

**THE STATE INVESTMENT CORPORATION LTD**

**FINANCIAL STATEMENTS - YEAR ENDED**

**DECEMBER 31, 2015**

# THE STATE INVESTMENT CORPORATION LTD

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**THE STATE INVESTMENT CORPORATION LTD  
STATUTORY DISCLOSURE FOR THE YEAR ENDED 31 DECEMBER 2015**

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 31 December 2015.

**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 2015 and the subsequent appointment were as follows:-

|                                   |                          |  |
|-----------------------------------|--------------------------|--|
| NAKHUDA, Ayub Hussein             | Chairperson              | (As from 16 February 2015)                     |
| VEERASAMY, Banoomatee             | Acting Managing Director | (As from 26 December 2014)                     |
| LUCHMEEPERSAD, Vidianand          |                          | (As from 17 April 2015)                        |
| NAGHEE REDDY, Kritananda          |                          | (As from 17 April 2015)                        |
| NEERUNJUN, Premode                |                          | (As from 27 December 2014)                     |
| SOONDRAM, Visvanaden              |                          | (As from 06 March 2015)                        |
|                                   |                          |  |
| CHELLAPERMAL, Radhakrishna        |                          | (As from 06 November 2000 up to 06 March 2015) |
| YIP WANG WING, Patrick Youk Siane |                          | (As from 01 August 2005 up to 06 March 2015)   |
| HOW FOK CHEUNG, How Cheey Lan     |                          | (As from 06 March 2015 up to 17 April 2015)    |

**DIVIDENDS**

No dividend has been proposed and paid during the period under review (2014: 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:-

(1) Directors of The State Investment Corporation Ltd

|                         | <u>31 December 2015</u> | <u>31 December 2014</u> |
|-------------------------|-------------------------|-------------------------|
|                         | Rs.                     | Rs.                     |
| Executive Directors     | 2,926,591               | 5,715,085               |
| Non-executive directors | 1,996,818               | 3,139,572               |
|                         | <u>4,923,409</u>        | <u>8,854,657</u>        |

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**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**

|                                | <u>31 December 2015</u> | <u>31 December 2014</u> |
|--------------------------------|-------------------------|-------------------------|
|                                | Rs.                     | Rs.                     |
| Donations made during the year | 4,000                   | 114,091                 |

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:

|            | <u>BDO</u>              | <u>BDO</u>              |
|------------|-------------------------|-------------------------|
|            | <u>31 December 2015</u> | <u>31 December 2014</u> |
|            | Rs.                     | Rs.                     |
| Audit Fees | 700,000                 | 672,100                 |
| Non- Audit | -                       | -                       |

The auditors did not receive any fees for other services.

Approved by the Board of Directors on 12 3 JUN 2016 and signed on its behalf by:-

  
.....  
DIRECTOR

  
.....  
DIRECTOR

**THE STATE INVESTMENT CORPORATION LTD**  
**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

**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 with the aim of enhancing both business prosperity 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 sets the Company's values and standards and ensures that its obligations to its stakeholders are understood and met.

The Board of Directors who served during the year 2015 is as follows:-

|    |   | <b>Remarks</b>                             |
|----|---|--|
| 1. | Mr. Ayub Hussein Nakhuda, C.S.K -<br>Chairman           | As from 16 Feb 2015                        |
| 2. | Mrs. Banoomatee Veerasamy<br>(Acting Managing Director) |  |
| 3. | Mr. Premode Neerunjun                                   |  |
| 4. | Mr. Visvanaden Soondram                                 | As from 06 Mar 2015                        |
| 5. | Mr. Kritananda Naghee Reddy                             | As from 17 Apr 2015                        |
| 6. | Mr. Vidianand Lutchmeeparsad                            | As from 17 Apr 2015                        |
| 7. | Miss How Cheey Lan How Fok Cheung                       | As from 06 Mar 2015<br>Up to 17 April 2015 |
| 8. | Mr. Patrick Youk Siane Yip Wang Wing                    | Up to 06 March 2015                        |
| 9. | Mr. Radhakrishna Chellapermal                           | Up to 06 March 2015                        |

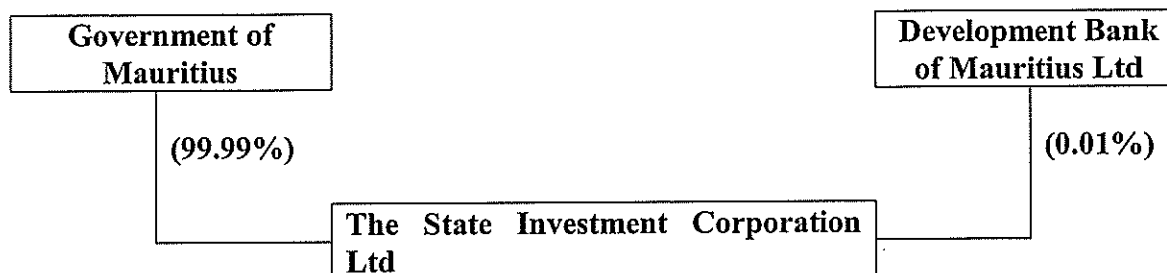
A draft new Constitution for the Corporation together with a Board Charter have been worked out for approval during the financial year ending 31 December 2016.

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The purpose of the *Board Charter* is to clearly outline the structure of the *Board* and to *define* the respective roles, responsibilities and authorities of the *Board* (both individually and collectively) and its sub-committees in setting the direction, the management and the control of the organisation.

**2. ULTIMATE SHAREHOLDING STRUCTURE**

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



**2.1 Common Directors**

During the financial year ended 31 December 2015, 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<br>(As from 16 Feb 2015)                | ♦                              | -                                 |
| Mrs. Banoomatee Veerasamy<br>(Acting Managing Director)                            | ♦                              | -                                 |
| Mr. Premode Neerunjun  | ♦                              | -                                 |
| Mr. Visvanaden Soondram<br>(As from 06 Mar 2015)                                   | ♦                              | -                                 |
| Mr. Kritananda Naghee Reddy<br>(As from 17 Apr 2015)                               | ♦                              | -                                 |
| Mr. Vidianand Lutchmeeperasad<br>(As from 17 Apr 2015)                             | ♦                              | -                                 |
| Miss How Cheey Lan How Fok Cheung<br>(As from 06 Mar 2015 and Up to 17 April 2015) | ♦                              | -                                 |
| Mr. Patrick Youk Siane Yip Wang Wing<br>(Up to 06 March 2015)                      | ♦                              | -                                 |
| Mr. Radhakrishna Chellapermal<br>(Up to 06 March 2015)                             | ♦                              | -                                 |

**3. THE BOARD OF DIRECTORS**

The Board had a unitary structure under the chair of Mr. Ayub Hussein Nakhuda. The functions and responsibilities of the Chairperson and Managing Director are separate. The table below illustrates the categorisation of the directors into Executive Directors (ED) and Non-Executive Directors (NEDs).

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| <b>Name of Directors</b>   | <b>Non-Executive Directors</b> | <b>Executive Directors</b> |
|--|--------------------------------|----------------------------|
| Mr. Ayub Hussein Nakhuda, C.S.K – Chairman<br>(As from 16 Feb 2015)                | √                              | -                          |
| Mrs. Banoomatee Veerasamy<br>(Acting Managing Director)                            | -                              | √                          |
| Mr. Premode Neerunjun  | √                              | -                          |
| Mr. Visvanaden Soondram<br>(As from 06 Mar 2015)                                   | √                              | -                          |
| Mr. Kritananda Naghee Reddy<br>(As from 17 Apr 2015)                               | √                              | -                          |
| Mr. Vidianand Lutchmeeparsad<br>(As from 17 Apr 2015)                              | √                              | -                          |
| Miss How Cheey Lan How Fok Cheung<br>(As from 06 Mar 2015 and Up to 17 April 2015) | √                              | -                          |
| Mr. Patrick Youk Siane Yip Wang Wing<br>(Up to 06 March 2015)                      | √                              | -                          |
| Mr. Radhakrishna Chellapermal<br>(Up to 06 March 2015)                             | √                              | -                          |

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 in 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.

With the exception of the Acting Managing Director, all directors have a term of office of one year. Senior staff may attend Board Meetings as and when required. The Acting Managing Director does not have a fixed-term contract.

On appointment to the Board and its Committees, directors receive a comprehensive induction pack from Prime Partners Ltd, Corporate Secretary. Members of the Board are elected at the annual meeting of shareholders.

### **3.1 Board Meetings**

The Board met 9 times during the year ended 31 December 2015 and the Board considered a broad range of matters, including investment projects, review of performance, monitoring of progress on key issues, recommendations from the Committees and statutory matters.

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**3.2 Board Committees**

During the financial year 2015, the Board had 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 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. During the financial year ended 31 December 2015, the Committee was composed as follows:-

|                     |   |
|---------------------|---|
| Mr.P. Neerunjun     | - Chairperson                             |
| Mr. K. Naghee Reddy |   |
| Mr. V. Soondram     |   |
| Secretary           | - Prime Partners Ltd, Corporate Secretary |

The Committee met once during the period under review.

**3.2.2 Audit & Risk 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 is in the process of reviewing the Audit & Risk Committee Charter which formalises the role of the Audit & Risk Committee in assisting the Board to discharge its duties.

During the financial year ended 31 December 2015, the Members of the Audit & Risk Committee were as follows:-

|                       |   |
|-----------------------|---|
| Mr. V. Soondram       | - Chairperson                             |
| Mr. V. Lutchmeeparsad |   |
| Mr. K. Naghee Reddy   |   |
| Secretary             | - Prime Partners Ltd, Corporate Secretary |

The Committee met twice during the period under review.

**3.2.3 Investment Committee**

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 Committee consists of all Board Members.



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The Committee met once during the period under review.

It is to be noted that there were no criteria for remunerating Executive Directors approaching retirement.

**3.2.4 Attendance at Board and Board Committees**

Directors are invited to attend each Board Meeting and each meeting of Committees of which they are members. Their attendance for the year under review is shown below:

| Directors  | Board | Audit & Risk | Corporate Governance | Investment Committee |
|--|-------|--------------|----------------------|----------------------|
| Mr. Ayub Hussein Nakhuda, C.S.K – Chairman<br>(As from 16 Feb 2015)                | 9/9   | -            |                      | 1/1                  |
| Mrs. Banoomatee Veerasamy<br>(Acting Managing Director)                            | 9/9   | 2/2          | 1/1                  | 1/1                  |
| Mr. Premode Neerunjun  | 9/9   |              | 1/1                  | 1/1                  |
| Mr. Visvanaden Soondram<br>(As from 06 Mar 2015)                                   | 9/9   | 2/2          | 1/1                  | 1/1                  |
| Mr. Kritananda Naghee Reddy<br>(As from 17 Apr 2015)                               | 7/7   | 2/2          | 1/1                  | 1/1                  |
| Mr. Vidianand Lutchmeeparsad<br>(As from 17 Apr 2015)                              | 5/7   | 1/2          | -                    | 1/1                  |
| Miss How Cheey Lan How Fok Cheung<br>(As from 06 Mar 2015 and Up to 17 April 2015) | 2/2   | -            | -                    | -                    |
| Mr. Patrick Youk Siane Yip Wang Wing<br>(Up to 06 March 2015)                      | -     | -            | -                    | -                    |
| Mr. Radhakrishna Chellapermal<br>(Up to 06 March 2015)                             | -     | -            | -                    | -                    |

**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<br>(As from 16 Feb 2015)                | Rs835,000    |
| Mrs. Banoomatee Veerasamy<br>(Acting Managing Director)*                           | Rs2,926,591  |
| Mr. Premode Neerunjun  | Rs310,000    |
| Mr. Visvanaden Soondram<br>(As from 06 Mar 2015)                                   | Rs250,000    |
| Mr. Kritananda Naghee Reddy<br>(As from 17 Apr 2015)                               | Rs225,000    |
| Mr. Vidianand Lutchmeeparsad<br>(As from 17 Apr 2015)                              | Rs225,000    |
| Miss How Cheey Lan How Fok Cheung<br>(As from 06 Mar 2015 and Up to 17 April 2015) | Rs31,818     |
| Mr. Patrick Youk Siane Yip Wang Wing<br>(Up to 06 March 2015)                      | Rs60,000     |
| Mr. Radhakrishna Chellapermal<br>(Up to 06 March 2015)                             | Rs60,000     |

\* The Acting Managing Director is not entitled to Directors' Fees.

