THE STATE INVESTMENT CORPORATION LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

THE STATE INVESTMENT CORPORATION LTD

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FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2013

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 2013.

PRINCIPAL ACTIVITY

The principal activity of the SIC (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.

OVERVIEW OF ACTIVITY OF THE CORPORATION

The State Investment Corporation Ltd is an investment entity. The intention of the Company is to identify businesses with a view to 'buy low, sell high'. Its investment objective is also to seek capital appreciation and returns. All acquisitions have been made on that basis and Management seeks to exit from a number of investments where the target maturity has been met whilst catering for future investment opportunities.

In terms of funding, SIC is currently akin to a closed fund with irregular inflow of funds. However, Management has the flexibility to raise finance as and when new investment opportunities arise. Any surplus is intended to be distributed to shareholders in the form of dividends.

It has an investment committee which is a sub-committee of the Board, which advises the Board of acquisitions and disposals made to maximise shareholders' value. SIC measures fair value of its investments which normal holding/group of companies do not. In addition, SIC portrays itself in a manner which is consistent with its objectives and plans. The strategy of the Company is to increase the fair value of those investments in order to realise a gain on disposal. Management assesses and monitors fair value of the investments on a regular basis.

SIC also provides investment related services to Government of Mauritius (GOM) regarding its investment plan to help those companies in financial distress. In fact it acts as an agent on behalf of Government of Mauritius regarding its Restructuring Working Group (RWG) schemes which has been introduced to provide financial assistance to needy companies.

ANNUAL REPORT

Following the Board's decisions to implement some accounting policies changes, implementation of such changes have had a significant impact on the presentation of the financial statements for the year under review.

Accounting changes and impact on consolidated financial statements

The Board decided to early adopt IFRSs 9 and 10 during the year. The main change will be to account fair value changes of investments directly through the income statement instead of consolidating investee financial statements. This is fundamental to our business as shareholders' attention will, as from now on, be drawn to the underlying value of our portfolio and changes in the net asset value of the SIC. Our key objective, as management team of the SIC, is to create wealth for its shareholders by seeking capital appreciation in its portfolio of investments hence generating good returns.

Management has taken the view that the consolidated financial statements historically prepared, although complying with the international accounting standards, do not appropriately reflect the position and performance of the Company and that a fair value model would be more useful and appropriate.

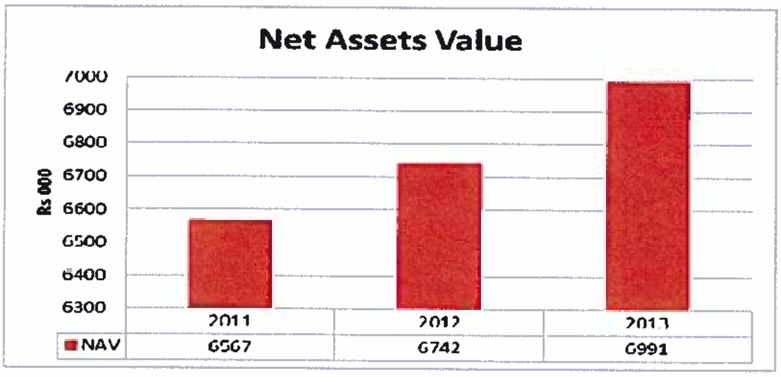
It has to be pointed out that Management has always been driven by such objective and has over the years actively managed our portfolio of investments in terms of fair value. Changes in accounting standards, more particularly IFRS 10, have provided the platform for Management and the Board to truly present SIC as an investment entity. Its performance can now be gauged by the changes in its net assets position at the end of each reporting date.

Financial Performance

During the financial year the profit after tax stood at Rs674.3m (FY12: Rs 174.6m). The variance in profits was principally due to the implementation of the fair value accounting standards adopted this year.

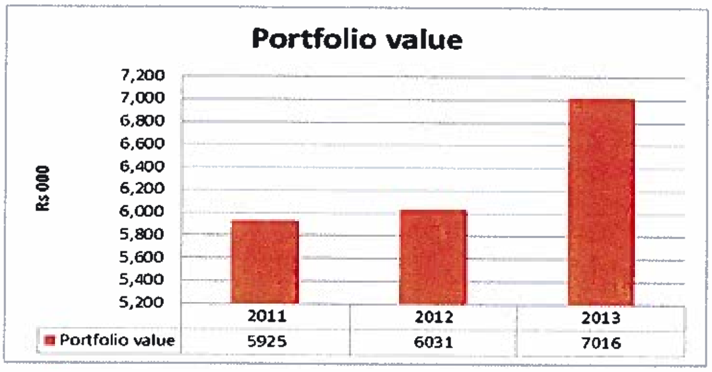
At 31 December 2013, the net asset value of the SIC has reached almost the Rs7 billion level compared to only Rs6.7 billion in 2012. It is indeed a commendable performance as the values of our portfolio of investments have grown significantly during the year. This is the result of our strategy to continue to invest into key sectors such as financial services, tourism and gaming.

The evolution of our net asset value position over the last three financial years is illustrated below.



The Investment Portfolio

We are currently managing a portfolio which is worth just over Rs7 billion (2012: Rs6 billion), an increase of slightly over 16%. Now all investments are presented under the term 'investments at fair value through profit or loss' in the statement of financial position. The main value drivers this year have been our investments in Air Mauritius, Lototech, SICOM, Port Louis Fund and New Mauritius Hotels. This has been mitigated by our investments in the Casino Group.

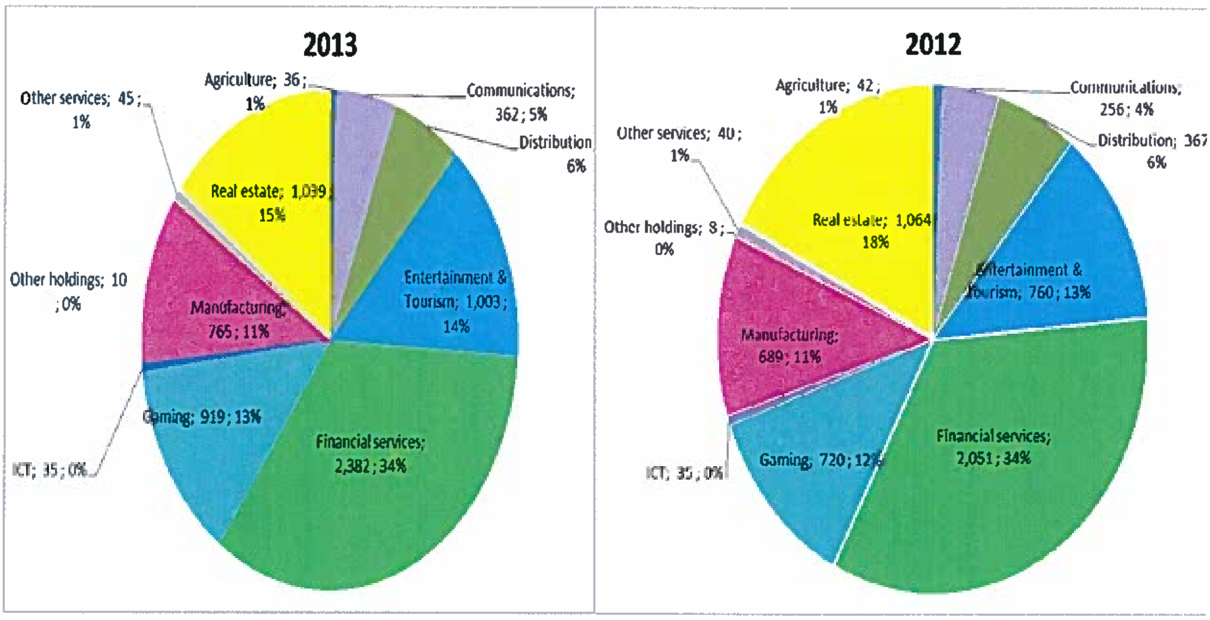


The investment portfolio can be analysed into three main categories of investments, these are:

INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	2013	2012
	RS million	RS million
Investment in subsidiaries at fair value through profit or loss	1,359	1,343
Investment in associates at fair value through profit or loss	1,814	1,384
Other investments at fair value through profit or loss	3,844	3,306
	7,017	6,032

- Investment in subsidiaries – these are investments in companies where SIC hold a majority shareholding and controls the Board or assumes de facto control. Main investments feature Casino Group of companies and Domaine Les Pailles
- Investment in associates – this is where SIC holds more than 20% shareholding and where the Board considers that it exercises significant influence on the affairs of the investee companies. The main investees in this category are Lototech, Port Louis Fund and Mauritius Duty Free Paradise Limited
- Other investments – this includes strategic and non-strategic holdings which may or may not be listed on the Stock Exchange. The key investments are Air Mauritius Holdings, SICOM, Terra Energy, New Mauritius Hotels, State Bank of Mauritius and Sun Resorts Limited.

In terms of risk concentration, SIC's portfolio has remained fairly constant over the last few years with investments in the financial services, real estate, tourism and manufacturing sectors making up for 75% of the total portfolio. At SIC, we believe that it is a well-diversified portfolio which cuts across the main industry sectors in Mauritius.



De-recognition of Restructuring Working Group balances

Since 2010, SIC provides management services and acts as an agent for the Government in respect of guaranteeing all the facilities provided under the various incentive schemes by the Ministry of Finance and Economic Development (MOFED). Such schemes are regrouped under the Restructuring Working Group (RWG), which in essence, applies the policies set out by MOFED.

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

The SIC does not bear any credit risks associated with the funds' beneficiaries given its fiduciary role in all the schemes under RWG. Furthermore, SIC also bears no risk in relation to the guarantees it provides to the beneficiaries as the Government of Mauritius guarantees all the schemes and indemnifies SIC against any losses incurred in relation to the various RWG schemes.

In prior years cash received under each scheme were not refunded to MOFED as there were no obligations to remit the funds back. In the absence of the pass through arrangements an asset and a corresponding liability were recognised in the financial statements of SIC representing amount receivable from beneficiaries and amount payable to MOFED respectively.

Following an agreement with the Ministry of Finance this year, SIC now has the obligation to refund the cash flows on a regular basis. This is effective as from 01 January 2013. The formalisation of the contractual terms regarding the remittance of cash has resulted in the de-recognition all of the assets and liabilities relating to the various schemes.

We would like to thank Management and Staff of SIC for their hard work and dedication throughout the year to ensure that value is continuously being created for our shareholders.

DIRECTORS

The Directors of the Corporation for the financial year under review were:

RINGADOO, Raj Direvium Nagaya	Chairperson
MALLAM-HASHAM, Muhammad Iqbal	Managing Director
BRIGEMOHANE, Renouka (Mrs.)	
CHELLAPERMAL, Radhakrishna	
LAW –HING- CHOY, Kang Foong	
SEEBALLUCK, Suresh Chundre	
YIP WANG WING, Patrick Youk	
CHUREETUR, Bolanath	

DIVIDENDS

No dividend has been proposed and paid during the period under review (2012: NIL).

DIRECTORS' SERVICE CONTRACTS

The Managing Director has a service contract with 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

	31 December 2013	31 December 2012
	Rs.	Rs.
Executive Directors	**5,584,876**	4,516,278
Non-executive directors	**3,269,578**	1,956,937
	8,854,454	6,473,215

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

	31 December 2013	31 December 2012
	Rs.	Rs.
Donations made during the year	**299,469**	80,834

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

AUDITORS' FEES

The fees paid to the auditors, for audit and other services were:

	31 December 2013	31 December 2012
	Rs.	Rs.
Audit fees paid to:		
-Ernst &Young	**800,000**	1,242,000
-Other firms	-	-
Fees paid for other services provided by		
- Ernst &Young	**1,376,129**	460,000
-Other firms	-	1,025,000

Approved by the Board of Directors on 11 June 2014 and signed on its behalf by:-

....

DIRECTOR DIRECTOR

We 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 under the Companies Act 2001 in terms of Section 166(d).

....

Prime Partners Ltd
Secretary
Per B. Veerasamy (Mrs.)

