8 M
Future long-term salary assumption (1% movement)	Rs 4.4 M	Rs 3.9 M
Life expectancy (1 year movement)	Rs 1.6 M	Rs 1.6 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 occuring at the end of reporting period.

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

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

12. RETIRMENT BENEFIT OBLIGATION (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 company expects to pay Rs.1,424,547 in contributions to its post-employment benefit plans for the year ending December 31, 2017.

(xiv) The weighted average duration of the defined benefit obligation is 17 years at the end of the reporting period (2015: 17 years).

13. OTHER LIABILITIES

	2016	2015
	Rs'000	Rs'000
At January 1,	**211,500**	317,250
Repayment during the year	**(105,750)**	(105,750)
At December 31,	**105,750**	211,500

The other liabilities represents the amount due to NIT with respect to the share buy back by the company.

Representing liabilities in respect of share buy back transaction:		
Within one year	**105,750**	105,750
After one year and before three years	-	105,750
	105,750	211,500

14. DEFERRED TAX ASSET

Deferred income tax is calculated on all temporary differences under the liability method at 15% (2015: 15%).

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

	2016	2015
	Rs'000	Rs'000
Deferred tax liabilities	**936**	510

The movement on deferred income tax account is as follows:		**2016**	2015
		Rs'000	Rs'000
At January 1,		**510**	(716)
Movement in profit or loss		**150**	(6)
Credit to the other comprehensive income		**276**	1,232
At December 31,	Rs.	**936**	510

14. DEFERRED TAX ASSET (CONT'D)

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, 2016**
		Rs'000	Rs'000	Rs'000	**Rs'000**
Deferred income tax					
Accelerated tax depreciation		325	132	-	**457**
Retirement benefit obligations		185	18	276	**479**
Net deferred income tax (liabilities)/assets	Rs.	510	150	276	**936**

		At January 1, 2015	Charge to Profit or loss	Charge to OCI	**At December 31, 2015**
Deferred income tax		Rs'000	Rs'000	Rs'000	**Rs'000**
Accelerated tax depreciation		295	30	-	325
Retirement benefit obligations		(1,011)	(36)	1,232	185
Net deferred income tax assets	Rs.	(716)	(6)	1,232	510

15. OTHER PAYABLES

	2016	2015
	Rs'000	Rs'000
Payable to Government of Mauritius - RWG (note 26)	**588,550**	767,775
Other payables	**50,456**	55,800
	639,006	823,575

The carrying amounts of other payables approximate their fair value.

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

16. INCOME TAX

(a) Statement of financial position

		2016	2015
		Rs'000	Rs'000
At July 1,		**48,480**	191
Charge for the year		**1,609**	1,375
(Over)/under provision of income tax of previous year		**12**	-
Assessment 2005 to 2016 on deemed interest		**24,402**	48,297
Paid during the year		**(4,348)**	(1,383)
At June 30,	Rs.	**70,155**	48,480

(b) Statement of profit or loss

		2016	2015
		Rs'000	Rs'000
Current tax on the adjusted profit for the year at 15% (2015: 15%)		**1,609**	1,375
Under provision of income tax of previous year		**12**	-
Deferred tax movement (note 14)		**150**	(6)
Tax claimed in previous periods (note (c))		**24,402**	56,519
Charge for the year	Rs.	**26,173**	57,888

16. INCOME TAX (CONT'D)

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:

		2016	2015
		Rs'000	Rs'000
Profit/(loss) before taxation		**469,279**	(635,625)
Tax calculated at a rate of 15% (2015: 15%)		**70,392**	(95,344)
Tax effect of :			
Expenses not deductible for tax purposes		**10,264**	115,407
Income not subject to tax		**(78,897)**	(18,694)
Tax claimed in previous periods (note (c))		**24,402**	56,519
Under provision of income tax of previous year		**12**	-
Charge for the year	Rs.	**26,173**	57,888

(c) The Company was subject to a tax assessment for 2005 to 2014 and an additional tax liability of Rs 23m arose as a result of the assessment, mostly due to deemed interest on advances.

17. BORROWINGS

	2016	2015
	Rs'000	Rs'000
Current		
Bank overdraft	**2,279**	1,370

(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

	2016	2015
	Rs'000	Rs'000
Unrealised gain/(loss) on investments at fair value through profit or loss		
Fair value movement		
Investment in subsidiaries (note 8(a))	**189,282**	(86,664)
Investment in associates (note 8(b))	**(114,988)**	9,573
Other investments (note 8(c))	**278,873**	(490,677)
Net change on investments at fair value through profit or loss	**353,167**	(567,768)

19. INVESTMENT INCOME

	2016	2015
	Rs'000	Rs'000
Dividend income	**160,075**	121,598
Interest on debentures	**1,589**	7,715
	161,664	129,313

20. INTEREST INCOME

	2016	2015
	Rs'000	Rs'000
Staff loan	**509**	501
Loan to related companies	-	43
Bank deposits	**1,019**	1,651
	1,528	2,195