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**3.4 Board Appraisal**

No appraisal of the Board has been carried out during the year 2015. The Directors feel that the composition of the Board is appropriate and efficient in monitoring the affairs of the Corporation.

**3.5 Directors' dealing in Shares of the Company**

No share of the Company has ever been held by the Directors.

**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, the 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; coordinated 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 competitiveness 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 a LLB (Hons) and a 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

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### CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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 Ministry of Finance and Economic Development 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 State Land Development Corporation Limited, 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

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### **CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

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.

#### **Senior Management's Profile**

**Mrs Anista Ramphul Punchoo** has joined The State Investment Corporation Ltd 25 years ago and has been involved in the Investment and Portfolio of the Corporation since. She holds a Bachelors degree in Economics Banking and Finance from The University of Cardiff Wales UK and has a wide range experience in Portfolio Management, banking and financial sector. Being the Investment Executive of the SIC, She sits on various invested Companies as Board Member. She has also been involved in SIC's start up projects for the SME's and other Projects. She is currently heading the Restructuring Working Group of the SIC in the context of the Additional Stimulus Package.

**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.

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**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 thereby enhancing shareholders' value.

Remuneration practices are structured to provide:-

- Clear difference between individuals with regard to performance;
- Strong incentives for superior performance;
- Reward to top contributors;
- Strong signals to under achievers to encourage them to improve performance or (leave the Company in line with accepted practices.)

*The remuneration of Directors is decided by the Shareholders.*

**5. DIVIDEND POLICY**

The Company has no formal dividend policy. However, the Company aims to provide its shareholders adequate returns in the form of dividends. The Company has not declared dividend over the past five years.

**6. CORPORATE SECRETARY**

Prime Partners Ltd acts as Corporate Secretary for 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 the procedures in place within the organisation 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, technology, 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;

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- Development of strategies in respect of risk and definition of acceptable and non-acceptable levels of risk
- The 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;
- 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. The 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

There was no internal auditor for the financial year ending 31 December 2015. Nonetheless, the system of internal control, which was embedded in all key operations, provided reasonable rather

than absolute assurance that the Company's business objectives would be achieved within the risk tolerance levels defined by the Board. The effectiveness of the internal control systems was reviewed by the Audit & Risk Committee and covered all internal control systems, including financial, operational, compliance and risk management.

The Board realised though that it was important to appoint an internal auditor at the earliest and outsourced the internal audit function of the Company to Moore Stephens (Mtius), effective 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. The 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.

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- *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 18 to 29 to the financial statements.

**8. DONATIONS**

Donations effected by the Company during the financial year under review amounted to Rs4,000 (2014: Rs114,090.93).

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

**9. RELATED PARTY TRANSACTIONS**

Details on related party transactions are shown on pages 50 - 51 of the Audited Financial Statements.

**10. STAKEHOLDERS' RELATIONS AND COMMUNICATIONS**

The Company's website [www.stateinvestment.com](http://www.stateinvestment.com) provides information on the Company to the general public. Other channels of communication include presentations, seminars, press releases, and annual reports.

**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 Board will recommend the adoption of a new Constitution to modernize the old M&A for it to be in full alignment with the Companies Act 2001.

**THE STATE INVESTMENT CORPORATION LTD**  
**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

**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 2015.

**14. SHARE OPTION PLAN**

No share option plan is available at the Corporation.

**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 set 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**

Due to the nature of its activities, the Company's operation is not expected to have an adverse impact on environment. However, as from the year 2015, Management is striving to operate its day-to-day-business activities in an eco-friendly and energy-saving environment.

The Corporation is committed to plan and operate the day-to-day business activities in such a way as to be in line with green, environmentally friendly, and energy-saving processes 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 the internal control and risk management infrastructure of the Company as well as compliance with good corporate governance practices. It also assists the Board and Management to maintain and improve the process by which risks are identified and managed and help the Board to discharge its responsibilities to maintain and strengthen the internal control framework.

**19. CORPORATE SOCIAL RESPONSIBILITY**

A CSR Policy is being worked out for the Company.

**20. EXTERNAL AUDITORS**

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



**THE STATE INVESTMENT CORPORATION LTD**  
**CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

|           | <b>BDO<br/>2015<br/>Rs (Exc Vat)</b> | <b>BDO<br/>2014<br/>Rs (Exc Vat)</b> |
|-----------|--------------------------------------|--------------------------------------|
| Audit     | 700,000                              | 672,100                              |
| Non-Audit | -                                    | -                                    |

**21. STATEMENT OF DIRECTOR'S 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 these 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;
- (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: 123 JUN 2016

*Bleasom*

.....  
**DIRECTOR**

*Mathwa*

.....  
**DIRECTOR**

**THE STATE INVESTMENT CORPORATION LTD  
CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2015**

**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, 2015

We, the Directors of The State Investment Corporation Ltd, have been made to understand that The State Investment Corporation Ltd has complied with all of its obligations and requirements under the Code of Corporate Governance except for the following sections:

**Section 2.10.3:** Board and Director Appraisal – Please refer to page 2(f) “Board Appraisal”

**Section 2.2.3:** Composition of the Board – Please refer to page 2(c) “Board of Directors”

These issues will be tackled during the financial year 2016.

**Signed on behalf of the Board of Directors:**

.....  
**Director**

.....  
**Director**

**Date:** .....23 JUN 2016.....

**CERTIFICATE FROM THE COMPANY SECRETARY FOR THE YEAR ENDED  
DECEMBER 31, 2015**

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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, 2015.



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**For Prime Partners Ltd  
Company Secretary**

Date: **23 JUN 2016** .....



## THE STATE INVESTMENT CORPORATION LTD

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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 auditors' 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 Financial Statements

We have audited the financial statements of The State Investment Corporation Ltd on pages 5 to 53 which comprise the statement of financial position at December 31, 2015 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 a summary of significant accounting policies and other explanatory notes.

#### *Directors' Responsibility for the Financial Statements*

The directors are responsible for the preparation and fair presentation of these 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.



**THE STATE INVESTMENT CORPORATION LTD**

4(a)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

**Report on the Financial Statements (Continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements on pages 5 to 53 give a true and fair view of the financial position of the Company as at December 31, 2015, 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.

**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, business advisers 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*

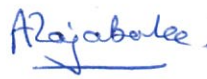
The Directors are responsible for preparing the corporate governance report. Our responsibility is to report the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

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

Port Louis,  
Mauritius.

**23 JUN 2016**

  
**BDO & Co**  
*Chartered Accountants*

  
**Azize Rajabalee, FCCA**  
Licensed by FRC



## STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2015

| ASSETS   | Notes | 2015<br>Rs'000          | 2014<br>Rs'000          |
|--|-------|-------------------------|-------------------------|
| <b>Non-current assets</b>                        |       |                         |                         |
| Property, plant and equipment                    | 5     | 15,213                  | 20,358                  |
| Investment property                              | 6     | 19,500                  | 19,500                  |
| Intangible assets                                | 7     | 14,297                  | 14,907                  |
| Investments at fair value through profit or loss | 8     | 5,618,666               | 6,552,897               |
| Non-current receivables                          | 9     | 9,532                   | 8,382                   |
| Deferred tax assets                              | 14    | -                       | 715                     |
| Retirement benefit obligation                    | 12    | 1,231                   | -                       |
|  |       | <u>5,678,440</u>        | <u>6,616,759</u>        |
| <b>Current assets</b>                            |       |                         |                         |
| Trade and other receivables                      | 10    | 540,577                 | 418,248                 |
| Cash and cash equivalents                        | 24(b) | 858,906                 | 890,063                 |
|  |       | <u>1,399,483</u>        | <u>1,308,310</u>        |
| <b>Total assets</b>                              |       | <u><u>7,077,923</u></u> | <u><u>7,925,069</u></u> |
| <b>EQUITY AND LIABILITIES</b>                    |       |                         |                         |
| <b>Equity</b>                                    |       |                         |                         |
| Share Capital                                    | 11    | 85,000                  | 85,000                  |
| Retained earnings                                |       | 5,907,745               | 6,601,258               |
| Actuarial reserve                                |       | (257)                   | (7,237)                 |
| Total equity                                     |       | <u>5,992,488</u>        | <u>6,679,021</u>        |
| <b>Non-current liabilities</b>                   |       |                         |                         |
| Retirement benefit obligation                    | 12    | -                       | 6,738                   |
| Other liabilities                                | 13    | 105,750                 | 105,750                 |
| Deferred tax liabilities                         | 14    | 510                     | -                       |
|  |       | <u>106,260</u>          | <u>112,488</u>          |
| <b>Current liabilities</b>                       |       |                         |                         |
| Other payables                                   | 15    | 871,663                 | 878,823                 |
| Current tax liabilities                          | 16    | 393                     | 191                     |
| Borrowings                                       | 17    | 1,369                   | 43,046                  |
| Other liabilities                                | 13    | 105,750                 | 211,500                 |
|  |       | <u>979,175</u>          | <u>1,133,560</u>        |
| <b>Total liabilities</b>                         |       | <u>1,085,435</u>        | <u>1,246,049</u>        |
| <b>Total equity and liabilities</b>              |       | <u><u>7,077,923</u></u> | <u><u>7,925,069</u></u> |

These financial statements have been approved for issue by the Board of Directors on: 123 JUN 2016

.....  
  
 Directors

.....  
  