Date: 11 JUN 2014

1. STATEMENT ON CORPORATE GOVERNANCE

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

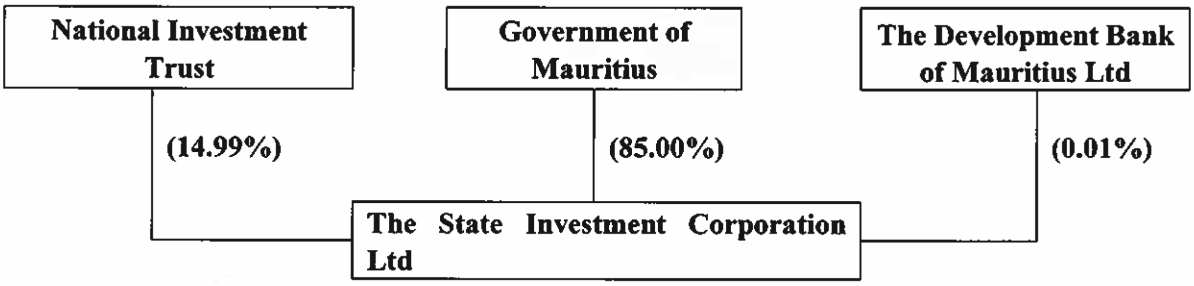
Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing both business prosperity and corporate accountability. Its ultimate objective is to realise the long term shareholders' value whilst taking into account the interests of various stakeholders.

The Board of Directors is committed in 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.

The Board has considered the application of the principles of the Code and the extent of its compliance with the provisions of the Code in its business operations.

2. ULTIMATE SHAREHOLDING STRUCTURE

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



It is to be noted that The State Investment Corporation Ltd is in the process of buying-back the 14.99% shareholding of the National Investment Trust, pursuant to the provisions of the Companies Act 2001.

2.1 Common Directors

The common directors at each level are as follows:-

Directors	**The State Investment Corp. Ltd**	**National Investment Trust**	**Development of Mauritius Ltd**
Mr. R. Ringadoo	♦	♦	-
Mr. M. I. Mallam-Hasham (Managing Director)	♦	-	♦
Mrs R. Brigemohane	♦	-	-
Mr. R. Chellapermal	♦	-	-
Mr. B. Chureetur	♦	-	-
Mr. K.F. Law-Hing-Choy	♦	-	-
Mr. S.C. Seeballuck, G.O.S.K	♦	-	-
Mr. P.Y. Yip Wang Wing	♦	-	-

3. THE BOARD OF DIRECTORS

As at date of this statement, the Board has a unitary structure and comprised 8 directors under the chair of Mr. Raj Ringadoo. The functions and responsibilities of the Chairperson and Managing Director are separate. The Board consisted of one executive director (ED) and seven non-executive directors (NEDs)'. The table below illustrated the categorisation of the directors into ED and NEDs.

Name of Directors	Non-Executive Directors	Executive Directors
Mr. R. Ringadoo (Chairperson)	√	-
Mr. M. I. Mallam-Hasham (Managing Director)	-	√
Mrs R. Brigemohane	√	-
Mr. R. Chellapermal	√	-
Mr. B. Chureetur	√	
Mr. K.F. Law-Hing-Choy	√	-
Mr. S.C. Seeballuck, G.O.S.K	√	-
Mr. P.Y. Yip Wang Wing	√	-

The Board considers the Board to be of reasonable size and that its Directors possess the right mix of skills and experience to assist leadership, integrity and judgement in managing the affairs of the Company.

The Board was of the view that appointment of a second executive director on the Board as required by the Code, was not appropriate taking into consideration the present level of operations. In addition, the Constitution of the Company does not make any provision for such a procedure.

Moreover, directors can request information about the affairs of the Company, from departmental managers without necessarily going through the Managing Director. With exception to the Managing Director, all directors have a term of office of one year. Senior Management attended Board Meetings as and when required.

On appointment to the Board and its Committees, directors receive a comprehensive induction pack from Prime Partners Ltd, Corporate Secretary and an induction program is organised to introduce the newly elected directors to the Company's business and Management. Members of the Board are elected at the annual meeting of shareholders.

3.1 Board Meetings

The Board met 2 times during the period under review, to consider a broad range of matters, including investment projects, review of performance, monitoring of progress on key issues and to consider recommendations from the Committees.

The Board also looks after all statutory matters, including approval of audited financial statements, declaration of final dividend, significant capital expenditure and investment projects.

The Board and its Committees operated in an effective manner with the contribution of each and every Director and Member. The deliberations and regular presence of directors/members at meetings of Board and Committees have immensely contributed in the decision making process of the Company.

To enable the Board to function effectively and allow directors to discharge their responsibilities, full and timely access is given to all relevant information. Furthermore, all directors have access to the services of the Prime Partners Ltd, Corporate Secretary. Moreover, they can, on request, obtain independent professional advice at the expenses of the Company.

3.2 Board Committees

The Board has four standing committees to assist in the execution of its duties and to allow detailed consideration of complex issues. These committees have access to independent expert advice at the expense of the Company. The approved terms of reference of the Board Committees are made available on request from the Corporate Secretary. A broad description of the Board Committees is provided below:

3.2.1 Corporate Governance Committee

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

Mr. R. Ringadoo	- Chairperson
Mr. M. I. Mallam-Hasham	- Managing Director
Mrs. R. Brigemohane	
Mr. R. Chellapermal	
Mr. B.Chureetur	
Mr. S.C. Seeballuck *G.O.S.K*	
Secretary	- Prime Partners Ltd, Corporate Secretary

The matters of the Corporate Governance Committee have been dealt with by the Board of Directors for the period under review.

3.2.2 Audit & Risk Committee

The Audit & Risk Committee operates according to the Audit & Risk Committee Charter as approved by the Board on 29 May 2007. As regards, The Charter sets out the role of the Audit & Risk Committee in assisting the Board with discharging its duties relating to safeguarding assets, operation of adequate systems control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards. It comprises non-executive Directors who all have financial awareness, skills and experience appropriate to the Company's business.

There is a clear line of communication between the Committee and the independent External Auditors and it may, at its discretion, meet with either of them without Management of the Company being present. The Members of the Audit & Risk Committee are as follows:-

Mr. R. Chellapermal	- Chairperson
Mr B. Chureetur	
Mr. K. F. Law-Hing-Choy	
Mr. P. Yip Wang Wing	
In attendance	- Mr. M. I. Mallam-Hasham (as and when required)
	- Mr. I. Golam (as and when required)
Secretary	- Prime Partners Ltd, Corporate Secretary

The main terms of reference of the Audit & Risk Committee are as follows:-

- To oversee the financial reporting process to ensure the balance, transparency integrity of financial statements
- To review effectiveness of the Company's internal financial control and risk management system
- To review effectiveness of the internal audit function
- To review the independent audit process including recommending the appointment and assessing the performance of the external auditor, the Company's process for monitoring compliance with laws and regulations affecting financial reporting and if, applicable its code of conduct.
- Monitor the ethical conduct of the Company, its executives and senior officials
- Ensure compliance with laws and regulations as well as the Company's articles of association.

The Committee met twice during the period under review.

3.2.3 Nomination & Remuneration Committee

The Nomination & Remuneration Committee is mainly responsible for determining, agreeing and developing the Company's general policy in respect of executive and senior management, recruitment, remuneration, terms and conditions of employment. The composition of this Committee is as follows:

Mr. S. C. Seeballuck, *G.O.S.K*	- Chairperson
Mr. M.I. Mallam-Hasham	- Managing Director
Mrs. R. Brigemohane	
Mr B. Chureetur	
Mr. K. F. Law-Hing-Choy	
Mr. P. Yip Wang Wing	
Secretary	- Prime Partners Ltd, Corporate Secretary

The Committee met once during the period under review.

The terms of reference of the Nominations & Remuneration Committee are available under request from the Corporate Secretary.

Statement of Remuneration Policy

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

Remuneration practices are structured to provide:-

- Clear difference between individuals with regard to performance;
- Strong incentives are created for superior performance;
- Top contributors are awarded significantly higher bonuses;
- Under performers are not rewarded and steps are taken to encourage individual to improve performance or leave the Company in line with accepted practices.

The remunerations of Directors are decided by the Shareholders.

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:

Name of Directors	Board	Audit & Risk	Nomination & Remuneration
Mr. R. Ringadoo	2/2	-	-
Mr. M. I. Mallam-Hasham (Managing Director)*	2/2	-	1/1
Mrs R. Brigemohane	2/2	-	1/1
Mr B Chureetur	2/2	2/2	1/1
Mr. R. Chellapermal	2/2	2/2	-
Mr. K.F Law-Hing-Choy	1/2	0//2	1/1
Mr. S.C. Seeballuck *G.O.S.K*	1/2	-	1/1
Mr. P.Y. Yip Wang Wing	2/2	2/2	1/1

* The Managing Director is not entitled to Directors' Fees

3.4 Remuneration paid to the Directors

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

Name of Directors	Directors' Remuneration
Mr. R. Ringadoo	Rs1,109,578
Mr. M. I. Mallam-Hasham (Managing Director)	Rs5,584,876
Mrs. R. Brigemohane	Rs360,000
Mr. R. Chellapermal	Rs360,000
Mr. K.F. Law-Hing-Choy	Rs360,000
Mr. S.C. Seeballuck, G.O.S.K	Rs360,000
Mr. P.Y. Yip Wang Wing	Rs360,000
Mr. B. Chureetur	Rs360,000

3.5 Board Appraisal

An appraisal of the performance of the Board and its Directors has not been conducted during the year under review. Nevertheless, the Directors feel that the composition of the Board is stable and efficient in monitoring the affairs of the Company. Such an exercise will be carried out at the end of the financial year 2014.

3.6 Directors' dealing in Shares of the Company

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

3.7 Directors' Profile

Mr. Raj Ringadoo is currently the Chairperson of The State Investment Corporation Ltd, the investment arm of the Government of Mauritius. Mr Raj Ringadoo is a Chartered Civil Engineer (C.Eng) from the UK and has worked as a Civil Engineer for three years with the firm of Sir Alexander Gibbs & Partners UK. He was formerly Chief Manager at the Development Bank of Mauritius Ltd and reckons more than 20 years in the Banking sector. Mr. Raj Ringadoo holds an Honours Degree in Civil Engineering from University of Manchester, Institute of Science and Technology and an MSc in Construction Management from University of Reading, UK. He also acts director on various board of companies including Air Mauritius Ltd and National Investment Trust, both listed companies.

Mr. Muhammad Iqbal Mallam-Hasham is presently the Managing Director at the Company.
He is a fellow of the prestigious Hubert H. Humprey program, studied international Economy at the Boston University, MBA Program and he read the Negotiation Project at Harvard Business from "Institut d'Administration des Entreprises", Universite de Strasbourg.

He was Associate Professor, teaching graduate and postgraduate courses in Strategic Management and Negotiation Techniques at the two Universities in Mauritius as well as for 'Universite de Poitiers/MCCI' Program, before joining The State Investment Corporation Ltd.

He has wide ranging experience in the Banking Sector (BNPI). He has been a Consultant in Corporate Management, Financial Services, Training and Legal Matters and has been working extensively with Leading Financial Companies in the BPO field.

He formerly held important positions including Member of Parliament, Member of Public Accounts Committee and Member of the Joint ACP-EU Bureau. Nowadays he is involved on various Boards as Chairperson and Director for some of the leading companies in Mauritius including three listed companies namely Sun Resorts Ltd, Mauritius Leasing Co Ltd and Caudan Development Ltd.

Mrs Renouka Brigemohane is a Director of the Company since March 2007. She is practising as an Attorney at Law. Besides, being legal adviser of some companies.

Mr. Radhakrishna Chellapermal, is a fellow member of the Association of Certified and Chartered Accounts. He is currently the Acting Deputy Financial Secretary, Ministry of Finance and Economic Empowerment. After working in the private sector for 6 years, Mr Chellapermal joined the Ministry of Finance in 1983, where he has been involved in various projects relating to the improvement of the business and investment climate including establishment of the Stock Exchange, Board of Investment, review of Company law and the regulatory framework governing global business sector. He has also served on various committees, including the Company Law Advisory Committee and the Mauritius Accounting and Auditory Standards Committee.
Mr Chellapermal was admitted as a member of the Association of Chartered Certified Accountants in 1980.

Mr. K. F. Law-Hing-Choy is presently Senior Adviser at Prime Minister's Office. He has management experience in the insurance sector and 25 years experience in the several sectors like trading offices, hotel industry, construction and property development and caring sector. He is also acting as director in some companies.

Mr. Suresh Chundre Seeballuck G.O.S.K is a Director of the Company. He is actually the Secretary to the Cabinet and Head of the Civil Service. Mr Seeballuck also acts as Director on some board of companies, including Air Mauritius Ltd, a company listed on the Stock Exchange of Mauritius.