21. OTHER INCOME

	2016	2015
	Rs'000	Rs'000
Management fees	**1,275**	1,200
Rental income	**1,560**	1,560
Directorship Fees	**5,092**	2,652
Other miscellaneous income	**669**	1,306
Profit on disposal of plant and equipment	**776**	548
	9,372	7,266

22. EMPLOYEE BENEFIT EXPENSE

	2016	2015
	Rs'000	Rs'000
Wages and salaries, including termination benefits	**23,502**	23,463
Social security costs	**121**	128
Pension costs - defined benefit plans	**1,265**	1,777
	24,888	25,368

23. INTEREST EXPENSE

	2016	2015
	Rs'000	Rs'000
Bank overdraft	-	316
Other loans	-	917
	-	1,233

24. NOTES TO THE STATEMENT OF CASH FLOWS

	Notes	**2016**	2015
(a) **Cash generated from operations**		**Rs'000**	Rs'000
Profit/(loss) for the year		**469,279**	(635,625)
Adjustments for:			
Depreciation on property, plant and equipment	5	**767**	2,166
Amortisation of intangible assets	7	**595**	609
Gain on sale of property, plant and equipment		**(776)**	(548)
Exchange difference movement		**(17)**	(1,082)
(Profit)/loss on disposal of investment		**(14,314)**	34,835
Fair value (gains)/losses on financial assets at fair value th	18	**(353,167)**	567,768
Interest costs	23	-	1,233
Interest revenue		**(3,117)**	(9,910)
(Increase)/Decrease in provision of Retirement benefit obligation		**(119)**	243
Changes in working capital:			
- trade and other receivables		**(31,286)**	(130,995)
- trade and other payables		**(184,569)**	(55,246)
Cash absorbed in operations		**(116,724)**	(226,552)

24. NOTES TO THE STATEMENT OF CASH FLOWS (CONT'D)

(b) The principal non cash transaction is the amalgamation of shares in Business Parks of Mauritius Ltd, Les Pailles International Conference Centre and State Property Development Co Ltd into Landscope (Mauritius) Ltd for a consideration of Rs 47,730,581. This transaction was treated as deemed disposal.

(c) **Cash and cash equivalents**

	2016	2015
	Rs'000	Rs'000
Cash in hand and at bank	**81,704**	91,131
Cash held on behalf of GOM for RWG scheme	**588,550**	767,775
Cash at bank and in hand	**670,254**	858,906
Bank overdrafts (note 17)	**(2,279)**	(1,370)
	667,975	857,536

25. RELATED PARTY TRANSACTIONS

	Utilities and licences paid to	Secretarial fees	Dividend income	Remuneration	Amount owed by related parties	Amount owed to related parties
2016	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
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	-	-	-	-	-
2015						
Subsidiaries	-	276	9,000	-	390,619	-
Associates	-	-	21,197	-	72	-
Directors and key management personnel	-	-	-	6,714	-	-
Enterprises with common directors	-	-	-	-	-	767,775
Government of Mauritius	-	-	-	-	15,050	-
Related bodies	1,123	-	-	-	-	-

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 Limited in favour of State Bank of Mauritius amounting to Rs.25m (2015: Rs.25m).
- Sun Casino Ltd in favour of State Bank of Mauritius amounting to Rs.5m (2015: Rs.5m).
- Domaine Les Pailles Limitée in favour of The Mauritius Commercial Bank Ltd amounting to Rs.34m (2015 : 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):

- Domaine Les Pailles Limitée
- Edition de L'Océan Indien
- Beach Casino Limited
- Casino de Maurice Limited
- Sun Casino Ltd
- Le Grand Casino du Domaine Limitee
- Le Caudan Waterfront Casino Limited
- Lakepoint Ltd

For the year December 31, 2016, the Company has recorded an impairment of Rs. 31.2m relating to amounts owed by related parties (2015: Rs.130.4m). 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

26. RESTRUCTURING WORKING GROUP (RWG)

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. RESTRUCTURING WORKING GROUP (RWG) (CONT'D)

As at date several schemes under the 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 RWG 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
- Technoproneurship 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 RWG. 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 RWG schemes as stated in the memorandum of understanding (MOU) section 6, paragraph 2, where MOFED) has agreed to "guarantee", make good and cover all losses/defaults incurred by SIC".

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

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

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

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

27. CONTINGENT LIABILITY

At December 31, 2016, the company had contingent liabilities in respect of the following:

(a) Corporate guarantees arising out of the ordinary course of business given on behalf of Edition de L'Ocean Indien, Casino De Maurice, Sun Casino Ltd and Domaine Les Pailles Limitée stood at Rs.17M, Rs.25M, Rs.5M and Rs.34M respectively as the reporting date.

27. CONTINGENT LIABILITY (CONT'D)

(b) 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

	2016	2015
	Rs'000	Rs'000
(a) Capital commitments	**590,000**	590,000

The company has made a deposit of Rs.113.5m for purchase of land at Cote d'Or from Employees Real Estate Investment Trust (EREIT).

The cost of the land at Cote D'or amounts to Rs.590m and the remaining balance will be paid in the year 2017.

(b) **Operating lease commitments**

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

	2016	2015
	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	**27,027**	27,573
	29,757	30,303

29. POST BALANCE SHEET

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.