 Directors

The notes on pages 9 to 53 form an integral part of these financial statements.  
 Auditors' report on pages 4 and 4(a).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - YEAR  
ENDED DECEMBER 31, 2015

|  | Notes | 2015<br>Rs'000   | 2014<br>Rs'000   |
|--|-------|------------------|------------------|
| <b>INCOME</b>  |       |                  |                  |
| Investment income  | 19    | 129,313          | 239,149          |
| Interest income  | 20    | 2,195            | 1,175            |
| Other income   | 21    | 7,266            | 8,305            |
| Increase in fair value of investment property  | 6     | -                | 548              |
| Net foreign exchange gain  |       | 1,082            | 2,259            |
| Net change in investments at fair value through profit or loss<br>profit or loss                     | 18    | (567,768)        | (386,717)        |
| <b>EXPENSES</b>  |       |                  |                  |
| Loss on disposal of investment   |       | 34,835           | -                |
| Employee benefit expense   | 22    | 25,368           | 39,504           |
| Motor vehicle running expenses   |       | 827              | 1,801            |
| Professional and other related fees  |       | 805              | 865              |
| Depreciation of Property, plant and equipment  | 5     | 2,166            | 3,914            |
| Amortisation of intangible assets  | 7     | 609              | 760              |
| Repairs and maintenance  |       | 158              | 399              |
| Interest expense   | 23    | 1,233            | 4,780            |
| Other general expenses   |       | 11,269           | 13,225           |
| Impairment of receivables from related companies   |       | 130,443          | 110,033          |
|  |       | <u>207,714</u>   | <u>175,282</u>   |
| Loss before tax  |       | (635,626)        | (310,563)        |
| Tax  | 16    | (57,887)         | (1,677)          |
| <b>Loss after tax</b>  |       | <u>(693,513)</u> | <u>(312,240)</u> |
| <b>Other comprehensive income</b>  |       |                  |                  |
| <i>Other comprehensive income to be reclassified to profit or loss in<br/>subsequent periods</i>     |       |                  |                  |
|  |       | -                | -                |
| <i>Other comprehensive income not to be reclassified to profit or loss in<br/>subsequent periods</i> |       |                  |                  |
| Re-measurement losses on defined benefit plans   |       | 8,212            | 449              |
| Income tax effect  |       | (1,232)          | (67)             |
|  |       | <u>6,980</u>     | <u>382</u>       |
| <b>Other comprehensive income for the year, net of tax</b>   |       | <u>6,980</u>     | <u>382</u>       |
| <b>Total comprehensive income for the year, net of tax</b>   |       | <u>(686,533)</u> | <u>(311,858)</u> |

The notes on pages 9 to 53 form an integral part of these financial statements.  
Auditors' report on pages 4 and 4(a).

## STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2015

|                            | <u>Note</u> | <u>Issued<br/>capital<br/>Rs'000</u> | <u>Share by<br/>back capital<br/>Rs'000</u> | <u>Retained<br/>earnings<br/>Rs'000</u> | <u>Actuarial<br/>reserve<br/>Rs'000</u> | <u>Total<br/>Rs'000</u> |
|----------------------------|-------------|--------------------------------------|---|---|---|-------------------------|
| 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       |             | <u>100,000</u>                       | <u>(15,000)</u>                             | <u>5,907,745</u>                        | <u>(257)</u>                            | <u>5,992,488</u>        |
| At January 1, 2014         |             | 100,000                              | (15,000)                                    | 6,913,498                               | (7,619,000)                             | 6,990,879               |
| Loss for the year          |             | -                                    | -   | (312,240)                               | -                                       | (312,240)               |
| Other comprehensive income |             | -                                    | -   | -                                       | 382                                     | 382                     |
| Total comprehensive income |             | -                                    | -   | (312,240)                               | 382                                     | (311,858)               |
| At December 31, 2014       |             | <u>100,000</u>                       | <u>(15,000)</u>                             | <u>6,601,258</u>                        | <u>(7,237)</u>                          | <u>6,679,021</u>        |

The notes on pages 9 to 53 form an integral part of these financial statements.  
Auditors' report on pages 4 and 4(a).



## STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2015

|  | <u>Notes</u> | <u>2015</u><br>Rs'000 | <u>2014</u><br>Rs'000 |
|--|--------------|-----------------------|-----------------------|
| <b>Cash flows from operating activities</b>                |              |                       |                       |
| Cash generated from operations                             | 24(a)        | (227,261)             | 183,438               |
| Interest received  |              | 9,910                 | 9,099                 |
| Tax paid   | 16           | (1,383)               | (1,167)               |
| Net cash (absorbed in)/generated from operating activities |              | <u>(218,734)</u>      | <u>191,370</u>        |
| <b>Cash flows from investing activities</b>                |              |                       |                       |
| Purchase of equipment                                      | 5            | -                     | (253)                 |
| Purchase of intangible assets                              | 7            | -                     | (1,363)               |
| Purchase of investment in financial asset                  |              | (50,350)              | (83,434)              |
| Proceeds from sale of property, plant and equipment        |              | 3,527                 | -                     |
| Disposal of investment in financial assets                 |              | 358,413               | 208,856               |
| Redemption of held-to-maturity investment                  | 8            | 23,564                | 10,051                |
| Repayment of share buy back NIT                            | 13           | (105,750)             | (105,750)             |
| Net cash generated from investing activities               |              | <u>229,404</u>        | <u>28,107</u>         |
| <b>Cash flows from financing activities</b>                |              |                       |                       |
| Interest paid  | 23           | (1,233)               | (4,780)               |
| Net cash absorbed in financing activities                  |              | <u>(1,233)</u>        | <u>(4,780)</u>        |
| Net increase in cash and cash equivalents                  |              | <u>9,437</u>          | <u>214,697</u>        |
| <b>Movement in cash and cash equivalents</b>               |              |                       |                       |
| At January 1,  |              | 847,017               | 630,061               |
| Net increase in cash and cash equivalents                  |              | 9,437                 | 214,697               |
| Effect of exchange difference                              |              | 1,082                 | 2,259                 |
| At December 31,  | 24(b)        | <u>857,536</u>        | <u>847,017</u>        |

The notes on pages 9 to 53 form an integral part of these financial statements.  
Auditors' report on pages 4 and 4(a).

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

## 2. 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

### 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

These financial statements are that of an individual entity. The Company is an investment entity and, as such does not consolidate the entities it controls. Instead, interests in subsidiaries are classified at fair value through profit or loss, and measured at fair value. Investment in associate are also classified at fair value through profit or loss, and measured at fair value.

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 are stated at their fair value.

### *Amendments to published Standards and Interpretations effective in the reporting period*

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives. The amendment has no impact on the Company's financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of preparation (cont'd)

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

##### **Annual Improvements 2010-2012 Cycle**

IFRS 2, 'Share based payments' amendment is amended to clarify the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. The amendment has no impact on the Company's financial statements.

IFRS 3, 'Business combinations' is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss. The amendment has no impact on the Company's financial statements.

IFRS 8, 'Operating segments' is amended to require disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. The amendment has no impact on the Company's financial statements.

IFRS 13 (Amendment), 'Fair Value Measurement' clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has no impact on the Company's financial statements.

IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The amendment has no impact on the Company's financial statements.

IAS 24, 'Related party disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. The amendment has no impact on the Company's financial statements.

IAS 38, 'Intangible Assets' is amended to require an entity to take into account accumulated impairment losses when adjusting the amortisation on revaluation. The amendment has no impact on the Company's financial statements.

##### **Annual Improvements 2011-2013 Cycle**

IFRS 1, 'First-time Adoption of International Financial Reporting Standards' is amended to clarify in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The amendment has no impact on the Company's financial statements, since the Company is an existing IFRS preparer.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of preparation (cont'd)

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

##### **Annual Improvements 2011-2013 Cycle (cont'd)**

IFRS 3, 'Business combinations' is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint venture under IFRS 11. The amendment has no impact on the Company's financial statements.

IFRS 13, 'Fair value measurement' is amended to clarify that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. The amendment has no impact on the Company's financial statements.

IAS 40, 'Investment property' is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 assists users to distinguish between investment property and owner-occupied property. Preparers also need to consider the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. The amendment has no impact on the Company's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2016 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

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

IFRS 14 Regulatory Deferral Accounts

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

IFRS 15 Revenue from Contract with Customers

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

Equity Method in Separate Financial Statements (Amendments to IAS 27)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

Annual Improvements to IFRSs 2012-2014 Cycle

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Disclosure Initiative (Amendments to IAS 1)

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.2 Plant and equipment

All 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 :

|                             | <u>Annual rates</u> |
|-----------------------------|---------------------|
|                             | %                   |
| Buildings                   | 2-5                 |
| Office furniture & fittings | 10-25               |
| Motor Vehicles              | 20-25               |

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

Where the carrying amount of an asset is greater than 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 annually by external valuers. Changes in fair values are included in profit or loss as part of other income. 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 accumulated depreciation. Amortization is calculated using the straight line method over its estimated useful lives (55.5 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Investment in subsidiaries

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

### 2.6 Investment in associates

Investment in associates are accounted for as financial assets at fair value through 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.

#### (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 determinable 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 Financial assets (cont'd)

#### (b) *Recognition and measurement (cont'd)*

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.

#### (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 amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### 2.8 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

#### *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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.9 Current and deferred income tax (cont'd)

#### *Deferred tax*

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

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

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

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be 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 embodied 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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.

### 2.14 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 actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be classified to profit or loss in subsequent period.

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

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

### 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 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.

### 2.17 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 reappointment 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

**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           |
| <b>As at December 31, 2015</b> |                  |                |                |              |                  |
| Investments                    | 4,918,657        | 283,637        | 416,372        | -            | 5,618,666        |
| Trade and other receivables    | 540,577          | -              | -              | -            | 540,577          |
| Cash in hand and at bank       | 535,843          | 149,545        | 170,972        | 2,546        | 858,906          |
| Long term receivables          | 9,532            | -              | -              | -            | 9,532            |
| <b>Total assets</b>            | <b>6,004,609</b> | <b>433,181</b> | <b>587,344</b> | <b>2,546</b> | <b>7,027,681</b> |
| <b>Liabilities</b>             | <b>765,097</b>   | <b>146,310</b> | <b>170,972</b> | <b>2,546</b> | <b>1,084,925</b> |
| <b>As at December 31, 2014</b> |                  |                |                |              |                  |
| Investments                    | 5,805,080        | 301,354        | 446,463        | -            | 6,552,897        |
| Trade and other receivables    | 418,248          | -              | -              | -            | 418,248          |
| Cash in hand and at bank       | 273,472          | 196,466        | 418,414        | 1,711        | 890,063          |
| Long term receivables          | 8,382            | -              | -              | -            | 8,382            |
| <b>Total assets</b>            | <b>6,505,182</b> | <b>497,820</b> | <b>864,877</b> | <b>1,711</b> | <b>7,869,590</b> |
| <b>Liabilities</b>             | <b>650,451</b>   | <b>175,473</b> | <b>418,414</b> | <b>1,711</b> | <b>1,246,049</b> |

## 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 and Euro exchange rate, with all other variables held constant, of the Group's and the Company's profit before tax (due to changed in the fair value of monetary assets and liabilities).

|             | Increase/<br>decrease<br>in rates<br>% | Effect on<br>loss<br>before tax<br>Rs'000 |
|-------------|--|---|
| <b>2015</b> | +5                                     | 14,344                                    |
| US Dollar   | -5                                     | (14,344)                                  |
| <br>EURO    | +5                                     | 20,819                                    |
|             | -5                                     | (20,819)                                  |
| <br>2014    | +5                                     | 16,117                                    |
| US Dollar   | -5                                     | (16,117)                                  |
| <br>EURO    | +5                                     | 22,323                                    |
|             | -5                                     | (22,323)                                  |