Mr Patrick Yip Wang Wing was appointed to the Board in August 2005. He is currently Acting Deputy Financial Secretary at the Ministry of Finance and Economic Development, with specific responsibility for planning and budgeting. Mr Yip is also on a number of public sector boards, including the Mauritius Revenue Authority and SICOM and has also served as a member of the former Stock Exchange Commission. After studying in Dijon, France, for a *Maitrise en Económétrie and a Diplôme d'Études Approfondies en Politique et Analyse Economique*, he first worked in the private sector for a few years before joining the Civil Service in 1986 as an Economist, becoming the Director for Fiscal Policies in 2001.

Mr. Bolanath Chureetur is a Degree Holder. He is presently Senior Adviser at Ministry of Finance & Economic Development. He worked previously in the private sector both in Mauritius and UK. He attained the post of General Manager in the private sector. He was Adviser at the Ministry of Tourism.

Senior Management's Profile

Mrs. Banoomatee Veerasamy 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 she played an active role in the setting up of a Stock Exchange in Mauritius.

Besides, being director on various companies, Mrs Veerasamy is also responsible for the management of Le Val Development Co Ltd, EREIT Management Ltd and Prime Real Estate Ltd.

Mrs Vima Boomah Devi Dhaliah – Utchanah graduated from the London School of Economics with a Bsc Honours Degree in Actuarial Science in 1983. She followed the Advanced Programme for General Managers at the University of Mauritius in 1993 and has also been awarded a Master of Science in Information Technology (MSc IT) from the University of Liverpool, UK. She joined the Company in 1988 as Investment Executive and is presently Group Investment Coordination Manager. She is also a Non Executive Director on the board of some companies where the Company has invested.

Mr Ishwurlal Golam is actually the Group Finance Manager at the SIC. He is a member of the Chartered Institute of Management Accountants. He also holds a Master's degree in Business Administration. Prior to joining the State Investment Corporation Ltd as Group Finance Manager, he has had a wide-ranging experience in the field of Finance and Accounting.

Mr Baboo J Gowreesunker is a qualified bachelor in Sales & Marketing Management, with extensive experience in the field of Administration and Management of Projects. He has been working in the private sector for over 20 years and he is currently the Group Project & Investment Control Manager of SIC.

4. DIVIDEND POLICY

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

5. 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 ensuring proper administration of Board and Committee proceedings.

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

6. 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 the 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 the risk management processes and 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 of risk;
- 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 my 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 is clear accountability for risk management, which is a key performance area of managers throughout the Company. The managers are required to document how these risks will be managed and what mitigating activities have been put in place in respect of each significant risk.

(c) Integration of internal control and risk management
The system of internal control, which is embedded in all key operations, provides reasonable rather than absolute assurance that the Company's business objectives will be achieved within the risk tolerance levels defined by the Board. The effectiveness of the internal control systems are reviewed by the Audit & Risk Committee and the review covers all internal control systems including financial, operational, compliance and risk management

(d) Assurance on the effectiveness of the risk management process
Regular management reporting, which provides a balanced assessment of key risks and controls, is an important component of board assurance. The finance department provides confirmation that financial and accounting control frameworks have operated satisfactorily. The Board also receives assurance from the Audit & Risk Committee, which derives its information, in part, from regular internal and external audit reports on risk and internal control throughout the Company.
(e) Management of Key risks identified

Within the Company, the risk elements are viewed under the following headings:

- *Operational risks*: Operations risk is defined as risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational loss events have significant negative impact on the market value of insurers.
- *Human resource risks*: Losses arising from acts inconsistent with employment, health and safety laws, personal injury claims, etc.
- *Compliance risks*: Dishonest or fraudulent acts intended to defraud or misappropriate property or circumvent regulations, law and policies and involve at least one internal party and a thirty party respectively.
- *Physical risks*: Losses due to fire, cyclones, riots, etc.
- *Technology risks*: Includes hardware and software failures, system development and infrastructure issues.
- *Business continuity risks*: Losses from failed transaction processing, and process management.
- *Reputational risks*: Losses due to unintentional or negligent failure to meet a professional obligation to specific clients or from the nature or design of a product.
- *Financial risks*: The identification and management of these risks are further discussed in note 3 to the financial statements.

In conducting its annual review of the effectiveness of risk management, the Board considers the key findings from the ongoing monitoring and reporting processes, management assertions and independent assurance reports. The Board also takes account of material changes and trends in the risk profile and considers whether the control system, including reporting, adequately supports the board in achieving its risk management objectives.

7. DONATIONS

Donations effected by the Company during the financial year under review amounted to Rs299,469/-.

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

8. RELATED PARTY TRANSACTIONS

Details on related party transactions are shown on page 50 of the Audited Financial Statements.

9. STAKEHOLDERS' RELATIONS AND COMMUNICATIONS

The Board aims to properly understand the information needs of all stakeholders and places great importance on an open and meaningful dialogue with all those involved with the Company. With a view to maintaining a good dialogue with Shareholders, meetings are held with Shareholders regularly to discuss the progress of the group, future growth prospects and strategy. Open lines of communication are maintained to ensure transparency and optimal disclosure.

The Company's website www.stateinvestment.com/ www.stateinvestment.mu provides information on the Company to the general public. Other channels of communication include presentations, seminars, press releases and annual report.

10. CALENDAR OF EVENTS

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

11. 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.

12. SHAREHOLDERS' AGREEMENTS/THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the period under review.

13. SHARE OPTION PLAN

No share option plan is available in the Group

14 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.

15 SAFETY AND HEALTH ISSUES

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

16. ENVIRONMENTAL ISSUES

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

17. INTERNAL CONTROL

Internal Audit is an objective assurance function reporting to the Board of Directors and management.

Internal Audit provides assurance to the Board of SIC 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 to help the Board to discharge its responsibilities to maintain and strengthen the internal control framework.

The Internal Auditor has examined the current control systems to check their suitability and effectiveness, and to ensure that they are being adhered to.

18. CORPORATE SOCIAL RESPONSIBILITY

A CSR Policy is being worked out for the Company.

19. EXTERNAL AUDITORS

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

	2012 Rs	2013 Rs
Audit	1,242,000	800,000
Non-Audit (Tax Services)	460,000	1,376,129
Others Firms	1,025,000	

20. CARBON REDUCTION REPORTING

The Group 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 files sharing are being encouraged and are already in place at the Company and Group level. Training sessions are being run to sensibilise staff on paperless transactions, hence minimising the carbon emissions.

Date: 11 JUN 2014

B Veerasamy

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Prime Partners Ltd
Corporate Secretary
Per B. Veerasamy

18 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 those financial statements, the directors are required to:

(i) select suitable accounting policies and then 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 on the going concern basis unless it is inappropriate to presume that the company will 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 to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The external auditors are responsible for reporting on 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. Any departure in the interest in fair presentation has been disclosed, explained and quantified;

(iv) the Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance.

Signed on behalf of the Board of Directors: 11 JUN 2014

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DIRECTOR

....

DIRECTOR

STATEMENT OF COMPLIANCE

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

Name of PIE: The State Investment Corporation Ltd

Reporting Period: December 31, 2013

We, the Directors of The State Investment Corporation Ltd, confirm to the best of our knowledge 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 4(e) "Board Appraisal"
Section 2.2.3: Composition of the Board – Please refer to page 4(b) "Board of Directors"

Signed on behalf of the Board of Directors:

....
Director

....
Director

Date: 11 JUN 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

THE STATE INVESTMENT CORPORATION LTD

Report on the Financial Statements

We have audited the financial statements of The State Investment Corporation Ltd (the "Company") and its subsidiaries on pages 7 and 65 which comprise the statements of financial position as at December 31, 2013 and the statements profit or loss and other comprehensive income, statements of changes in equity and statement of cash flows for the period 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 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.

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 7 and 65 give a true and fair view of the financial position of the Company at December 31, 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Building a better working world

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

THE STATE INVESTMENT CORPORATION LTD (CONTINUED)

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all the information and explanations we have required.

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

Financial Reporting Act 2004

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

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

ERNST & YOUNG
Ebène, Mauritius

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

Date: ....

THE STATE INVESTMENT CORPORATION LTD

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

	Notes	2013	2012	Restated 1, January 2012
		Rs'000	Rs'000	Rs'000
ASSETS				
Non-current assets				
Property, plant and equipment	4	32,471	34,565	38,892
Investment properties	5	10,500	11,000	11,000
Intangible assets	6	14,304	14,485	14,735
Investments at fair value through profit or loss	7	7,016,696	6,032,296	5,925,467
Long term receivables	8	7,790	2,479,295	2,132,004
Deferred tax assets	14	1,094	243	-
		7,082,855	8,571,884	8,122,098
Current assets				
Trade and other receivables	9	432,754	706,961	617,060
Cash at bank and short term deposits		735,921	985,350	369,601
		1,168,675	1,692,311	986,661
Total assets		8,251,530	10,264,195	9,108,759
EQUITY AND LIABILITIES				
Equity				
Issued capital	10 (a)	100,000	100,000	100,000
Share buy back reserve	10 (b)	(15,000)	-	-
Retained earnings		6,905,879	6,642,161	6,467,168
Total equity		6,990,879	6,742,161	6,567,168
Non-current liabilities				
Interest-bearing loans and borrowings	11	-	2,471,132	2,363,476
Other payable	12	209,328	-	-
Employee benefit liabilities	13	6,827	3,744	4,043
Deferred tax liabilities	14	-	-	345
		216,155	2,474,876	2,367,864
Current liabilities				
Trade and other payables	15	937,946	987,061	128,201
Interest-bearing loans and borrowings	11	105,860	59,989	45,526
Income tax payable	16	690	108	-
		1,044,496	1,047,158	173,727
Total liabilities		1,260,651	3,522,034	2,541,591
Total equity and liabilities		8,251,530	10,264,195	9,108,759

These financial statements have been approved for issue by the Board of Directors on 11 JUN 2014

DIRECTOR

DIRECTOR

The notes on pages 11 to 65 form an integral part of these financial statements.

Auditors' report on pages 5 and 6.

THE STATE INVESTMENT CORPORATION LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2013

	Notes	2013	Restated 2012
		Rs'000	Rs'000
Income			
Net change in investments at fair value through profit or loss	17	563,446	66,129
Net loss on investment properties	5	(500)	-
Investment income	18	168,202	167,920
Interest Income	19	934	3,269
Other income	20	7,535	3,348
Net Foreign exchange gain		-	315
		739,617	240,981
Expenses			
Pay related costs		(38,477)	(30,492)
Motor vehicle running expenses		(1,862)	(1,807)
Professional and other related fees		(3,739)	(3,726)
Depreciation of Property,plant and equipment		(3,720)	(4,482)
Amortisation of intangible assets		(256)	(250)
Repairs and Maintenance		(835)	(631)
Interest expense	21	(6,341)	(5,178)
Impairment of receivables from related Companies		(649)	(7,939)
Net loss on foreign exchange		(110)	-
Other general expenses		(8,383)	(10,967)
		(64,372)	(65,472)
Profit before tax		675,245	175,509
Tax	16	(907)	(891)
Profit after tax		674,338	174,618
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods.		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:-			
Re-measurement losses on defined benefit plans		(3,083)	441
Income tax effect	14	463	(66)
subsequent periods:-		(2,620)	375
Other comprehensive income for the year, net of tax		(2,620)	375
Total comprehensive income for the year, net of tax		671,718	174,993

The notes on pages 11 to 65 form an integral part of these financial statements.

Auditors' report on pages 5 and 6.

	Note	Issued capital	Share buy back reserve	Retained earnings	Fair value reserve	Total equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2012		100,000		2,353,206	2,754,867	5,208,073
Effect of adopting IAS 19 net of tax	13(a)	-		(5,604)	-	(5,604)
Effect of adopting IFRS 9 and 10	7(a)&(b)	-	-	4,119,566	(2,754,867)	1,364,699
As at 1 January 2012 (restated)		100,000	-	6,467,168	-	6,567,168
Profit for the year		-		174,618	-	174,618
Other comprehensive income		-	-	375	-	375
Total comprehensive income		-	-	174,993	-	174,993
At December 31, 2012		100,000	-	6,642,161	-	6,742,161
At January 1, 2013		100,000		6,642,161	-	6,742,161
Profit for the year		-		674,338	-	674,338
Other comprehensive income		-	-	(2,620)	-	(2,620)
Total comprehensive income		-	-	671,718	-	671,718
Share buy transaction	10	-	(15,000)	(408,000)	-	(423,000)
At December 31, 2013		100,000	(15,000)	6,905,879	-	6,990,879

The notes on pages 11 to 65 form an integral part of these financial statements.
Auditors' report on pages 5 and 6.