(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:

|                               | 2015<br>Rs'000   | 2014<br>Rs'000   |
|-------------------------------|------------------|------------------|
| Receivable from related party | 405,741          | 375,723          |
| Cash at bank                  | 858,906          | 890,063          |
|                               | <u>1,264,647</u> | <u>1,265,786</u> |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

## 3.1 Financial Risk Factors (cont'd)

(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<br>1 year<br>Rs'000 | Between 1<br>and 2 years<br>Rs'000 | Between 2<br>and 5 years<br>Rs'000 | Over<br>5 years<br>Rs'000 |
|-----------------------------|-------------------------------|------------------------------------|------------------------------------|---------------------------|
| <b>At December 31, 2015</b> |                               |                                    |                                    |                           |
| Borrowings                  | 1,369                         | -                                  | -                                  | -                         |
| Other payables              | 871,663                       | -                                  | -                                  | -                         |
| Other liabilities           | 105,750                       | 105,750                            | -                                  | -                         |
| Rs.                         | <u>978,782</u>                | <u>105,750</u>                     | <u>-</u>                           | <u>-</u>                  |
| <b>At December 31, 2014</b> |                               |                                    |                                    |                           |
| Borrowings                  | 43,046                        | -                                  | -                                  | -                         |
| Other payables              | 878,823                       | -                                  | -                                  | -                         |
| Other liabilities           | 211,500                       | 105,750                            | -                                  | -                         |
| Rs.                         | <u>1,133,369</u>              | <u>105,750</u>                     | <u>-</u>                           | <u>-</u>                  |

(d) Interest rate risk

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

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

## 3.2 Fair value estimation

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

## 3.2 Fair value estimation (cont'd)

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

|  | 2015           |                  |                  |                  |
|--|----------------|------------------|------------------|------------------|
|  | Level 1        | Level 2          | Level 3          | Total            |
|  | Rs'000         | Rs'000           | Rs'000           | Rs'000           |
| Investment property                                    |                |                  | 19,500           | 19,500           |
| <u>Investment at fair value through profit or loss</u> |                |                  |                  |                  |
| Agriculture  | -              | -                | 37,669           | 37,669           |
| Communications   | 51,109         | 163,695          | 91,407           | 306,211          |
| Distribution   | -              | -                | 421,657          | 421,657          |
| Entertainment & Tourism                                | 307,111        | -                | 223,874          | 530,985          |
| 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         | 517,241          | 45,714           | 586,603          |
| Other Holdings   | 766            | -                | -                | 766              |
| Other Services   | 10,038         | -                | 8,181            | 18,219           |
| Real Estate  | 8,470          | 802,407          | 255,290          | 1,066,167        |
|  | <u>927,619</u> | <u>2,052,444</u> | <u>2,658,103</u> | <u>5,638,166</u> |

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 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<br>January 1,<br>2015<br>Rs'000 | Additions<br>Rs'000 | Disposal<br>Rs'000 | Transfer<br>Rs'000 | Fair value<br>Adjustment<br>Rs'000 | Balance at<br>December 31,<br>2015<br>Rs'000 |
|-------------------------|--|---------------------|--------------------|--------------------|------------------------------------|--|
| Investment property     | 19,500                                     | -                   | -                  | -                  | -                                  | 19,500                                       |
| Agriculture             | 37,669                                     | -                   | -                  | -                  | -                                  | 37,669                                       |
| Communications          | 91,407                                     | -                   | -                  | -                  | (0)                                | 91,407                                       |
| Distribution            | 400,638                                    | -                   | -                  | -                  | 21,019                             | 421,657                                      |
| Entertainment & Tourism | 271,275                                    | -                   | (9,278)            | -                  | (38,123)                           | 223,874                                      |
| 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 Holdings          | -  | -                   | -                  | -                  | -                                  | -  |
| Other Services          | 18,850                                     | -                   | (11,694)           | -                  | 1,025                              | 8,181  |
| Real Estate             | 249,140                                    | -                   | -                  | -                  | 6,150                              | 255,290                                      |
|                         | <u>2,691,279</u>                           | <u>50,000</u>       | <u>(54,824)</u>    | <u>-</u>           | <u>(28,351)</u>                    | <u>2,658,103</u>                             |

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.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 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<br>January 1,<br>2015<br>Rs'000 | Additions<br>Rs'000 | Disposal<br>Rs'000 | Transfer to<br>level 1<br>Rs'000 | Fair value<br>Adjustment<br>Rs'000 | Balance at<br>December 31,<br>2015<br>Rs'000 |
|---|--|---------------------|--------------------|----------------------------------|------------------------------------|--|
| Investment at fair value through profit and loss: |  |                     |                    |                                  |                                    |  |
| Communications                                    | 151,456                                    | -                   | -                  | -                                | 12,239                             | 163,695                                      |
| Financial services                                | 643,664                                    | -                   | -                  | -                                | (74,563)                           | 569,100                                      |
| Gaming  | -  | -                   | -                  | -                                | -                                  | -  |
| Manufacturing                                     | 643,382                                    | -                   | -                  | -                                | (126,141)                          | 517,241                                      |
| Real Estate                                       | 768,392                                    | -                   | -                  | -                                | 34,015                             | 802,407                                      |
|   | <u>2,206,894</u>                           | <u>-</u>            | <u>-</u>           | <u>-</u>                         | <u>(154,450)</u>                   | <u>2,052,444</u>                             |

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.



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 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 with in 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  | 2015<br>Fair value<br>Rs'000 | Valuation<br>approach                         | Key<br>unobservable<br>inputs | Range of unobservable<br>inputs (probability –<br>weighted average) | Relationship of unobservable<br>inputs to fair value   |
|---|------------------------------|---|-------------------------------|---|--|
| Investment property                                     | 19,500                       | Open marke value                              |                               |   |  |
| <i>Fair value through profit and loss investments :</i> |                              |   |                               |   |  |
| Agriculture   | 37,669                       | Carrying value                                |                               |   |  |
| Communications  | 91,407                       | Carrying value                                |                               |   |  |
| Distribution  | 421,657                      | Earnings/<br>Carrying value                   | PE                            | 5%  | An increase/decrease in PE will lead to an increase/decrease in fair value of Rs 20.8m   |
| Entertainment & Tourism                                 | 223,874                      | Earnings/<br>Carrying value                   | PE                            | 5%  | An increase/decrease in PE will lead to an increase/decrease in fair value of Rs 2m  |
| Financial<br>Gaming                                     | 1,211,681<br>300,105         | Carrying value<br>Discounted<br>cash flows    | Growth rate                   | 5%  | An increase/decrease in growth rate will lead to an increase/decrease in fair value of Rs 11.8m  |
| ICT   | 43,025                       | Carrying value                                |                               |   |  |
| Manufact  | 45,714                       | Carrying value                                |                               |   |  |
| Other Holdings  | -                            |   |                               |   |  |
| Other Services  | 8,181                        | arnings/Carrying va                           | PE                            | 5%  | An increase/decrease in PE will lead to an increase/decrease in fair value of Rs 0.0m  |
| Real Estate   | 255,290                      | Rental yield/<br>Discounted<br>Carrying value | Rental yield/<br>Growth rate  | 5%  | An decrease/increase in rental yield and decrease/increase in growth rate will lead to an increase/decrease in fair value of Rs 9.5m and Rs 8.5m respectively. |
|   | <u>2,658,103</u>             |   |                               |   |  |

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 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 2015 are as shown below:

| <u>Description</u>                                      | <u>Input</u> | <u>Sensitivity used</u> | <u>Effect on fair value<br/>Rs'000</u> | <u>Effect on fair value<br/>Rs'000</u> |
|---|--------------|-------------------------|--|--|
| Investment  |              |                         |  |  |
| <i>Fair value through profit and loss investments :</i> |              |                         |  |  |
| Agriculture   |              |                         |  |  |
| Communications  |              |                         |  |  |
| Distribution  | PE           | -5% and +5%             | (20,819)                               | 20,819                                 |
| Entertainment & Tourism                                 | PE           | -5% and +5%             | (2,099)                                | 2,099                                  |
| Financial Services                                      |              |                         |  |  |
| Gaming  | Growth       | -5% and +5%             | (11,760)                               | 11,760                                 |
| ICT   |              |                         |  |  |
| Manufacturing   |              |                         |  |  |
| Other Holdings  |              |                         |  |  |
| Other Services  | PE           | -5% and +5%             | -                                      | -                                      |
| Real Estate   | Rental       | -5% and +5%             | 9,476                                  | (8,466)                                |

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

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 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

|   | 2014              |                   |                   | Total<br>Rs'000  |
|---|-------------------|-------------------|-------------------|------------------|
|   | Level 1<br>Rs'000 | Level 2<br>Rs'000 | Level 3<br>Rs'000 |                  |
| Investment property                             | -                 | -                 | 19,500            | 19,500           |
| Investment at fair value through profit or loss |                   |                   |                   |                  |
| Agriculture                                     | 1,068             | -                 | 37,669            | 38,737           |
| Communications                                  | 51,109            | 151,456           | 91,407            | 293,971          |
| Distribution                                    | -                 | -                 | 400,638           | 400,638          |
| Entertainment & Tourism                         | 686,135           | -                 | 271,275           | 957,411          |
| Financial Services                              | 509,711           | 643,664           | 1,178,169         | 2,331,544        |
| Gaming  | 318,750           | -                 | 323,542           | 642,292          |
| ICT   | -                 | -                 | 41,089            | 41,089           |
| Manufacturing                                   | 63,986            | 643,382           | 60,000            | 767,368          |
| Other Holdings                                  | 11,889            | -                 | -                 | 11,889           |
| Other Services                                  | 22,547            | -                 | 18,850            | 41,397           |
| Real Estate                                     | 9,030             | 768,392           | 249,140           | 1,026,562        |
|   | <u>1,674,224</u>  | <u>2,206,894</u>  | <u>2,691,279</u>  | <u>6,572,397</u> |

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

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

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

|                         | Balance at<br>January 1,<br>2014<br>Rs'000 | Additions<br>Rs'000 | Disposal<br>Rs'000 | Transfer<br>Rs'000 | Fair value<br>Adjustment<br>Rs'000 | Balance at<br>December 31,<br>2014<br>Rs'000 |
|-------------------------|--|---------------------|--------------------|--------------------|------------------------------------|--|
| Investment property     | 10,500                                     |                     |                    | 8,452              | 548                                | 19,500                                       |
| Agriculture             | 35,077                                     | 2,500               | -                  | -                  | 92                                 | 37,669                                       |
| Communications          | 75,407                                     | 16,000              | -                  | -                  | (0)                                | 91,407                                       |
| Distribution            | 420,350                                    | -                   | -                  | -                  | (19,712)                           | 400,638                                      |
| Entertainment & Tourism | 255,976                                    | -                   | (10,051)           | -                  | 25,351                             | 271,275                                      |
| Financial Services      | 1,112,008                                  | 127,227             | -                  | -                  | (61,066)                           | 1,178,169                                    |
| Gaming                  | 323,542                                    | -                   | -                  | -                  | -                                  | 323,542                                      |
| ICT                     | 35,458                                     | -                   | -                  | -                  | 5,630                              | 41,089                                       |
| Manufacturing           | 29,715                                     | 32,000              | (1,607)            | -                  | (108)                              | 60,000                                       |
| Other Holdings          | -  | -                   | -                  | -                  | -                                  | -  |
| Other Services          | 31,792                                     | -                   | -                  | -                  | (12,942)                           | 18,850                                       |
| Real Estate             | 215,927                                    | -                   | -                  | -                  | 33,213                             | 249,140                                      |
|                         | <u>2,545,752</u>                           | <u>177,727</u>      | <u>(11,658)</u>    | <u>8,452</u>       | <u>(28,994)</u>                    | <u>2,691,279</u>                             |