	Notes	2013	2012
		Rs'000	Rs'000
Net cash from operating activities brought forward	23(b)	(285,300)	685,686
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,847)	(155)
Purchase of intangible assets		(75)	-
Long term receivables		373	158
Net cash from investing activities		(3,549)	3
FINANCING ACTIVITIES			
Repayment of long term borrowings		(5,000)	(12,250)
Interest paid	21	(6,341)	(5,178)
Movements in funds for Restructuring Working Group		-	(74,540)
Net cash from financing activities		(11,341)	(91,968)
Net increase in cash and cash equivalents		(300,190)	593,721
Effect of exchange difference		(110)	315
Cash and cash equivalents at January 1,		930,361	336,325
Cash and cash equivalents at December 31,	23 (a)	630,061	930,361

The notes on pages 11 to 65 form an integral part of these financial statements.
Auditors' report on pages 5 and 6.

1. CORPORATE INFORMATION

The financial statements of the Company for the year ended 31 December 2013 were authorized for issue on 11 June 2014.

The State Investment Corporation Ltd (the 'Company') was incorporated as a private company on August 21, 1984 and was converted into a public company on April 7, 1992. Its registered office is situated on the 15th Floor, Air Mauritius Centre, John Kennedy Street, Port Louis, Mauritius.

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

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss and investment properties that have been measured at fair value. The financial statements are presented in Mauritian rupees and all values are rounded to the nearest thousand (Rs '000) except where otherwise indicated.

As a result of the Company early adopting the investment entity exemption (refer to Note 2.3), the Company prepares separate financial statements as its only financial statements in accordance with IAS 27.8A.

2.2 BASIS OF CONSOLIDATION REPORTING

The Company is an investment entity and, as such does not consolidate the entities it controls. Instead, interests in subsidiaries are classified as fair value through profit or loss, and measured at fair value. This represents a change in accounting policy in the current year, more details of which are provided in Note 2.3. Investment in Associates are also classified as fair value through profit or loss, and measured at fair value.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial years except that the Company has adopted the following new and revised accounting standards as of January 1, 2013:

New or Revised Standards

- IAS 1 *Presentation of Financial Statements*
- IFRS 10 *Consolidated Financial Statements*
- IFRS 9 *Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interest in Other Entities*
- IFRS 13 *Fair Value Measurement*
- IAS 19 *Employee Benefits (Revised)*
- IAS 27 *Separate Financial Instruments (revised)*
- IAS 28 Investments *in Associates and Joint Ventures (revised)*
- Investment *Entities (amendments to IFRS 10, IFRS 12 and IAS 27) (early adopted)*

Of the new standards and amendments listed above, only IFRS 10 (including the investment entities amendments) has made a significant impact to the financial performance and position of the Company as its adoption requires the restatement of results previously presented and has resulted in the entity not having to consolidate its subsidiaries nor equity account its associates, but measure them at fair value through profit and loss instead. The early adoption of IFRS 9 (2010) has also had an impact on the financial position and performance of the Company (refer to the impact of the early adoption of the investment entity exemption and IFRS 9.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

New and amended standards and interpretations (Cont'd)

IFRS 10 *Consolidated Financial statements* and *Investment Entities Amendments*

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities.

The Company has adopted this standard retrospectively with an initial application date of 1 January 2013.

Subsidiaries

As a result of the adoption of IFRS 10 Consolidated Financial Statements, the Company has reassessed in line with the new definition of control in terms of IFRS 10, whether it has control over its investees. In terms of IFRS 10 control arises when the Company is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over that entity. The Company reassessed its control conclusion for its investees at 1 January 2013 and determined that there has been no change. The Company has elected to early adopt the IFRS 10 investment entity exemption that becomes effective for periods on or after 1 January 2014. The Company has not presented consolidated financial statements for the year under review since it is exempt from consolidation by meeting the criteria of being an investment entity as set out in IFRS 10.

The amendment to IFRS 10 Investment Entities requires entities that meet the definition of an investment entity to apply exemption from consolidation and instead account for its investments in subsidiaries at fair value through profit or loss. The Company undertook an assessment as of 1 January 2013 and concluded that it is an investment entity as follows:

- The Company has raised funds from one or more investors.

- Ownership interests in the Company are in the form of equity shares and which are exposed to variable returns from changes in fair value of the Company's net assets.

- The Company has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

(a) An entity that obtains funds from one or more investors for the purpose of providing those 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 income; and
(c) The performance of investments made are measured and evaluated on a fair value basis. The Company's investments in subsidiaries are treated as financial assets at fair value through profit or loss and are therefore fair valued.

The impact of these changes on the statement of financial position and the statement of profit or loss and other comprehensive income for the year then ended are shown below:

Company

Impact on statement of financial position

	2012	2011
	Rs	Rs
Increase in Investments at fair value through profit or loss	2,726,640	2,397,855
Decrease in Investment in subsidiaries	(686,126)	(686,126)
Decrease in Investment in associates	(333,569)	(347,030)
Increase in Retained Earnings as at 31 December	342,246	1,364,699

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

New and amended standards and interpretations (Cont'd)

IFRS 10 *Consolidated Financial statements* and *Investment Entities Amendments (Cont'd)*

Impact on the statement of profit or loss and other comprehensive income for the year ended 2012

	2012 Rs
Net gains on investments at fair value through profit or loss	342,246

IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition

IFRS 9 (2013) does not yet have a mandatory effective date, but early adoption is allowed. A mandatory effective date will be set when the IASB completes the impairment phase of the project. At its February 2014 meeting, the IASB tentatively decided that the mandatory effective date of IFRS 9 will be for annual periods beginning on or after 1 January 2018. The Company has elected to early adopt.

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

The Company has elected to early adopt IFRS 9 (2010) Financial Instruments ("IFRS 9") from 1 January 2013. The Company has also elected to restate its prior period comparatives. In accordance with the transitional provisions of IFRS 9, the Company has applied this standard retrospectively to those financial instruments that the Company held as at 1 January 2013 and acquired on or subsequent to that date. Financial Instruments disposed of prior to 1 January 2013 were accounted for under IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). The classification of the Financial Instruments that the Fund held as at 1 January 2013 was determined based on conditions that existed at that date. Early adoption of IFRS 9 has not impacted the net equity position of the Company.

The following table summarises the transitional classification and adjustments to the Company's financial assets on 1 January 2012, The Company's date of initial application of IFRS 9.

Financial instrument in the statement of financial position	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
			Rs'000	Rs'000
Investments at fair value through profit or loss *(excluding subsidiaries and associates)*	Available for sale	Fair value through profit or loss (Note (a.))	3,305,656	3,305,656
Investments at fair value through profit or loss	Fair value through profit or loss	Fair value through profit or loss	-	-
Long term receivables	Loans and receivables (Amortised cost)	Amortised cost	2,479,295	2,132,004
Trade and other receivables	Loans and receivables (Amortised cost)	Amortised cost	706,961	706,961
Cash at bank and short term deposits	Loans and receivables (Amortised cost)	Amortised cost	985,350	985,350
Interest-bearing loans and borrowings	Financial liabilities at amortised cost	Amortised cost	2,531,121	2,409,002
Trade and other payables	Financial liabilities at amortised cost	Amortised cost	987,061	987,061

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

New and amended standards and interpretations (Cont'd)

IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition (Cont'd)

(a) The Company's business model in relation to investments in equities is not to hold the equities for trading but for long term strategic investment purposes. In terms of IFRS 9, the Company has not elected to measure these equity investments through other comprehensive income and hence they are classified as at fair value through profit or loss.

Company	2012	2011
	Rs	Rs
Impact on the Statement of Financial Position		
(Decrease) in Available-for-sale investments	(3,305,656)	(3,527,612)
Increase in Investments at fair value through profit or loss	3,305,656	3,527,612

Impact on the Statement of Profit or Loss and Other Comprehensive Income	2012	2011
	Rs	Rs
Decrease/Increase in fair value gain or loss	(262,656)	228,974
Other comprehensive income		
Increase in fair value Adjustment on disposal of available for Sale investment	-	(20,792)
Increase/decrease in fair value gains on available-for-sale investment	263,656	249,766

Amendments in 2009

- Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances)
- Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss unless the dividend represents a repayment of part of the investment.
- All other instruments (including all derivatives) are measured at fair value with changes recognised in the profit or loss

Amendments in 2010

- A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement.

- The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss - in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

New and amended standards and interpretations (Cont'd)

IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition (Cont'd)

Amendments in 2013

- Introduces a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures

- Permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss

- Removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for early adoption.

IFRS 12 Disclosure of interests in Other Entities

IFRS 12 requires additional disclosures to be made, but has no effect on the financial position or performance of the Company.

IFRS 11 Joint arrangements, IAS 27 Separate Financial Statements and IAS 28 Investment in Associates and Joint ventures

The adoption of IFRS 11, IAS 27 (revised) and IAS 28 (revised) has not had a material impact on the financial statements.

IFRS 13 Fair value measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS. IFRS 13 defines fair value as an exit price. As a result of the guidance in IFRS 13, the Company re-assessed its policies for measuring fair values. In particular, this is true in respect of its valuation inputs such as adjustments to net assets value (NAV) for fair value measurement of managed funds, and adjustments to recognise the credit value adjustments and debit value adjustments for over-the-counter derivatives. IFRS 13 also requires additional disclosures, and these are provided in Note 25.

Application of IFRS 13 has not materially impacted on the fair value measurements of the company. Additional disclosures where required are provided in the individual notes relating to the assets and liabilities whose fair values were determined. Fair value hierarchy is provided in Note 25.

Annual improvements

In addition, the Company has adopted the amendment to IAS 1 made as part of the *Annual Improvements to IFRSs 2009-2011 Cycle* issued in May 2012. This amendment clarifies the disclosure requirements in respect of comparative information required in cases of changes of accounting policies, retrospective restatements or reclassifications.

Other amendments apply for the first time in 2013. However, they do not impact the financial statements of the Company.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

New and amended standards and interpretations (Cont'd)

The nature and the impact of each new standards and amendments are described below:

IAS 1 *Presentation of Financial Statements*

Presentation of Items of Other Comprehensive Income - Amendments to IAS 1

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will not be reclassified. The amendment has impacted the Company's disclosures.

IAS 1 Clarification of the requirement for comparative information (Amendment)

These amendments clarify the difference between voluntary additional comparative information and the minimum required comparative information. The adoption of this amendment has enabled the Company to present the minimum requirements under IAS 1 in the changes of accounting policies, retrospective restatements and reclassifications. Retrospective restatement is required following the early adoption of IFRS 10 and IFRS 9. The Company has presented the statement of financial position at the beginning of the comparative period, i.e.,1 January 2012, but has not presented the notes to this statement.

IFRS 11 *Joint Arrangements*

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities – Non-monetary Contributions by Ventures*. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. This standard has not impacted the financial statements of the Company as the Company has no such arrangements.

IFRS 12 Disclosures of Interest in Other Entities

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The requirements in IFRS 12 are more comprehensive than the previously existing disclosure requirements The IFRS 12 disclosure are provided in note7(a & b) .

IAS 19 Employee Benefits (Revised)

The Company applied IAS 19 (Revised 2011) retrospectively in the current period in accordance with the transitional provisions set out in the revised standard. The opening statement of financial position of the earliest comparative period presented (January 1, 2012) and the comparative figures have been accordingly restated.

IAS 19 (Revised 2011) changes, amongst other things, the accounting for defined benefit plans. Some of the key changes that impacted the Company include the following:

All past service costs are recognised at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognised. As a result, unvested past service costs can no longer be deferred and recognised over the future vesting period. Previously, the company had a balance of unrecognized service cost Rs 6.3m as at January 1, 2012. Upon transition to IAS 19 (Revised 2011), this balance was charged to equity (retained earnings) as at January 1, 2012 along with the tax impact as disclosed in note 13 (a)

The interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a net-interest amount under IAS 19 (Revised 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period.