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 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<br>January 1,<br>2014<br>Rs'000 | Additions<br>Rs'000 | Disposal<br>Rs'000 | Transfer to<br>level 1<br>Rs'000 | Fair value<br>Adjustment<br>Rs'000 | Balance at<br>December 31,<br>2014<br>Rs'000 |
|---|--|---------------------|--------------------|----------------------------------|------------------------------------|--|
| Investment at fair value through profit and loss: |  |                     |                    |                                  |                                    |  |
| Communications                                    | 212,441                                    | -                   | -                  | -                                | (60,985)                           | 151,456                                      |
| Financial services                                | 630,517                                    | -                   | -                  | -                                | 13,147                             | 643,664                                      |
| Gaming  | 595,000                                    | -                   | (148,750)          | (318,750)                        | (127,500)                          | -  |
| Manufacturing                                     | 671,790                                    | -                   | -                  | -                                | (28,407)                           | 643,382                                      |
| Real Estate                                       | 815,047                                    | -                   | -                  | -                                | (46,655)                           | 768,392                                      |
|   | <u>2,924,794</u>                           | <u>-</u>            | <u>(148,750)</u>   | <u>(318,750)</u>                 | <u>(250,401)</u>                   | <u>2,206,894</u>                             |

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.

### 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).

### 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.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****4.1 Critical accounting estimates and assumptions (cont'd)****(b) Pension benefits**

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 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. In addition, it measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Company engaged independent valuation specialists to determine fair value as at 31 December 2014. For the investment property the valuer used a valuation technique based on a discounted cash flow model as there is a lack of comparable market data because of the nature of the property.

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) Asset lives and residual values**

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

**(g) Depreciation policies**

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

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties the directors reviewed the Company's investment property portfolio and concluded that none of the Company's investment property portfolio are held under a business model 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 recovered any deferred taxes on changes in fair value of investment properties as the Company is not subject to any capital gain taxes on disposal of its investment properties.

**(i) Investment entities**

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

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



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 5. PLANT AND EQUIPMENT

|                        | Buildings<br>Rs'000 | Office<br>furniture<br>and fittings<br>Rs'000 | Motor<br>vehicles<br>Rs'000 | Total<br>Rs'000 |
|------------------------|---------------------|---|-----------------------------|-----------------|
| <b>2015</b>            |                     |   |                             |                 |
| <b>COST</b>            |                     |   |                             |                 |
| At January 1,          | 25,122              | 18,577  | 17,993                      | 61,692          |
| Disposal               |                     | (234)   | (13,514)                    | (13,748)        |
| <b>At December 31,</b> | <b>25,122</b>       | <b>18,343</b>                                 | <b>4,479</b>                | <b>47,944</b>   |
| <b>DEPRECIATION</b>    |                     |   |                             |                 |
| 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)        |
| <b>At December 31,</b> | <b>10,300</b>       | <b>17,951</b>                                 | <b>4,479</b>                | <b>32,730</b>   |
| <b>NET BOOK VALUES</b> |                     |   |                             |                 |
| <b>At December 31,</b> | <b>Rs. 14,822</b>   | <b>392</b>                                    | <b>-</b>                    | <b>15,213</b>   |

|  | Buildings<br>Rs'000 | Office<br>furniture<br>and fittings<br>Rs'000 | Motor<br>vehicles<br>Rs'000 | Total<br>Rs'000 |
|--|---------------------|---|-----------------------------|-----------------|
| <b>2014</b>                              |                     |   |                             |                 |
| <b>COST</b>                              |                     |   |                             |                 |
| At January 1,                            | 33,574              | 18,324  | 17,993                      | 69,891          |
| Additions                                | -                   | 253   | -                           | 253             |
| Transfer to investment property (note 6) | (8,452)             | -   | -                           | (8,452)         |
| <b>At December 31,</b>                   | <b>25,122</b>       | <b>18,577</b>                                 | <b>17,993</b>               | <b>61,692</b>   |
| <b>DEPRECIATION</b>                      |                     |   |                             |                 |
| At January 1,                            | 9,295               | 17,006  | 11,119                      | 37,419          |
| Charge for the year                      | 502                 | 548   | 2,864                       | 3,914           |
| <b>At December 31,</b>                   | <b>9,798</b>        | <b>17,553</b>                                 | <b>13,983</b>               | <b>41,334</b>   |
| <b>NET BOOK VALUES</b>                   |                     |   |                             |                 |
| <b>At December 31,</b>                   | <b>Rs. 15,324</b>   | <b>1,024</b>                                  | <b>4,010</b>                | <b>20,358</b>   |

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

| 6. INVESTMENT PROPERTY  | 2015<br>Rs'000 | 2014<br>Rs'000 |
|---|----------------|----------------|
| At January 1,   | 19,500         | 10,500         |
| Transfer from property, plant and equipment (note 5)                    | -              | 8,452          |
| Increase/(Decrease) in fair value of investment properties (note (iii)) | -              | 548            |
| At December 31,   | <u>19,500</u>  | <u>19,500</u>  |

- (i) Land situated at Anse Courtois, Pailles is valued at fair value at 13 May 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 only 75% of the value 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 is valued at fair value at 31 December 2013 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
- (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.
- (ii) Rental income from investment properties amounted to Rs 1.56m.(2014: 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<br>rights<br>Rs'000 | Computer<br>software<br>Rs'000 | Total<br>Rs'000 |
|---|-------------------------------|--------------------------------|-----------------|
| <b>COST</b>                                 |                               |                                |                 |
| At January 1, 2015 and at December 31, 2015 | <u>15,000</u>                 | <u>10,437</u>                  | <u>25,437</u>   |
| <b>AMORTISATION</b>                         |                               |                                |                 |
| At January 1, 2015                          | 1,015                         | 9,515                          | 10,530          |
| Charge for the year                         | <u>250</u>                    | <u>359</u>                     | <u>609</u>      |
| At December 31, 2015                        | <u>1,265</u>                  | <u>9,875</u>                   | <u>11,139</u>   |
| <b>NET BOOK VALUES</b>                      |                               |                                |                 |
| At December 31, 2015                        | Rs. <u>13,735</u>             | <u>562</u>                     | <u>14,297</u>   |

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

| 7. INTANGIBLE ASSETS (CONT'D) | Leasehold         | Computer      | Total         |
|-------------------------------|-------------------|---------------|---------------|
|                               | rights            | software      |               |
|                               | Rs'000            | Rs'000        | Rs'000        |
| <b>COST</b>                   |                   |               |               |
| At January 1, 2014            | 15,000            | 9,074         | 24,074        |
| Additions                     | -                 | 1,363         | 1,363         |
| <b>At December 31, 2014</b>   | <b>15,000</b>     | <b>10,437</b> | <b>25,437</b> |
| <b>AMORTISATION</b>           |                   |               |               |
| At January 1, 2014            | 765               | 9,005         | 9,770         |
| Charge for the year           | 250               | 510           | 760           |
| <b>At December 31, 2014</b>   | <b>1,015</b>      | <b>9,515</b>  | <b>10,530</b> |
| <b>NET BOOK VALUES</b>        |                   |               |               |
| <b>At December 31, 2014</b>   | Rs. <b>13,985</b> | <b>921</b>    | <b>14,907</b> |

Intangible assets include leasehold rights with a remaining useful life of fifty five and half years.

The leasehold rights relates to land situated at:

- 1A Victoria Avenue, Quatre Borne of an extent of 4221m<sup>2</sup> at a cost of Rs 10,000,790.
- 50P Victoria Avenue, Quatre Borne of an extent of 4221m<sup>2</sup> at a cost of Rs 4,999,210.

## 8. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

|  | 2015             | 2014             |
|--|------------------|------------------|
|  | Rs'000           | Rs'000           |
| Investment in subsidiaries at fair value through profit or loss (see note (a)) | 1,292,646        | 1,329,311        |
| Investment in associates at fair value through profit or loss (see note (b))   | 1,104,115        | 1,114,108        |
| Other investments at fair value through profit or loss (see note (c))          | 3,221,905        | 4,109,478        |
|  | <b>5,618,666</b> | <b>6,552,897</b> |
| <b>(a) Investment in subsidiaries at fair value through profit or loss</b>     | <b>2015</b>      | <b>2014</b>      |
|  | Rs'000           | Rs'000           |
| At January 1   | 1,329,311        | 1,358,979        |
| Additions  | 50,000           | -                |
| Decrease in fair value (note 18)   | (86,664)         | (29,668)         |
| <b>At December 31,</b>   | <b>1,292,646</b> | <b>1,329,311</b> |

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 investment 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.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 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<br>Shares held | Year<br>end | Proportion of ownership |           |           |           | Activity                |
|--|-------------------------|-------------|-------------------------|-----------|-----------|-----------|-------------------------|
|  |                         |             | Direct                  |           | Indirect  |           |                         |
|  |                         |             | 2015<br>%               | 2014<br>% | 2015<br>% | 2014<br>% |                         |
| Beach Casinos Limited                    | Ordinary                | 31-Dec-15   | 100.00                  | 100.00    | -         | -         | Gaming                  |
| Capital Asset Management Limited         | Ordinary                | 31-Dec-15   | 100.00                  | 100.00    | -         | -         | Fund Management         |
| Casino de Maurice Limited                | Ordinary                | 31-Dec-15   | 100.00                  | 100.00    | -         | -         | Gaming                  |
| Casino Equipment Limited                 | Ordinary                | 31-Dec-15   | 4.76                    | 4.76      | 59.00     | 59.00     | Equipment Assembly      |
| Compagnie Mauricienne D'Hippodromes Ltée | Ordinary                | 31-Dec-15   | -                       | -         | 81.00     | 81.00     | Property Development    |
| Domaine Les Pailles Limitée              | Ordinary                | 31-Dec-15   | 8.63                    | 8.63      | 66.64     | 66.64     | Food & Consumer goods   |
| Domaine Les Pailles Training Centre Ltd  | Ordinary                | 31-Dec-15   | -                       | -         | 75.00     | 75.00     | Training                |
| EREFT Management Ltd                     | Ordinary                | 31-Dec-15   | 100.00                  | 100.00    | -         | -         | Management services     |
| Guibies Holding Ltd                      | Ordinary                | 31-Dec-15   | 10.00                   | 10.00     | 72.00     | 72.00     | Property Development    |
| Guibies Properties Ltd                   | Ordinary                | 31-Dec-15   | -                       | -         | 81.00     | 81.00     | Property Development    |
| Lakepoint Limited                        | Ordinary                | 31-Dec-15   | 100.00                  | 100.00    | -         | -         | Leisure & Entertainment |
| Le Caudan Waterfront Casino Limited      | Ordinary                | 31-Dec-15   | 51.00                   | 51.00     | -         | -         | Gaming                  |
| Le Grand Casino Du Domaine Limited       | Ordinary                | 31-Dec-15   | 62.36                   | 62.36     | -         | -         | Gaming                  |