IAS 19 (Revised 2011) also requires more extensive disclosures. These have been provided in Note 13.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

New and amended standards and interpretations (Cont'd)

IAS 19 Employee Benefits (Revised) (Cont'd)

IAS 19 (Revised 2011) has been applied retrospectively, with following permitted exceptions:

The carrying amounts of other assets have not been adjusted for changes in employee benefit costs that were included before January 1, 2012

Sensitivity disclosures for the defined benefit obligation for comparative period (year ended December, 31 2012) have not been provided in line with the transitional requirements of the standard.

IAS 27 Separate Financial Statements (revised)

As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. This standard has been applied to the Company which is only required to prepare separate financial statements as the Company has elected to be an investment entity.

IAS 28 Investments in Associates and Joint Ventures (revised)

Following the adoption of IFRS 11 and IFRS 12, IAS 28 explains how to apply the equity method to investments in joint ventures in addition to associates. This revision to IAS 28 has not impacted the financial statements of the Company.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. The Company intends to adopt applicable standards when they become effective except for Investment Entities (amendment to IFRS9, 10, IFRS 12 and IAS 27) and IFRS 9 which have been early adopted in 2013.

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Company has not early adopted them:

New or revised standards and interpretations:

	Effective for accounting period beginning on or after
- IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	January 1, 2014
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) - effective 1 January 2014	January 1, 2014
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	January 1, 2014
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	July 1, 2014
- Annual Improvements 2010-2012 Cycle	July 1, 2014
- Annual Improvements 2011-2013 Cycle	July 1, 2014
- IFRIC 21 Levies	January 1, 2014
- IFRS 14 Regulatory Deferral Accounts	January 1, 2016
- IFRS 15 Revenue from Contracts with Customers	January 1, 2017

The Company is still in the process of assessing the impact of the new standards and amendments.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit and loss as incurred.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life.
Land is not depreciated.

The depreciation rates of property, plant and equipment are as follows:

Buildings	: 2% - 5%
Office furniture and fittings	: 10% - 20%
Motor Vehicles	: 20% - 25%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss when the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

(b) Investment properties

Investment property is held for long-term rental yields or for capital appreciation or both, and is not occupied by the Company.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the statement of profit or loss and other comprehensive income in the year in which they arise, including the corresponding tax effect.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset would result in either gains or losses at the retirement or disposal of investment property. Any gains or losses are recognised in the statement of profit or loss and other comprehensive income in the year of retirement or disposal.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets are not capitalised and expenditure is reflected in the profit and loss in the year in which the expenditure is incurred.

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

Intangible assets with finite lives

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

- Computer software - 5 years
- Leasehold rights - 60 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss when the asset is derecognised.

(d) Impairment of non financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit (CGU)'s fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the profit and loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the other comprehensive income unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Fair value measurement

The Company measures its investments in properties, subsidiaries and associates, as well as its investments in financial instruments, such as equities at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

The valuations of investment property were performed by NP Jeetun Chartered Valuation Surveyors, , an accredited independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued. The fair value of investment property has been determined on a market value basis in accordance taking into consideration the relevant IFRS 13 requirements. In arriving at their estimates of market values, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

(f) Financial instruments – Initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

The Company initially recognises financial assets on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. If the financial asset is not subsequently measured at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. The Company subsequently measures financial assets at either at amortised cost or fair value. The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments – Initial recognition and subsequent measurement (Cont'd)

(i) Financial assets (Cont'd)

Initial recognition and measurement (Cont'd)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. On initial recognition, the Company classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. In accordance with the transitional provisions of IFRS 9 (2010), the classification of financial assets that the Company held at the date of initial application was based on the facts and circumstances of the business model in which the financial assets were held at that date.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in profit or loss. These financial assets are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company, as set out in the Company's offering document. The financial information about these financial assets is provided internally on that basis to the Investment Manager and to the Board of Directors.

Financial instruments designated as at fair value through profit or loss upon initial recognition also include investment in subsidiaries and investment in associates.

Investment in subsidiaries

In accordance with the exception under IFRS 10 Consolidated Financial Statements, the Company does not consolidate subsidiaries in the financial statements. Investments in subsidiaries are accounted for as financial assets at fair value through profit or loss. The exception is applicable for annual periods beginning on or after 1 January 2014, but early adoption is permitted and the Company has early adopted this exception.

Investment in associates

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. Instead, the Company has elected to measure its investment in associates at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or cost that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss and other comprehensive income. The losses arising from impairment are recognized as an impairment in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments - Initial recognition and subsequent measurement (Cont'd)

(i) Financial assets (Cont'd)

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;

- the Company has transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(ii) Impairment of financial assets

The Company assesses as at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost the Company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments - Initial recognition and subsequent measurement (Cont'd)

(ii) Impairment of financial assets (Cont'd)

Financial assets carried at amortised cost (Cont'd)

If there is objective evidence that an impairment loss has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets' original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit and loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the profit and loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the profit and loss.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, bank overdrafts and interest bearing loans and borrowings.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the profit and loss when the liabilities are derecognised as well as through the amortisation process.

The effective interest amortization is included in finance costs in the statement of profit or loss and other comprehensive income.

Derecognition

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit and loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments - Initial recognition and subsequent measurement (Cont'd)

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(g) Cash at bank and short term deposits

Cash at bank and short term deposits in the statements of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the statement of cash flows, cash and short-term deposits consist of cash at bank and short term deposit as defined above, net of outstanding bank overdrafts.

(h) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the profit and loss.

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

Operating lease payments are recognised as an expense in the profit and loss on a straight line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Contingent rents are recognised as revenue in the period in which they are earned.

(i) Employee benefit liability

(i) Defined benefit plan

The cost of the defined benefit pension plan are determined using the projected credit unit method through actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actuarial actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the pension obligations are given in Note 13.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) **Employee benefit liability (Cont'd)**

(i) ***Defined benefit plan (Cont'd)***

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years

Specific transitional provisions are applicable to first-time application of IAS 19 (as revised in 2011). The Company has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis.

Re-measurements, comprising of actuarial gains and losses, the effects of the net asset ceiling, excluding net interest (not applicable to the Company) and the return on the plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to the retained earnings through OCI in the period in which they occur. Re-measurement are not classified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or cultailment, and
- The date that the Company recognises restructuring - related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The company recognises the following changes in the net defined benefit obligation under administrative expenses in the profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

Where the calculation results in a benefit to the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(j) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit and loss.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Taxes (Cont'd)

Deferred income tax (Cont'd)

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Alternative Minimum Tax (AMT)

Alternative Minimum Tax (AMT) is provided for, where an entity which has a tax liability of less than 7.5% of its book profit pays a dividend. AMT is calculated as the lower of 10% of the dividend paid and 7.5% of book profit.

Corporate Social Responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within the statement of profit or loss and other comprehensive income and the income tax liability on the statement of financial position.

The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Taxes (Cont'd)

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

(k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when payment is being made. Revenue is measured at fair value of consideration received or receivable, taking into account contractually defined terms of payment excluding discounts, rebates and sales tax or duty. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as interest accrues (using the effective interest method). Interest income is included in finance revenue in the statement of profit or loss and other comprehensive income.

Dividend

Revenue is recognised when the Company's right to receive payment is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms and included in revenue due to its operating nature.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

Judgments

In the process of applying the Company's accounting policies, management made judgments as discussed below.

(i) Assessment as investments entity

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries at fair value through profit or loss rather than consolidate them. The criteria which define an investment entity are, as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company regularly reports to its investors, and to its management, via internal management reports, on a fair value basis. All investments are reported at fair value to the extent allowed by IFRS in the Company's annual reports. The Company has committed to its investors that its business purpose is to invest funds solely for investment returns. The Company has a clearly documented exit strategy for all of its investments. The Board has also concluded that the Company meets the characteristics of an investment entity, in that it has more than one investment from which investment income is generated; the investments are predominantly in the form of equities and similar securities.

The Board has concluded that the Company meets the definition of an investment entity. These conclusions will be reassessed on an annual basis, if any of these criteria or characteristics change.

(ii) Subsidiaries in which the Company holds less than the majority of voting rights

The Company holds some entities with more than 50% of the shareholding and does not hold the majority of voting rights. Decisions require the approval of a majority of votes at the shareholdings meeting. Ordinarily, 100% voters would not be expected to attend or vote at the meetings and the other shareholders are passive in nature. They do not have arrangements to consult other shareholders or make collective decisions. As such, Board has concluded that the Company has de facto control of these companies, and accordingly, it has included as a subsidiary at fair value.

(iii) Associates in which the Company holds less than 20% of the voting rights

The Company holds some entities with more than 20% of the shareholding and does not hold more than 20% of the voting rights at board level. Though the approval of a majority of votes is required at the shareholders meeting, 100% would not be expected to attend or vote at the meetings. The shareholders do not have arrangements to consult other shareholders or make collective decisions. The Company does not have active involvement over the management and decision making of the associates. The objectives of investing in these associate companies are for capital appreciation. As such, these companies where the Board concluded that they have significant influence have been included as associates at fair value.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation and uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Determination of employee benefit costs and related provisions

The cost of retirement benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty (refer to note 13).

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

Estimates and assumptions (Cont'd)

(ii) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active model, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments - refer to note 25.

(iii) Impairment of financial assets

Significant management judgement is applied to assumptions used for assessment of impairment relate mainly to the particular environmental factors impacting on the individual cash generating units and also on the basis of their previous fair value.

Where the discounted cash flow model has been used to calculate future cash flows and potential for recoverability of carrying value of assets, estimates are subject to uncertainty due to the nature and time-horizon of these business plans.

(iv) Investment properties

The fair value has been determined on the basis of valuations performed by independent certified practicing valuer's, namely NP Jeetun, Chartered Valuation Surveyor, an accredited independent valuer. At 31 December 2013, fair value is the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

The Board of Directors has reviewed the fair value of the investment properties at December 31, 2013 and considered that the carrying value of the investment properties reflect the fair value of these assets

In determining the valuation of investment property, the following main inputs have been used:

	THE COMPANY	
	2013	2012
Yields (%)	4.86%	4.5%
Inflation rate (%)	3.50%	3.9%
Long term vacancy rate (months)	3 months	3 months
Long term growth in real rental rates (%)	1.90%	1.75%

4. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Office furniture and fittings	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1, 2012	33,574	17,708	17,856	69,138
Additions	-	155	-	155
At December 31, 2012	33,574	17,863	17,856	69,293
At January 1, 2013	33,574	17,863	17,856	69,293
Additions	-	459	3,388	3,847
Written off (note (a))	-	-	(3,250)	(3,250)
At December 31, 2013	33,574	18,322	17,994	69,890
DEPRECIATION				
At January 1, 2012	8,289	16,271	5,686	30,246
Charge for the year	503	415	3,564	4,482
At December 31, 2012	8,792	16,686	9,250	34,728
At January 1, 2013	8,792	16,686	9,250	34,728
Charge for the year	502	320	2,898	3,720
written off (note (a))	-	-	(1,029)	(1,029)
At December 31, 2013	9,294	17,006	11,119	37,419
NET BOOK VALUE				
At December 31, 2013	24,280	1,316	6,875	32,471
At December 31, 2012	24,782	1,177	8,606	34,565

Note (a): The amount written off is in respect of a motorvehicle which was damaged in an accident.

5. INVESTMENT PROPERTIES

	2013	2012
	Rs'000	Rs'000
At January 1,	11,000	11,000
Decrease in fair value of nvestment properties (note (ii))	(500)	-
At December 31,	10,500	11,000

(i) The fair value has been determined on the basis of valuations performed by independent certified practising valuers, namely NP Jeetun Chartered Valuation Surveyors at 31 December 2013. The fair value represents the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

In determining the valuation of investment properties, the following main inputs have been used:

	2013	2012
Yields	4.86%	4.5%
Inflation rate	3.50%	3.9%
Long term vacancy rate	3 months	3 months
Long term growth in real rental rates	1.90%	1.75%

(iii) Rental income from investment properties amounted to Rs 1.56m (2012: Rs1.69m). Direct expenses arising on the investment properties during the year amounted to Rs nil (2012: Rs nil).

During the year and as at the year-end, no restrictions on the realisability 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.

6. INTANGIBLE ASSETS

	Leasehold rights	Computer software	Total
COST	Rs'000	Rs'000	Rs'000
At January 1, 2012	15,000	8,999	23,999
Additions	-	-	-
At December 31, 2012	15,000	8,999	23,999
At January 1, 2013	15,000	8,999	23,999
Additions	-	75	75
At December 31, 2013	15,000	9,074	24,074
AMORTISATION			
At January 1, 2012	265	8,999	9,264
Charge for the year	250	-	250
At December 31, 2012	515	8,999	9,514
At January 1, 2013	515	8,999	9,514
Charge for the year	250	6	256
At December 31, 2013	765	9,005	9,770
NET BOOK VALUE			
At December 31, 2013	14,235	69	14,304
At December 31, 2012	14,485	-	14,485

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

7. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013	2012
	Rs'000	Rs'000
Investment in subsidiaries at fair value through profit or loss *(see note (a))*	1,358,979	1,342,766
Investment in associates at fair value through profit or loss *(see note (b))*	1,814,017	1,383,874
Other Investments at fair value through profit or loss *(see note (c))*	3,843,700	3,305,656
	7,016,696	6,032,296

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

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

	2013	2012
	Rs'000	Rs'000
At January 1		
As previously stated	686,126	686,126
Effect of adopting IFRS 10	656,640	545,277
As re stated	1,342,766	1,231,403
Movement during the year (note (2) below)	447,000	-
Fair value (decrease)/increase (Note 17)	(430,787)	111,363
At December 31,	1,358,979	1,342,766

(1) 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's 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.

(2) The movement during the year is in respect of some of the advances to subsidiaries being converted into equity shares.

(i) Summary of unconsolidated subsidiaries

	Proportion of ownership		Voting Rights		Activity	Interest free Advances	
	2013	2012	2013	2012		2013	2012
	%	%	%	%		Rs'000	Rs'000
Beach Casinos Limited	100.00	100.00	100.00	100.00	Gaming	-	179,200
Capital Asset Management Limited	100.00	100.00	50.00	50.00	Fund Management	58	58
Casino de Maurice Limited	100.00	100.00	25.00	25.00	Gaming	-	88,200
Casino Equipment Limited	4.76	4.76	100.00	100.00	Equipment Assembly	-	-
Compagnie Mauricienne D'Hippodromes Ltée	10.00	10.00	66.67	66.67	Property Development	1,736	1,625
Domaine Les Pailles Limitée	8.63	8.63	100.00	100.00	Food & Consumer goods	171,893	137,193
Domaine Les Pailles Training Centre Ltd	-	-	-	-	Training	-	-
EREIT Management Ltd	100.00	100.00	50.00	50.00	Management Services	-	-
Guibies Holding Ltd	10.00	10.00	100.00	100.00	Property Development	567	478
Guibies Properties Ltd	10.00	10.00	100.00	100.00	Property Development	888	800
Lakepoint Limited	100.00	100.00	75.00	75.00	Leisure & Entertainment	50,811	70,811
Le Caudan Waterfront Casino Limited	51.00	51.00	25.00	25.00	Gaming	-	-
Le Grand Casino Du Domaine Limited	62.36	62.36	20.00	20.00	Gaming	-	-

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

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

(i) Summary of unconsolidated subsidiaries (Cont'd)

	Proportion of ownership		Voting Rights			Interest free Advances	
	2013	2012	2013	2012	Activity	2013	2012
	%	%	%	%		Rs'000	Rs'000
Le Val Development Limited	70.00	70.00	28.57	28.57	Property Development	-	-
Les Pailles Management Limited	100.00	100.00	57.14	57.14	Management Services	-	-
MJTI Properties Limited	91.37	91.37	50.00	50.00	Property Development	-	-
Prime Partners Limited	100.00	100.00	100.00	100.00	Corporate services	-	-
Prime Securities Ltd	80.00	40.00	100.00	100.00	Stock Broking services	-	2,649
Prime Real Estate Limited	80.00	80.00	80.00	80.00	Property Development	27,936	27,801
SIC Fund Management Ltd	-	-	50.00	50.00	Fund Management	-	-
SIC Management Services Company Limited	100.00	100.00	57.14	57.14	Management Services	-	-
State Investment Finance Corporation Limited	80.00	80.00	50.00	50.00	Investment	-	-
Sun Casinos Limited	100.00	100.00	75.00	75.00	Gaming	-	84,600

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.

(iii) 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.

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

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

	2013	2012
	Rs'000	Rs'000
At January 1		
As previously stated	333,569	347,030
Effect of adopting IFS 10	2,216,757	819,422
As re stated	1,383,874	1,166,452
Additions during the year	7,788	-
Fair value increase (Note 17)	422,355	217,422
At December 31,	1,814,017	1,383,874

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

	Proportion of ownership		voting rights		Activity	Interest free Advances	
	2013	2012	2013	2012		2013	2012
	%	%	%	%		Rs'000	Rs'000
Cargo Handling Corporation Ltd	54.00	54.00	8.33	8.33	Logistics and Distribution	-	-
Editions de l'Océan Indien Limitée	49.98	49.98	37.50	37.50	Editing and printing	15,031	15,031
Lottotech Ltd	25.00	25.00	18.80	18.80	Gaming	-	-
Mauritius Duty Free Paradise Co Ltd	20.00	20.00	20.00	20.00	Distribution	-	-
Mauritius Shopping Paradise Limited	43.35	43.35	50.00	50.00	Distribution	-	-
Mauritius Land - Based Oceanic Park Ltd	63.00	63.00	25.00	25.00	Utilities	-	-
National Equity Fund	25.00	25.00	33.33	33.33	Financial Services	-	-
Pointe Coton Resorts Hotels Co Limited	28.54	28.54	33.33	33.33	Leisure and Entertainment	-	-
Port Louis Fund Ltd	37.97	37.84	33.33	33.33	Investment Fund	-	-
Rodrigues Venture Capital and Leasing Fund Ltd	50.00	50.00	20.00	20.00	Financial Services	-	-
Splendid Property Co Ltd	25.00	25.00	25.00	25.00	Real Estate	-	-
State Informatics Limited	20.00	20.00	14.29	14.29	ICT	-	-
The Bagged Sugar Storage and Distribution Co Ltd	38.00	38.00	20.00	20.00	Logistics and Distribution	-	-

7. 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 (Cont'd)*

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.

(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 mangement purposes . The Company intends to support one of its associates which has embarked on a restructuring plan regarding its business and marketing strategy.

The Company has no contractual commitments to provide any other financial or other support to its associates.

(c) *Other Investments at fair value through profit or loss*

	Listed	Quoted on the DEM	Unquoted	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2013	1,069,870	144,780	2,091,006	3,305,656
Additions*	-	-	36,050	36,050
Disposals	-	-	(52,425)	(52,425)
Fair value gains (Note 17)	315,982	26,017	212,420	554,419
At December 31, 2013	**1,385,852**	**170,797**	**2,287,051**	**3,843,700**

	Listed	Quoted on the DEM	Unquoted	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2012	1,283,452	160,206	2,083,954	3,527,612
Additions		-	40,700	40,700
Reclassification	(388)	388	-	-
Fair value (losses) (Note 17)	(213,194)	(15,814)	(33,648)	(262,656)
At December 31, 2012	1,069,870	144,780	2,091,006	3,305,656

* Included in unquoted investments are investments in debentures.

8. LONG TERM RECEIVABLES

	2013	2012
	Rs'000	Rs'000
Loans to employees (note (a))	7,790	8,164
Restructuring Working Group (note 26)	-	2,471,131
	7,790	2,479,295

(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.

9. TRADE AND OTHER RECEIVABLES

	2013	2012
	Rs'000	Rs'000
Trade receivables	122,807	58,165
Other receivables and prepayments	12,070	12,249
Receivables from related parties	297,877	636,547
	432,754	706,961

(a) Trade receivables are non-interest bearing and are generally on 90 days' term.

As at December 31, 2013, there were no impairment of trade receivables (2012: Nil).

As at December 31, the ageing analysis of trade receivables are as follows:

			Past due but not impaired		
	Total	Neither past due nor impaired	< 30 days	90-120 days	> 120 days
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2013	122,807	122,807	-	-	-
2012	58,165	58,165	-	-	-

(b) Other receivables represent prepayments and no collaterals are held in respect of those receivables.

(c) For terms and conditions in respect of amounts receivable from related parties and impairment of receivable from related parties - refer to note 24.

10. CAPITAL AND RESERVES

(a) Issued Capital

	2013	2012	2013	2012
	Rs'000	Rs'000	Number of shares	
Authorised,Issued, subscribed and paid up share capital	100,000	100,000	100,000	100,000

(b) Share Buy Back Reserve

Further to the request of National Investment Trust (NIT) and the approval of the main shareholder, the buy back of the shares held by NIT in SIC to the amount of Rs 423m was approved in June 2013. Based on the Memorandum of Understanding (MOU) reached between NIT and SIC on 13th November 2013, it has been agreed that the consideration would be settled in four equal annual instalments with interests based on repo rate accrued as from date of signature of the MOU. The administrative process for this transaction was initiated after the signature of the MOU but not completely finalised as at 31 December 2013. Accordingly the share buy back transaction has been accounted for in the share buy back reserve. For more details see note 12.

11. INTEREST-BEARING LOANS AND BORROWINGS

	Effective *Interest Rate*	*Maturity*	2013	2012
Current	%		Rs'000	Rs'000
Bank overdraft (note (a))	%	On demand	105,860	54,989
Development Bank of Mauritius loan (note (b))	*PLR + 5.25%'* *Repo - 5%*	*2012*	-	5,000
			105,860	59,989
Non-current				
Payable to The Government of Mauritius, under the RWG (note 26)	*Repo - 5%* *5%*	*2014-2015*	-	2,471,132
			105,860	2,531,121

(a) Bank overdrafts

The Company's bank overdrafts are unsecured. The undrawn overdraft facilities as at December 31, 2013 amounts to Rs 45 M.

(b) Loans

The loan from Development Bank of Mauritius is unsecured and bears interest.

12. OTHER PAYABLES

The other payable represents the amount due to NIT with respect to the share buy back by the company. The amount due to NIT bears interest at repo rate and is repayabe in four equal annual instalments as analysed below.

	2013
	Rs'000
Within one year	228,424
After one year and before three years	224,160
	452,584
Less future finance charges	(29,584)
	423,000
Representing Liabilities in respect of share buy back transaction	
Within one year (note 15)	213,672
After one year and before three years	209,328
	423,000

13. EMPLOYEE BENEFIT LIABILITIES

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.

	2013	Re-stated 2012
	Rs'000	Rs'000
Defined pension plan	6,827	3,744

(a) *Defined pension plan*

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

	2013	2012
	Rs'000	Rs'000
Present value of funded obligations	62,981	54,172
Fair value of plan assets	(56,155)	(50,429)
	6,827	3,744

	2013	2012
	Rs'000	Rs'000
At January 1 - as previously stated	3,744	(2,279)
Effect of IAS 19- (note1)	-	6,322
At January 1 - as re stated	3,744	4,043
Actuarial (gains) and losses recognised in OCI	3,083	(441)
Total expense recognised in profit and loss	1,684	1,478
Contributions paid by employer	(1,684)	(1,336)
Closing net defined benefit liability	6,827	3,744

13. EMPLOYEE BENEFIT LIABILITIES (CONT'D)

(a) *Defined pension plan (Cont'd)*

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

Note 1: The effect above is amount excluding tax impact. The tax impact can be anlysed as follows:

	Re-stated January 1, 2012
	Rs'000
Effect of adoptiong IAS 19 revised	6,322
Increase in deferred tax -Impact of the IAS 19 revised	(718)
Impact of IAS 19 revised-net of tax	5,604

(ii) Changes in the defined benefit obligations over the year are as follows:

	2013	2012
	Rs'000	Rs'000
Defined benefit obligations at January 1,	54,172	50,002
Current service cost	2,145	1,715
Interest cost	4,334	5,000
Benefits paid and interest	(1,782)	(1,314)
Actuarial losses/(gains)	4,112	(1,231)
December 31,	62,981	54,172

(iii) Changes in the fair value of plan assets for the year are as follows:

	2013	2012
	Rs'000	Rs'000
Fair value of plan assets at January 1,	50,429	45,959
Expected return on plan assets	4,060	4,628
Employer contributions	1,684	1,478
Employee contributions	823	649
Benefits paid and other outgo	(1,869)	(1,495)
Actuarial gains /(losses)	1,029	(790)
Fair value of plan assets at December 31,	56,155	50,429

(iv) The amounts recognised in the income statements are as folllows:

	2013	2012
	Rs'000	Rs'000
Current service cost	2,145	1,716
Employee Contribution	(823)	(649)
Fund expenses	88	40
Net Interest Expense/Income	274	373
	1,684	1,480
Remeasurement		
Actuarial Liability (gain)/loss- Other Comprensive income	3,083	441

(v) Actual return on plan assets 5,088 3,837

13. EMPLOYEE BENEFIT LIABILITIES (CONT'D)

(a) *Defined pension plan (Cont'd)*

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

	2013	2012
	%	%
Fixed income securities (short term)	-	-
Government securities and cash	59.10	58.80
Loans	4.90	5.90
Local equities	21.90	22.20
Overseas bonds and equities	13.40	12.40
Property	0.70	0.70
	100.00	100.00

(vii) The equity instrument are segregated by Industry are as follows:

	%
Industry Type	
Manufacturing	7.8
Investment	14.9
Sugar	7.7
Commerce	11.3
Leisure and Hotels	15.6
Transport	-
Bank and Insurance	39.6
Others	2.2
	100

(b) ***Additional disclosure on assets issued or used by the reporting entity***

	2013	2012
	%	%
Percentage of assets at end of year	-	-
Assets held in the entity's own financial instruments	-	-
Property occupied by the entity	-	-
Other assets used by the entity	-	-

(c) ***Components of the amount recognised in OCI***

	2013	2012
	Rs'000	Rs'000
Year		
Currency		
Actuarial gain/(loss)	1,028	(790)
Actuarial (loss) /gain	(4,111)	1,231
	(3,083)	441

13. EMPLOYEE BENEFIT LIABILITIES (CONT'D)

(c) Components of the amount recognised in OCI (Cont'd)

Weighted average duration of the defined benefit obligation 18 years
(Calculated as a % change in PV of liablities for a 1% change in discount rate)

(i) Expected contributions to post-employment benefit plans for the period ended December 31, 2013 are Rs 1.6M (2012: Rs 1.4M).