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 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<br>Shares held | Year<br>end | Proportion of ownership |           |           |           | Activity               |
|--|-------------------------|-------------|-------------------------|-----------|-----------|-----------|------------------------|
|  |                         |             | Direct                  |           | Indirect  |           |                        |
|  |                         |             | 2015<br>%               | 2014<br>% | 2015<br>% | 2014<br>% |                        |
| Le Val Development Limited                   | Ordinary                | 31-Dec-15   | 70.00                   | 70.00     | -         | -         | Property Development   |
| Les Pailles Management Limited               | Ordinary                | 31-Dec-15   | 100.00                  | 100.00    | -         | -         | Management Services    |
| MJTI Propeties Limited                       | Ordinary                | 31-Dec-15   | 91.37                   | 91.37     | -         | -         | Property Development   |
| Prime Partners Limited                       | Ordinary                | 31-Dec-15   | 100.00                  | 100.00    | -         | -         | Corporate Services     |
| Prime Securities Ltd                         | Ordinary                | 31-Dec-15   | 80.00                   | 80.00     | -         | -         | Stock Broking Services |
| Prime Real Estate Limited                    | Ordinary                | 31-Dec-15   | 80.00                   | 80.00     | -         | -         | Property Development   |
| SIC Fund Management Ltd                      | Ordinary                | 31-Dec-15   | 100.00                  | 100.00    | -         | -         | Fund Management        |
| SIC Management Services Company Limited      | Ordinary                | 31-Dec-15   | 100.00                  | 100.00    | -         | -         | Management Services    |
| State Investment Finance Corporation Limited | Ordinary                | 31-Dec-15   | 80.00                   | 80.00     | -         | -         | Investment             |
| Sun Casinos Limited                          | Ordinary                | 31-Dec-15   | 100.00                  | 100.00    | -         | -         | Gaming                 |
| Grand Baie Casino Limited                    | Ordinary                | 31-Dec-15   | 100.00                  | -         | -         | 4.72      | 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.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

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

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

|   | <u>2015</u>      | <u>2014</u>      |
|---|------------------|------------------|
|   | Rs'000           | Rs'000           |
| (iii) Subsidiaries are denominated in the following currencies: |                  |                  |
| Rupee   | <u>1,292,646</u> | <u>1,329,311</u> |

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

| <u>At December 31, 2015</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------|----------------|----------------|----------------|--------------|
|                             | Rs'000         | Rs'000         | Rs'000         | Rs'000       |
| Investment in subsidiaries  | -              | 802,407        | 490,239        | 1,292,646    |
| <u>At December 31, 2014</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|                             | Rs'000         | Rs'000         | Rs'000         | Rs'000       |
| Investment in subsidiaries  | -              | 768,392        | 560,919        | 1,329,311    |

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

|   | Investment in subsidiaries at<br>fair value through profit or loss |                |
|---|--|----------------|
|   | <u>2015</u>  | <u>2014</u>    |
|   | Rs'000   | Rs'000         |
| Opening balance                             | 560,919  | 543,932        |
| Additions                                   | 50,000   | -              |
| Gains/(losses) recognised in profit or loss | (120,679)  | 16,987         |
| Closing balance                             | <u>490,239</u>   | <u>560,919</u> |

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

|   | <u>2015</u>      | <u>2014</u>      |
|---|------------------|------------------|
|   | Rs'000           | Rs'000           |
| At January 1,                             | 1,114,108        | 1,814,017        |
| Additions during the year                 | -                | 7,810            |
| Disposal during the year                  | (19,567)         | (150,465)        |
| Transfer to available-for-sale (Note (c)) | -                | (446,250)        |
| Fair value (decrease)/increase (note 18)  | 9,573            | (111,005)        |
| At December 31,                           | <u>1,104,115</u> | <u>1,114,108</u> |

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.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 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<br>Shares held | Year<br>end | Proportion of ownership |       |          |      | Activity                  |
|--|-------------------------|-------------|-------------------------|-------|----------|------|---------------------------|
|  |                         |             | Direct                  |       | Indirect |      |                           |
|  |                         |             | 2015                    | 2014  | 2015     | 2014 |                           |
|  |                         |             | %                       | %     | %        | %    |                           |
| Editions de l'Ocean Indien Limitée             | Ordinary                | 31-Dec-15   | 49.98                   | 49.98 | -        | -    | Editing and printing      |
| Mauritius Duty Free Paradise Co Ltd            | Ordinary                | 31-Dec-15   | 20.00                   | 20.00 | -        | -    | Distribution              |
| Mauritius Shopping Paradise Co Ltd             | Ordinary                | 31-Dec-15   | 43.35                   | 43.35 | -        | -    | Distribution              |
| Mauritius Land Based Oceanic Park Ltd          | Ordinary                | 31-Dec-15   | 63.00                   | 63.00 | -        | -    | Utilities                 |
| National Equity Fund                           | Preference              | 31-Dec-15   | 25.00                   | 25.00 | -        | -    | Financial Services        |
| Pointe Coton Resorts Hotels Co Limited         | Ordinary                | 31-Dec-15   | 28.54                   | 28.54 | -        | -    | Leisure and Entertainment |
| Port Louis Fund Ltd                            | Ordinary                | 31-Dec-15   | 37.84                   | 37.84 | -        | -    | Investment fund           |
| Rodrigues Venture Capital and Leasing Fund Ltd | Ordinary                | 31-Dec-15   | 50.00                   | 50.00 | -        | -    | Financial Services        |
| Spendid Property Co Ltd                        | Ordinary                | 31-Dec-15   | 25.00                   | 25.00 | -        | -    | Real Estate               |
| State Informatics Limited                      | Ordinary                | 31-Dec-15   | 20.00                   | 20.00 | -        | -    | ICT                       |

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

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

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

## (ii) Restrictions

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

## (iii) Support

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

## (iv) Associates are denominated in the following currencies:

|       | <u>2015</u>      | <u>2014</u>      |
|-------|------------------|------------------|
|       | Rs'000           | Rs'000           |
| Rupee | 687,742          | 718,755          |
| Euro  | 416,372          | 395,354          |
|       | <u>1,104,115</u> | <u>1,114,108</u> |

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

| <u>At December 31, 2015</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------|----------------|----------------|----------------|--------------|
|                             | Rs'000         | Rs'000         | Rs'000         | Rs'000       |
| Investment in associates    | -              | -              | 1,104,115      | 1,104,115    |

| <u>At December 31, 2014</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|-----------------------------|----------------|----------------|----------------|--------------|
|                             | Rs'000         | Rs'000         | Rs'000         | Rs'000       |
| Investment in associates    | -              | -              | 1,114,108      | 1,114,108    |

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

|   | Investment in associates at<br>at fair value through<br>profit or loss |                  |
|---|--|------------------|
|   | <u>2015</u>  | <u>2014</u>      |
|   | Rs'000   | Rs'000           |
| Opening balance                             | 1,114,108  | 1,219,018        |
| Gains/(losses) recognised in profit or loss | 9,573  | (111,005)        |
| Purchases                                   | -  | 7,810            |
| Disposal                                    | (19,567)   | (1,715)          |
| Closing balance                             | <u>1,104,115</u>   | <u>1,114,108</u> |



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

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

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

|                      | Held-to-maturity |                | Available-for-sale |                  |                  |
|----------------------|------------------|----------------|--------------------|------------------|------------------|
|                      | Unquoted         | Listed         | the DEM            | Unquoted         | Total            |
|                      | Rs'000           | Rs'000         | Rs'000             | Rs'000           | Rs'000           |
| At January 1, 2015   | 79,329           | 1,522,787      | 151,437            | 2,355,924        | 4,109,478        |
| Additions            | -                | 350            | -                  | -                | 350              |
| Disposals            | (23,564)         | (306,418)      | (55,649)           | (11,615)         | (397,245)        |
| Fair value losses    | -                | (368,435)      | (16,453)           | (105,789)        | (490,677)        |
| At December 31, 2015 | <u>55,766</u>    | <u>848,284</u> | <u>79,335</u>      | <u>2,238,520</u> | <u>3,221,905</u> |

|                           | Held-to-maturity |                  | Available-for-sale |                  |                  |
|---------------------------|------------------|------------------|--------------------|------------------|------------------|
|                           | Unquoted         | Listed           | the DEM            | Unquoted         | Total            |
|                           | Rs'000           | Rs'000           | Rs'000             | Rs'000           | Rs'000           |
| At January 1, 2014        | 57,380           | 1,385,852        | 170,797            | 2,229,671        | 3,843,700        |
| Additions                 | 32,000           | 31               | -                  | 43,592           | 75,623           |
| Disposals                 | (10,051)         | -                | -                  | -                | (10,051)         |
| Transfer from associates  | -                | 446,250          | -                  | -                | 446,250          |
| Fair value gains/(losses) | -                | (309,346)        | (19,360)           | 82,661           | (246,044)        |
| At December 31, 2014      | <u>79,329</u>    | <u>1,522,787</u> | <u>151,437</u>     | <u>2,355,924</u> | <u>4,109,478</u> |

| (i) At December 31, 2015            | Level 1        | Level 2          | Level 3          | Total            |
|-------------------------------------|----------------|------------------|------------------|------------------|
|                                     | Rs'000         | Rs'000           | Rs'000           | Rs'000           |
| Available-for-sale financial assets | 927,619        | 1,250,036        | 988,484          | 3,166,140        |
| Held-to-maturity investments        | -              | -                | 55,766           | 55,766           |
| Total                               | <u>927,619</u> | <u>1,250,036</u> | <u>1,044,249</u> | <u>3,221,905</u> |

| At December 31, 2014                | Level 1          | Level 2          | Level 3        | Total            |
|-------------------------------------|------------------|------------------|----------------|------------------|
|                                     | Rs'000           | Rs'000           | Rs'000         | Rs'000           |
| Available-for-sale financial assets | 1,674,224        | 1,438,502        | 917,423        | 4,030,149        |
| Held-to-maturity investments        | -                | -                | 79,329         | 79,329           |
| Total                               | <u>1,674,224</u> | <u>1,438,502</u> | <u>996,752</u> | <u>4,109,478</u> |

## (ii) Available-for-sale are denominated in the following currencies:

| Currency  | 2015             | 2014             |
|-----------|------------------|------------------|
|           | Rs'000           | Rs'000           |
| Rupee     | 2,882,503        | 3,728,794        |
| US Dollar | 283,637          | 301,354          |
|           | <u>3,166,140</u> | <u>4,030,149</u> |

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

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

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

|       | 2015              | 2014          |
|-------|-------------------|---------------|
|       | Rs'000            | Rs'000        |
| Rupee | Rs. <u>55,766</u> | <u>79,329</u> |

(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 | 10,051 | 31 March 2015  | 9.25%   |
| Solid Waste Recycling Ltd             | 45,714 | 31 Dec 2020    | 9.00%   |