(ii) Amounts for the current and previous four periods are as follows:

	2013	2012	2011	2010
Present value of defined benefit obligation	62,981	54,172	50,002	43,950
Fair value of plan assets	(56,155)	(50,429)	(45,959)	(41,582)
Deficit/(surplus)	6,827	3,743	4,043	2,368
Experience adjustments on plan liabilities	4,112	(1,232)	1,219	5,795
Experience adjustments on plan assets	(1,029)	791	(2,842)	(550)

The plan is exposed to acturial risks such as : investment risk, interest rate risk, longevity risk and salary risk. The risk relating to death in service benefits is re-insured.

The cost of providing the benfits is determined using the Projected Unit Method. The principal assumptions used for the purpose of the acturial valuation were as follows:

	2013	2012
Discount rate	8%	10%
Future salary increases	6.5%	8.5%
Future pension increases	5.5%	7.5%
Mortality before retirement	A 6770 Ultimate Tables	
Mortality in retirement	PA (90) Tables	
Retirement age	As per Schedule II in the Statutory Bodies Pension Funds Act	

The disount rate is determined by reference to market yields on bonds.

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting period:

- If the discount rate would be 100 basis points (one percent) higher (lower), the defined benefit obligation would decrease by Rs 9.0M (increase by Rs 11.3 M) if all other assumptions were held unchanged.

13. EMPLOYEE BENEFIT LIABILITIES (CONT'D)

(c) Components of the amount recognised in OCI (Cont'd)

- If the expected salary growth would increase (decrease) by 1%, the defined benefit obligation would increase by Rs 5.6M (decrease by 5.0M) if all assumptions were held unchanged.

- If life expectancy would increase (decreasee) by one year, the defined benefit obligation would increase by Rs 1.8M (decrease by Rs 1.8M) of all assumptions were held unchanged.

In reality one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depends to a certain extent on expected inflation rates.

Active members

	As at 31 December 2013				2012
	No of members	Average age	Average salary	Average service	No of members
Male	14	46	34,653	197	14
Female	12	43	50,870	200	13
Total overall	26	45	42,138	198	27

Deferred members

There were one deferred member as at December 31, 2013.

Pensioners

There were three pensioners as at 31 December 2013 earning an annual pension of Rs 1,186,924.

The defined benefit obligation as at December 31, 2013 may be split as follows:

	Rs 000
Active members	48,400
Deferred member	13,500
Pensioners	1,081
	62,981

13. **EMPLOYEE BENEFIT LIABILITIES (CONT'D)**

(d) **Funded obligation**

2013 changes in the defined benefit obligation and fair value of plan assets

		Pension cost charged to profit or loss						Re-measurement gains/(losses) in other comprehensive income					
	January 1, 2013	Service cost	Net interest	Fund expenses	Contributions by employee	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest (expense)	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	December 31, 2013
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Defined benefit obligation	54,172	2,145	4,334	-	-	6,479	(1,782)	-	-	4,112	4,112	-	62,981
Fair value of plan assets	(50,428)	-	(4,060)	88	(823)	(4,795)	1,745	-	-	(1,029)	(1,029)	(1,647)	(56,154)
Benefit liability	3,744	2,145	274	88	(823)	1,684	(37)	-	-	3,083	3,083	(1,647)	6,827

2012 changes in the defined benefit obligation and fair value of plan assets

		Pension cost charged to profit or loss						Re-measurement gains/(losses) in other comprehensive income					
	January 1, 2012	Service cost	Net Interest	Fund expenses	Contributions by employee	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest (expense)	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	December 31, 2013
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000		Rs 000
Defined benefit obligation	50,002	1,716	5,000	-	-	6,716	(1,314)	-	-	(1,232)	(1,232)	-	54,172
Fair value of plan assets	(45,959)	-	(4,627)	39	(649)	(5,237)	1,276	-	-	790	790	(1,298)	(50,428)
Benefit liability	4,043	1,716	373	39.00	(649)	1,478	(38)	-	-	(442)	(442)	(1,298)	3,744

14. DEFERRED TAXES

in the statements of financial position:

	2013	2012
	Rs'000	Rs'000
Deferred tax assets	(1,094)	(243)

Deferred taxes are calculated on all temporary differences under the liability method at 15% (2012: 15%).

The movement on the deferred tax account is as follows:

	2013	2012
	Rs'000	Rs'000
At January 1,	(243)	345
Charge to profit or loss (note16 (b))	(388)	(654)
Charge to other comprehensive income	(463)	66
At December 31,	(1,094)	(243)

	Statement of financial position		Credit for the year	
	2013	2012	2013	2012
	Rs 000	Rs 000	Rs 000	Rs 000
Deferred tax liability				
Employee benefit liability	(1,024)	(561)	(463)	259
Accelerated depreciation for tax purposes	(70)	318	(388)	(847)
	(1,094)	(243)	(851)	(588)

	2013	2012
Deferred tax credit to profit or loss	(388)	(654)
Deferred tax credit to other comprehensive income	(463)	66
	(851)	(588)

15. TRADE AND OTHER PAYABLES

	2013	2012
	Rs'000	Rs'000
Amount payable to fellow subsidiaries	121,085	120,168
Payable to Government of Mauritius - RWG	595,752	160,253
Payable to Government of Mautitius - (GOM)	-	700,000
Payable in respect of treasury shares (note 12)	213,672	-
Other payables	7,437	6,640
	937,946	987,061

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 90 day terms.
- The payable to Government of Mauritius with respect to Restructuring Working Group (RWG) 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.
- For terms and conditions of related party payables refer to note 24.

16. INCOME TAX

(a) Statements of financial position:

	2013	2012
	Rs'000	Rs'000
At January 1,	108	-
Current income tax charge	1,198	683
Under provison of income tax of previous year	97	862
Paid during the year	(713)	(1,437)
At December 31,	690	108

(b) The major components of income tax expense for the year ended December 31, 2013 and December 31, 2012 are:

Statements of comprehensive income:

	2013	2012
Current income taxes:	Rs'000	Rs'000
Current income tax charge	1,108	581
Corporate Social Responsibility	90	102
Under current income tax of previous year	97	862
Deferred taxes:		
Relating to origination and reversal of temporary differences	(388)	(654)
Income tax expense reported in the income statements	907	891

16. INCOME TAX (CONT'D)

A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for theyear ended December 31, 2013 and December 31, 2012 is as follows:

	2013	2012
	Rs'000	Rs'000
Accounting profit before income tax	675,245	175,509
At the statutory income tax rate of 15% (2011: 15%)	101,287	26,326
Exempt income for tax purposes	(110,352)	(28,402)
Non-deductible expenses	9,785	2,003
Corporate Social Responsibility	90	102
Adjustment in respect of current income tax of previous years	97	862
	907	891

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

		2013	2012
		Rs'000	Rs'000
(a)	*Unrealised gain/(loss) on investments at fair value through profit or loss*		
	Fair value Movement		
	Investment in subsidiaries	(430,787)	111,363
	Investment in associates	422,355	217,422
	Other Investments	554,419	(262,656)
		545,987	66,129
(b)	*Realised gain/(loss) on disposal of investments at fair value through profit or loss*		
	Investment in subsidiaries	-	-
	Investment in associates	-	-
	Other Investments	17,459	
		17,459	-
(c)	*Net change on investments at fair value through profit or loss*	563,446	66,129

18. INVESTMENT INCOME

	2013	2012
	Rs'000	Rs'000
Investment in subsidiaries	17,348	17,860
Investment in associates	44,198	80,983
Other Investments	106,656	69,077
	168,202	167,920

Investment income represents dividend amounting to Rs 164.6 M (2012: Rs165.3 M) and interest received from investments at fair value through profit and loss amounting to Rs 3.6 M (2012 : Rs 2.6 M)

19. INTEREST INCOME

The interest income mainly represents interests received from loan given to staff and on advances provided to related parties.

20. OTHER INCOME

	2013	2012
	Rs'000	Rs'000
Rental Income	1,560	1,690
Management fees from GOM for RWG Schemes (note26)	1,200	1,200
Other income	4,775	3,108
	7,535	5,998

Other income represents mainly the director fees.

21. INTEREST EXPENSE

	2013	2012
	Rs'000	Rs'000
Bank Ovedraft	6,341	4,634
Loan	-	544
	6,341	5,178

22. PROFIT BEFORE TAX

	2013	2012
	Rs'000	Rs'000
Profit is arrived at after:		
Depreciation on property, plant and equipment:		
- owned assets	3,720	4,482
Amortisation of intangible assets	256	250
Employee benefit expenses	38,477	30,492
Wages, salaries and other benefits	36,559	28,852
Pension and social security costs	1,918	1,577
	38,477	30,429

23. CASH AT BANK AND SHORT TERM DEPOSITS

(a) For the purpose of the cashflow statements, cash and cash equivalents comprise the following at December 31:

	2013	2012
	Rs'000	Rs'000
Short term deposits	140,169	124,766
Bank and cash balances	-	699,601
Cash held on behalf of GOM for RWG scheme	595,752	160,983
Cash at bank and in hand	735,921	985,350
Bank overdrafts (note 11)	(105,860)	(54,989)
	630,061	930,361

(b) Net cash flow from operating activities

	Notes	2013	2012
		Rs'000	Rs'000
OPERATING ACTIVITIES			
Profit before tax		675,245	175,509
Non-cash adjustments to reconcile (loss)/profit before tax to net cash flows			
Depreciation and impairment of property, plant and equipment		3,720	4,482
Written off of Property,plant and equipment		2,221	-
Exchange difference movement		110	(315)
Loss on disposal of investments	17 (b)	(17,459)	-
Investment property	5	500	-
Unrealised gain on fair value of investments	17 (a)	(545,987)	(66,129)
Amortisation of intangible assets	6	256	250
Dividend Income	18	(164,609)	(165,300)
Interest costs	21	6,341	5,178
Interest Revenue	18 & 19	(4,534)	(5,869)
Working capital adjustments:			
-acquisition of investments	7	(43,838)	(40,700)
-proceeds from disposal of investments		69,231	-
-trade and other receivables		(172,140)	(93,770)
-trade and other payables		(262,787)	702,618
		(453,730)	515,954
Dividends received		164,609	165,300
Interest received		4,534	5,869
Income tax paid	16	(713)	(1,437)
Net cash from operating activities carried forward		(285,300)	685,686

24. RELATED PARTY TRANSACTIONS

	Utilities and licences paid to	Secreterial fees	Investments at fair value through proft or loss	Fair Gain/(loss) in investments	Dividend income	Remuneration	Amount owed by related parties	Amount owed to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2013								
Subsidiaries	-	276	1,358,979	(430,787)	17,348	-	267,796	121,085
Associates	-	-	1,814,017	422355	43,795	-	15,031	-
Directors and key management personnel	-	-	-	-	-	16,293	-	-
Enterprises with common directors	-	-	-	-	-	-	-	-
Government of Mauritius	-	-	-	-	-	-	15,050	595,752
Other Government of Mauritius related bodies	1,494	-	1,896,218	249,584	-	-	-	423,000
2012								
Subsidiaries	-	276	1,342,766	111,363	18,360	-	558,275	120,168
Associates	-	-	1,383,874	217,422	80,983	-	54,022	-
Directors and key management personnel	-	-	-	-	-	12,409	-	-
Enterprises with common directors	-	-	-	-	-	-	-	-
Government of Mauritius	-	-	-	-	-	-	15,050	860,253
Other Government of Mauritius related bodies	1,482	-	1,646,634	68,650	-	-	9,200	-

Terms and conditions of transactions with related parties

Outstanding balances at the end of year are unsecured, interest-free, repayable on demand and settlement occurs in cash. The company has guaranteed overdraft facilities for Casino de Maurice Limited Rs 25M (2012: Rs 25M) and to Sun Casino Limited Rs 5M (2012: Rs 5M) and guaranteed bank loan contracted by Domaine Les Pailes Limitée Rs 34M (2012: Rs 34M). For the year ended December 31, 2013, the Company has recorded an impairment of Rs 0.65M relating to amounts owed by related parties (2012: Rs 7.9M). 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 11, 15 and 25.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise of loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has trade and other receivables and cash and cash equivalents that arrive directly from its operations.