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

|                                    | Available for<br>sale | Held-to-<br>maturity | Total            |
|------------------------------------|-----------------------|----------------------|------------------|
|                                    | Rs'000                | Rs'000               | Rs'000           |
| Opening balance                    | 917,423               | 79,329               | 996,752          |
| Gains recognised in profit or loss | 82,755                | -                    | 82,755           |
| Disposal                           | (11,694)              | (23,564)             | (35,258)         |
| Closing balance                    | <u>988,484</u>        | <u>55,766</u>        | <u>1,044,249</u> |

The table below shows the changes in Level 3 instruments for the year ended December 31, 2014

|                                    | Available for<br>sale | Held-to-<br>maturity | Total          |
|------------------------------------|-----------------------|----------------------|----------------|
|                                    | Rs'000                | Rs'000               | Rs'000         |
| Opening balance                    | 704,392               | 57,380               | 761,772        |
| Gains recognised in profit or loss | 66,749                | -                    | 66,749         |
| Purchases                          | 146,281               | 32,000               | 178,281        |
| Disposal                           | -                     | (10,051)             | (10,051)       |
| Closing balance                    | <u>917,423</u>        | <u>79,329</u>        | <u>996,752</u> |

## 9. NON-CURRENT RECEIVABLES

|                               | 2015         | 2014         |
|-------------------------------|--------------|--------------|
|                               | Rs'000       | Rs'000       |
| Loans to employees (note (a)) | <u>9,532</u> | <u>8,382</u> |

(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

|                                  | 2015               | 2014           |
|----------------------------------|--------------------|----------------|
|                                  | Rs'000             | Rs'000         |
| Trade receivables                | 41,622             | 31,483         |
| Prepayments                      | 459                | 679            |
| Receivables from related parties | 405,741            | 375,723        |
| Other receivables                | 92,755             | 10,362         |
|                                  | Rs. <u>540,577</u> | <u>418,248</u> |

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 10. TRADE AND OTHER RECEIVABLES (CONT'D)

- (a) The carrying amount of trade and other receivables approximate their fair values.
- (b) As of December 31, 2015 trade receivable of Rs. 801,908 (2014: Rs. 409,158) 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:

|               | <u>2015</u><br>Rs'000 | <u>2014</u><br>Rs'000 |
|---------------|-----------------------|-----------------------|
| Over 6 months | <u>802</u>            | <u>409</u>            |

- (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

|   | <u>2015 &amp; 2014</u><br>Number | <u>2015 &amp; 2014</u><br>Rs'000 |
|---|----------------------------------|----------------------------------|
| <u>Authorised, Issued &amp; Fully Paid</u><br>Ordinary shares of Rs.10 each | <u>8,500,010</u>                 | <u>85,000</u>                    |

## 12. RETIREMENT BENEFIT OBLIGATION

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

|   | <u>2015</u><br>Rs'000 | <u>2014</u><br>Rs'000 |
|---|-----------------------|-----------------------|
| Amount recognised in the statement of financial position:<br>Defined pension plan | <u>(1,231)</u>        | <u>6,738</u>          |
| Amount charged to profit or loss:<br>Defined pension plan                         | <u>1,777</u>          | <u>2,001</u>          |
| Amount charged to other comprehensive income:<br>Defined pension plan             | <u>(8,212)</u>        | <u>(449)</u>          |

- (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, 2015 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.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 12. RETIREMENT BENEFIT OBLIGATION (CONT'D)

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

|  | 2015           | 2014         |
|--|----------------|--------------|
|  | Rs'000         | Rs'000       |
| Present value of funded obligations                      | 59,264         | 67,134       |
| Fair value of plan assets                                | (60,495)       | (60,395)     |
| (Asset)/Liability in the statement of financial position | <u>(1,231)</u> | <u>6,738</u> |

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

|                                       | 2015           | 2014         |
|---------------------------------------|----------------|--------------|
|                                       | Rs'000         | Rs'000       |
| At January 1,                         | 6,738          | 6,827        |
| Charged to profit or loss             | 1,777          | 2,001        |
| Charged to other comprehensive income | (8,212)        | (449)        |
| Contributions paid                    | (1,534)        | (1,640)      |
| Balance at December 31,               | <u>(1,231)</u> | <u>6,738</u> |

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

|                      | 2015          | 2014          |
|----------------------|---------------|---------------|
|                      | Rs'000        | Rs'000        |
| At January 1,        | 67,134        | 62,981        |
| Current service cost | 1,956         | 2,251         |
| Interest expense     | 5,035         | 5,038         |
| Actuarial (gain)     | (12,031)      | (1,813)       |
| Benefits paid        | (2,830)       | (1,324)       |
| At December 31,      | <u>59,264</u> | <u>67,134</u> |

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

|                                    | 2015          | 2014          |
|------------------------------------|---------------|---------------|
|                                    | Rs'000        | Rs'000        |
| At January 1,                      | 60,395        | 56,155        |
| Return on plan assets              | 4,508         | 4,535         |
| Contributions by plan participants | 748           | 801           |
| Contributions by the employer      | 1,496         | 1,602         |
| Benefits paid                      | (2,834)       | (1,334)       |
| Asset gain/(loss)                  | (3,819)       | (1,364)       |
| At December 31,                    | <u>60,495</u> | <u>60,395</u> |

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

|  | 2015         | 2014         |
|--|--------------|--------------|
|  | Rs'000       | Rs'000       |
| Current service cost                       | 1,956        | 2,251        |
| Employee contributions                     | (748)        | (801)        |
| Fund expenses                              | 42           | 48           |
| Interest expense                           | 527          | 503          |
| Total included in employee benefit expense | <u>1,777</u> | <u>2,001</u> |

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 12. RETIREMENT BENEFIT OBLIGATION (CONT'D)

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

|   | 2015           | 2014         |
|---|----------------|--------------|
|   | Rs'000         | Rs'000       |
| Remeasurement on the net defined benefit liability: |                |              |
| Liability experience losses                         | (12,031)       | (1,813)      |
| Actuarial gain                                      | 3,819          | 1,364        |
|   | <u>(8,212)</u> | <u>(449)</u> |

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

|                                | 2015          | 2014          |
|--------------------------------|---------------|---------------|
|                                | %             | %             |
| Government securities and cash | 58.10         | 57.10         |
| Loans                          | 4.30          | 4.10          |
| Local equities                 | 15.90         | 21.10         |
| Overseas bonds and equities    | 21.00         | 17.00         |
| Property                       | 0.70          | 0.70          |
|                                | <u>100.00</u> | <u>100.00</u> |

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

|                            | 2015 | 2014 |
|----------------------------|------|------|
|                            | %    | %    |
| Discount rate              | 7.50 | 8.00 |
| Future salary growth rate  | 6.00 | 6.50 |
| Future pension growth rate | 5.00 | 5.50 |

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

|                             | Increase  | Decrease |
|-----------------------------|-----------|----------|
| <u>December 31, 2015</u>    |           |          |
| Discount rate (1% movement) | Rs 10.2 M | Rs 8.0 M |
| <u>December 31, 2014</u>    |           |          |
| Discount rate (1% movement) | Rs 11.7 M | Rs 9.4 M |

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

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

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 12. RETIREMENT BENEFIT OBLIGATION (CONT'D)

- (xi) The defined benefit pension plan exposes the company to actuarial risks, such as longevity risk, currency 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 1,411,297 in contributions to its post-employment benefit plans for the year ending December 31, 2016.
- (xiv) The weighted average duration of the defined benefit obligation is 17 years at the end of the reporting period. (2014: 17 years)

## 13. OTHER LIABILITIES

|                           | 2015           | 2014           |
|---------------------------|----------------|----------------|
|                           | Rs'000         | Rs'000         |
| At January 1,             | 317,250        | 423,000        |
| Repayment during the year | (105,750)      | (105,750)      |
| At December 31,           | <u>211,500</u> | <u>317,250</u> |

The other payable 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        | 211,500        |
| After one year and before three years | 105,750        | 105,750        |
|                                       | <u>211,500</u> | <u>317,250</u> |

## 14. DEFERRED TAX (LIABILITIES)/ASSETS

Deferred income tax is calculated on all temporary differences under the liability method at 15% (2014: 15%).

There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and 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:

|                                   | 2015         | 2014       |
|-----------------------------------|--------------|------------|
|                                   | Rs'000       | Rs'000     |
| Deferred tax (liabilities)/assets | <u>(510)</u> | <u>715</u> |

The movement on deferred income tax account is as follows:

|  | 2015         | 2014       |
|--|--------------|------------|
|  | Rs'000       | Rs'000     |
| At January 1,                            | 715          | 1,094      |
| Movement in profit or loss               | 6            | (312)      |
| Credit to the other comprehensive income | (1,232)      | (67)       |
| At December 31,                          | <u>(510)</u> | <u>715</u> |

Rs.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 14. DEFERRED TAX (LIABILITIES)/ASSETS (CONT'D)

Deferred tax assets, deferred tax charge/(credit) in the profit or loss are attributable to the following items

|  | At January 1,<br>2015 | Charge to<br>Profit or loss | Charge to<br>OCI | at December 31<br>2015 |
|--|-----------------------|-----------------------------|------------------|------------------------|
|  | Rs'000                | Rs'000                      | Rs'000           | Rs'000                 |
| <b>Deferred income tax</b>                       |                       |                             |                  |                        |
| Accelerated tax depreciation                     | (296)                 | (30)                        | -                | (326)                  |
| Retirement benefit obligations                   | 1,011                 | 36                          | (1,232)          | (184)                  |
| <b>Net deferred income tax (liabilities)/Rs.</b> | <b>715</b>            | <b>6</b>                    | <b>(1,232)</b>   | <b>(510)</b>           |

|                                       | At January 1,<br>2014 | Charge to<br>Profit or loss | Charge to<br>OCI | at December 31<br>2014 |
|---------------------------------------|-----------------------|-----------------------------|------------------|------------------------|
|                                       | Rs'000                | Rs'000                      | Rs'000           | Rs'000                 |
| <b>Deferred income tax</b>            |                       |                             |                  |                        |
| Accelerated tax depreciation          | 70                    | (366)                       | -                | (296)                  |
| Retirement benefit obligations        | 1,024                 | 54                          | (67)             | 1,011                  |
| <b>Net deferred income tax assets</b> | <b>1,094</b>          | <b>(312)</b>                | <b>(67)</b>      | <b>715</b>             |

## 15. OTHER PAYABLES

|  | 2015           | 2014           |
|--|----------------|----------------|
|  | Rs'000         | Rs'000         |
| Payable to Government of Mauritius - RWG (note 26) | 767,775        | 845,920        |
| Other payables                                     | 103,888        | 32,904         |
|  | <b>871,663</b> | <b>878,823</b> |

The carrying amounts of trade and 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 the 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

|   | 2015       | 2014       |
|---|------------|------------|
|   | Rs'000     | Rs'000     |
| (a) <u>Statement of financial position</u>            |            |            |
| At July 1,  | 191        | 690        |
| Charge for the year                                   | 1,375      | 1,567      |
| (Over)/under provision of income tax of previous year | -          | (202)      |
| PAYE Credit   | -          | (817)      |
| CSR liability   | 210        | 121        |
| Paid during the year                                  | (1,383)    | (1,167)    |
| At June 30,   | <b>393</b> | <b>191</b> |

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

| 16. INCOME TAX (CONT'D)  | 2015              | 2014         |
|--|-------------------|--------------|
|  | Rs'000            | Rs'000       |
| (b) <u>Statement of profit or loss</u>                             |                   |              |
| Current tax on the adjusted profit for the year at 15% (2014: 15%) | 1,375             | 1,567        |
| (Over)/under provision of income tax of previous year              | -                 | (202)        |
| Deferred tax movement (note 14)                                    | (6)               | 312          |
| Tax claimed in previous periods (note (a))                         | 56,519            | -            |
| Charge for the year  | Rs. <u>57,887</u> | <u>1,677</u> |

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:

|   | 2015              | 2014             |
|---|-------------------|------------------|
|   | Rs'000            | Rs'000           |
| (Loss) before taxation                                | <u>(635,626)</u>  | <u>(310,563)</u> |
| Tax calculated at a rate of 15% (2014: 15%)           | (95,344)          | (46,584)         |
| Tax effect of :                                       |                   |                  |
| Expenses not deductible for tax purposes              | 115,407           | 82,694           |
| Income not subject to tax                             | (18,694)          | (34,616)         |
| Adjustment  | -                 | (2,969)          |
| Tax claimed in previous periods (note (a))            | 56,519            | -                |
| (Over)/under provision of income tax of previous year | -                 | (202)            |
| Charge for the year                                   | Rs. <u>57,887</u> | <u>(1,677)</u>   |

- (a) Further to MRA assessment for periods 2005/2006 to 2013/2014, a claim has been submitted to the company to pay income tax on deemed interest income on interest free advances made to its related parties, and the related penalties and interests amounting to Rs 56,518,968. The income tax on the deemed interest for the tax year 2015 has not yet been provided for.

| 17. BORROWINGS                                 | 2015             | 2014          |
|--|------------------|---------------|
|  | Rs'000           | Rs'000        |
| <b>Current</b>                                 |                  |               |
| Bank overdraft                                 | 1,369            | 43,044        |
| Bank overdraft on behalf of GOM for RWG scheme | -                | 2             |
| Bank overdraft                                 | Rs. <u>1,369</u> | <u>43,046</u> |

- (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.



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

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

|  | 2015             | 2014             |
|--|------------------|------------------|
|  | 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))                                     | (86,664)         | (29,668)         |
| Investment in associates (note 8(b))                                       | 9,573            | (111,005)        |
| Other investments (note 8(c))  | (490,677)        | (246,044)        |
| Net change on investments at fair value through profit or loss             | <u>(567,768)</u> | <u>(386,717)</u> |

## 19. INVESTMENT INCOME

|                                 | 2015           | 2014           |
|---------------------------------|----------------|----------------|
|                                 | Rs'000         | Rs'000         |
| Dividend income                 | 121,598        | 172,832        |
| Interest on debentures          | 7,715          | 7,924          |
| Profit on disposal of associate | -              | 58,393         |
|                                 | <u>129,313</u> | <u>239,149</u> |

## 20. INTEREST INCOME

|                           | 2015         | 2014         |
|---------------------------|--------------|--------------|
|                           | Rs'000       | Rs'000       |
| Staff loan                | 501          | 433          |
| Loan to related companies | 43           | 43           |
| Bank deposits             | 1,651        | 699          |
|                           | <u>2,195</u> | <u>1,175</u> |

## 21. OTHER INCOME

|   | 2015         | 2014         |
|---|--------------|--------------|
|   | Rs'000       | Rs'000       |
| Management fees                           | 1,200        | 1,200        |
| Rental income                             | 1,560        | 1,560        |
| Directorship Fees                         | 2,651        | 5,450        |
| Other miscellaneous income                | 1,306        | 96           |
| Profit on disposal of plant and equipment | 548          | -            |
|   | <u>7,266</u> | <u>8,305</u> |

## 22. EMPLOYEE BENEFIT EXPENSE

|  | 2015          | 2014          |
|--|---------------|---------------|
|  | Rs'000        | Rs'000        |
| Wages and salaries, including termination benefits | 24,997        | 38,933        |
| Social security costs                              | 128           | 209           |
| Pension costs - defined benefit plans              | 243           | 361           |
|  | <u>25,368</u> | <u>39,504</u> |

## 23. INTEREST EXPENSE

|                | 2015         | 2014         |
|----------------|--------------|--------------|
|                | Rs'000       | Rs'000       |
| Bank overdraft | 316          | 4,780        |
| Other loans    | 917          | -            |
|                | <u>1,233</u> | <u>4,780</u> |

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 24. NOTES TO THE STATEMENT OF CASH FLOWS

|   | Notes | 2015             | 2014           |
|---|-------|------------------|----------------|
|   |       | Rs'000           | Rs'000         |
| <b>(a) Cash generated from operations</b>                   |       |                  |                |
| (Loss) for the year   |       | (635,626)        | (310,563)      |
| Adjustments for:  |       |                  |                |
| Depreciation on property, plant and equipment               | 5     | 2,166            | 3,914          |
| Amortisation of intangible assets                           | 7     | 609              | 760            |
| Gain on sale of property, plant and equipment               |       | (549)            | -              |
| (Increase)/decrease in fair value of investment property    | 6     | -                | (548)          |
| Exchange difference movement                                |       | (1,082)          | (2,259)        |
| Loss/(Profit) on disposal of investment                     |       | 34,835           | (58,393)       |
| Fair value losses on financial assets at fair value through | 18    | 567,768          | 386,717        |
| CSR liability included in tax liability                     |       | 210              | 121            |
| PAYE credit offset in tax liability                         |       | -                | (817)          |
| Interest costs  | 23    | 1,233            | 4,780          |
| Interest revenue  |       | (9,910)          | (9,099)        |
| Decrease in provision of Retirement benefit obligation      |       | 243              | 361            |
| Changes in working capital:                                 |       |                  |                |
| - trade and other receivables                               |       | (131,702)        | 13,914         |
| - trade and other payables                                  |       | (55,457)         | 154,549        |
| Cash generated (absorbed in)/from operations                |       | <u>(227,261)</u> | <u>183,438</u> |
| <b>(b) Cash and cash equivalents</b>                        |       | <b>2015</b>      | <b>2014</b>    |
|   |       | Rs'000           | Rs'000         |
| Cash in hand and at bank                                    |       | 91,131           | 44,141         |
| Cash held on behalf of GOM for RWG scheme                   |       | 767,775          | 845,921        |
| Cash at bank and in hand                                    |       | 858,906          | 890,063        |
| Bank overdrafts (note 17)                                   |       | (1,369)          | (43,046)       |
|   |       | <u>857,536</u>   | <u>847,017</u> |

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

## 25. RELATED PARTY TRANSACTIONS

|   | Utilities<br>and<br>licences<br>paid to | Secretarial<br>fees | Investment at<br>fair value<br>through<br>profit or loss | Fair Gain/<br>(loss) in<br>investments | Dividend<br>income | Remuneration | Amount<br>owed by<br>related<br>parties | Amount<br>owed to<br>related<br>parties |
|---|---|---------------------|--|--|--------------------|--------------|---|---|
| <u>2015</u>                                     | Rs'000                                  | Rs'000              | Rs'000   | Rs'000                                 | Rs'000             | Rs'000       | Rs'000                                  | Rs'000                                  |
| Subsidiaries                                    | -                                       | 276                 | 1,292,646  | (86,664)                               | 9,000              | -            | 409,978                                 | -                                       |
| Associates                                      | -                                       | -                   | 1,104,115  | 9,573                                  | 21,197             | -            | 72                                      | -                                       |
| Directors and key management personnel          | -                                       | -                   | -  | -                                      | -                  | 6,714        | -                                       | -                                       |
| Enterprises with common directors               | -                                       | -                   | -  | -                                      | -                  | -            | -                                       | 767,775                                 |
| Government of Mauritius<br>related bodies       | -                                       | -                   | -  | -                                      | -                  | -            | 15                                      | -                                       |
|   | 1,123                                   | -                   | -  | -                                      | -                  | -            | -                                       | -                                       |
| <u>2014</u>                                     |   |                     |  |  |                    |              |   |   |
| Subsidiaries                                    | -                                       | 276                 | 1,329,311  | (29,668)                               | 3,910              | -            | 360,661                                 | -                                       |
| Associates                                      | -                                       | -                   | 1,114,108  | (111,005)                              | 80,819             | -            | -                                       | -                                       |
| Directors and key management personnel          | -                                       | -                   | -  | -                                      | -                  | 15,884       | -                                       | -                                       |
| Enterprises with common directors               | -                                       | -                   | -  | -                                      | -                  | -            | -                                       | -                                       |
| Government of Mauritius                         | -                                       | -                   | -  | -                                      | -                  | -            | 15,050                                  | 845,920                                 |
| Other Government of Mauritius<br>related bodies | -                                       | -                   | -  | -                                      | -                  | -            | -                                       | -                                       |
|   | 1,567                                   | -                   | -  | -                                      | -                  | -            | -                                       | 317,250                                 |

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.

For the year 2015, the company has recorded Rs 111,543,423 impairment of receivables relating to amounts owed by related parties (2014: Rs 110,032,865). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**25. RELATED PARTY TRANSACTIONS (CONT'D)**

The Company has provided the following bank facilities guarantee to :

- Casino de Maurice in favour of State Bank of Mauritius amounting to Rs.25m (2014 : Rs.25m).
- Sun Casino Ltd in favour of State Bank of Mauritius amounting to Rs.5m (2014 : Rs.5m).
- Domaine Les Pailles Limitée in favour of The Mauritius Commercial Bank Ltd amounting to Rs.34m (2014 : 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
- Casino de Maurice
- Sun Casino Ltd
- Le Grand Casino du Domaine
- Le Caudan Waterfront Casino
- Lakepoint Ltd

For the year December 31, 2015, the Company has recorded an impairment of Rs.111.5m relating to amounts owed by related parties (2014: Rs.110m). 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 involve and the terms and conditions are set out in the following relevant notes 15 and 26.

**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.

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

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

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
- Technopreneurship scheme
- Women enterprise scheme
- ICT Centre of excellence

The State Investment Corporation Ltd does not bear any of the credit risks of the funds' beneficiaries given its fiduciary role amounts in all the schemes under 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, 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, 2014 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 all of the assets and liabilities relating to the various schemes.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

**27. CONTINGENT LIABILITY**

At December 31, 2015, 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'Océan 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.
- (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**

|                         | <u>2015</u>    | <u>2014</u> |
|-------------------------|----------------|-------------|
|                         | Rs'000         | Rs'000      |
| (a) Capital commitments | <u>590,000</u> | <u>-</u>    |

During the year, the company has made a deposit of Rs 90m 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 2016.

**(b) Operating lease commitments**

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

|  | <u>2015</u>    | <u>2014</u>    |
|--|----------------|----------------|
|  | Rs'000         | Rs'000         |
| Within one year                            | 512            | 512            |
| After one year but no more than five years | 2,047          | 2,047          |
| More than five years                       | 103,472        | 103,984        |
|  | <u>106,031</u> | <u>106,543</u> |

**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.