The main risks arising from the Company's financial instruments are market risk (cash flow including interest rate risk and foreign currency risk), liquidity risk and credit risk. The Board of Directors reviews and agrees policies for managing each of the risks which are summarised below.

(i) *Interest rate risk*

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages their interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact of floating borrowing). There is only an immaterial impact on the Company's equity.

	Increase/ decrease in basis point	Effect on profit/(loss) before tax
2013	Interest rate	Rs'000
Interest Rate	+ 50	(529)
	- 50	529
2012		
Interest Rate	+ 50	(300)
	- 50	300

(ii) *Foreign exchange risk*

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency).

The currency profile of the financial assets and liabilities at December 31, 2013 and December 31, 2012 is as follows:

	MUR	USD	EURO	GBP	TOTAL
As at December 31, 2013	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investments	6,367,557	160,293	488,846	-	7,016,696
Trade and other receivables	354,246	66,259	-	-	420,505
Cash in hand and at bank	165,061	241,707	317,237	11,491	735,496
Long term receivables	7,790	-	-	-	7,790
Total assets	6,894,654	468,259	806,083	11,491	8,180,487
Liabilities	702,584	221,398	317,237	11,491	1,252,710

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(ii) *Foreign exchange risk (Cont'd)*

	MUR	USD	EURO	GBP	TOTAL
As at December 31, 2012	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investments	5,490,467	191,130	350,699	-	6,032,296
Trade and other receivables	694,621	-	-	-	694,621
Cash in hand and at bank	860,700	124,650	-	-	985,350
Long term receivables	2,479,295	-	-	-	2,479,295
Total assets	9,525,083	315,780	350,699	-	10,191,562
Liabilities	3,398,014	120,168	-	-	3,518,182

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

	Increase/ decrease in rates	Effect on profit/(loss) before tax
2013	%	Rs'000
US Dollar	+5	18,330
	-5	(18,330)
EURO	+5	20,725
	-5	(20,725)
2012		
US Dollar	+5	9,556
	-5	(9,556)
EURO	+5	18,013
	-5	(18,013)

(iii) *Credit risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, including deposits with banks.

(iv) *Liquidity risk*

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iv) Liquidity risk (Cont'd)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Year ended December 31, 2013	On demand	3-12 months	1 to 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Interest-bearing loans and borrowings	-	105,860	-	105,860
Other non curent payable	-	228,424	224,160	452,584
Trade and other payables	-	723,389	-	723,389
	-	1,057,673	224,160	1,281,833

Year ended December 31, 2012	On demand	3-12 months	1 to 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Interest-bearing loans and borrowings	59,989	-	2,631,385	2,691,374
Trade and other payables	-	987,061	-	987,061
	59,989	987,061	2,631,385	3,678,435

(v) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting small financial instruments traded in the market.

The Company is exposed to equity securities price risk because of investments held by the Company classified as fair value through profit or loss. The Company is not exposed to commodity price risk. To manage price risks arising from investments in equity securities, the Company diversifies its portfolio.

An increase/decrease of 10% in the Semdex would result in an increase/decrease in the net profit of Rs 156M respectively. (2012 - Rs 77M) on the financial assets at fair value through profit or loss. There is no impact on equity from changes in market prices.

(vi) Fair values

The company's financial assets and liabilities include financial assets at fair value through profit or loss, investment properties, receivables, bank deposits, cash at bank and in hand, trade and other payables,borrowings. Except where otherwise stated, the carrying amounts of these financial assets and liabilities approximate their fair values.

Fair value hierarchy

The Company adopted the amendment to IFRS 13, effective 1 January 2013. This requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(vi) Fair values (Cont'd)

Fair value hierarchy (Cont'd)

- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. Management considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Company's assets and liabilities measured at fair values at 31 December.

Valuation techniques

Listed investment in equity

When fair values of publicly traded equity securities are based on quoted market prices, or binding dealer price quotations, in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy.

Unlisted equity investments

The Company invests in private equity companies which are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Company uses a market based valuation technique for these positions.

The Company's investment valuation team determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value.

Valuation process for Level 3 valuations

The valuation of unlisted equity and debt is performed on a periodic basis by the valuation team and reviewed by the management of the company. The valuation of investment property is performed regularly by an external valuer, and reviewed by the management of the company. On a regular basis the valuation department review property valuations and inputs for significant changes, and consult with the external valuer if considered appropriate.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(vi) Fair values (Cont'd)

Valuation process for Level 3 valuations (Cont'd)

The valuations are also subject to quality assurance procedures performed within the valuation department. The valuation department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents and market information. In addition, the accuracy of the computation is tested. The latest valuation is also compared with the valuations in the two preceeding valuation exercises carried out as well as with the valuations of the two preceding annual periods. If fair value changes (positive or negative) are more than certain thresholds set, the changes are further considered by the investment committee.

On a regular basis, after the checks above have been performed, the investment team presents the valuation results to the management of the company and board of directors. This includes a discussion of the major assumptions used in the valuations, with an emphasis on the more significant investments and investments with fair value changes outside of the relevant thresholds set out above.

Other than as described above, there were no other changes in valuation techniques during the year.

Recurring fair value measurement

	2013			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Investment property (Note 5):	-	-	10,500	10,500
Investments at fair value through profit or loss (FVTPL) (Note 7):				
Agriculture	1,086	-	35,077	36,163
Communications	74,340	212,441	75,407	362,188
Distribution	-	-	420,350	420,350
Entertainment & Tourism	746,985	-	255,976	1,002,961
Financial services	639,489	630,517	1,112,008	2,382,014
Gaming	-	595,000	323,542	918,542
ICT	-	-	35,458	35,458
Manufacturing	63,057	671,790	29,715	764,562
Other holdings	10,363	-	-	10,363
Other services	13,419	-	31,792	45,211
Real estate	7,910	815,047	215,927	1,038,884
	1,556,649	2,924,795	2,545,752	7,027,196

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(vi) *Fair values (Cont'd)*

Fair value hierarchy (Cont'd)

Fair value measurement using significant unobservable inputs (Level 3)

	Balance at 1 January 2013	Acquisitions	Disposal	Transfer to/(from) Level 3	Gains and losses recognised in profit or loss	Balance at 31 December 2013
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investments property	11,000	-	-	-	(500)	10,500
Investments at fair value through profit or loss (FVTPL):						
Agriculture	40,677	-	-	-	(5,600)	35,077
Communications	67,413	8,000	-	-	(6)	75,407
Distribution	366,858	-	-	-	53,491	420,349
Entertainment & tourism	253,902	-	(2,320)	-	4,393	255,975
Financial services	1,429,952	9,813	-	(467,048)	139,292	1,112,009
Gaming	720,448	-	-	(428,348)	31,443	323,543
ICT	34,530	22	-	-	907	35,459
Manufacturing	1,538	28,000	-	-	177	29,715
Other services	28,449	-	-	-	3,342	31,791
Real estate	217,927	-	-	-	(2,000)	215,927
	3,172,694	45,835	(2,320)	(895,396)	224,939	2,545,752

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 following table above, the directors consider that the carrying amounts of financial assets and financial liabilities recognised approiximates their fair values.

The gain and losses arising on the level 3 investments amounting to Rs 225M included in profit or loss is attributable to the change in unrealised gain or loss relating to the investment held at end of the reporting period.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(vi) Fair values (Cont'd)

Fair value hierarchy (Cont'd)

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

	Balance at 1 January 2013	Acquisitions	Disposal	Transfer to/(from) Level 2	Gains and losses recognised in profit or loss	Balance at 31 December 2013
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investments at fair value through profit or loss (FVTPL):						
Communications	141,345	-	-	-	71,096	212,441
Financial services	52,979	-	(50,106)	467,048	160,595	630,517
Gaming	-	-		428,348	166,652	595,000
Manufacturing	623,149	-	-	-	48,641	671,790
Real estate	838,480	-	-	-	(23,433)	815,047
	1,655,953	-	(50,106)	895,396	423,551	2,924,795

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.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(vi) *Fair values (Cont'd)*

Fair value hierarchy (Cont'd)

The following table shows the valuation techniques used in the 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	2013 Fair value	Valuation approach	Key unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
	Rs'000				
Investment property	10,500	Comparative method valuation	Estimated rental value	5%	An increase/decrease of 5% in rental value will lead to an increase/decrease in fair value of Rs 9k.
			Equivalent yield	5%	An increase/decrease of 5% in equivalent yield will lead to an increase/decrease in fair value of Rs 26k.
Investments at fair value through profit and loss :					
Agriculture	35,077	Unadjusted net assets			
Communications	75,407	Unadjusted net assets			
Distribution	420,350	Earnings/ Adjusted net assets	PE	5%	An increase/decrease in PE will lead to an increase/decrease in fair value of Rs 20.7m
Entertainment & Tourism	255,976	Earnings/Adjusted net assets	PE	5%	An increase/decrease in PE will lead to an increase/decrease in fair value of Rs 2.9m
Financial Services	1,112,008	Adjusted net assets			
Gaming	323,542	Discounted cash flows (DCF)	Growth rate	5%	An increase/decrease in growth rate will lead to an increase/decrease in fair value of Rs 39.5m and Rs 37.9m respectively
ICT	35,458	Underlying net assets	Nil	Nil	-
Manufacturing	29,715	Underlying net assets	Nil	Nil	-
Other Services	31,792	Earnings/ Adjusted net assets	PE	5%	An increase/decrease in PE will lead to an increase/decrease in fair value of Rs 0.375m
Real Estate	215,927	Net assets/DCF	Rental yield/Growth rate	5%	An increase/decrease in rental yield will lead to a decrease/increase in fair value of Rs 8.8m
	2,545,752				

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(vi) Fair values (Cont'd)

Fair value hierarchy (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 2013 are as shown below:

Description	Input	Sensitivity used	Effect on fair value
			Rs'000
Investment			
Fair value through profit and loss investments :			
Agriculture			
Communications			
Distribution	PE	-5% and +5%	20,725
Entertainment & Tourism	PE	-5% and +5%	2,897
Financial Services			
Gaming	Growth rate	-5% and +5%	37,906
Manufacturing			
Other Holdings			
Other Services	PE	-5% and +5%	375
Real Estate	Rental yield/Growth rate	-5% and +5%	8,846

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

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(vi) Fair values (Cont'd)

Recurring fair value measurement

Fair value hierarchy (Cont'd)

	2012			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Investment property(Note 5):	11,000	-	-	11,000
Investments at fair value through profit and				
Agriculture	939	-	40,679	41,618
Communications	46,927	141,345	67,413	255,685
Distribution	-	-	366,855	366,855
Entertainment & tourism	506,063	-	253,902	759,965
Financial services	568,384	52,979	1,429,952	2,051,315
Gaming	-	-	720,448	720,448
ICT	-	-	34,530	34,530
Manufacturing	64,589	623,149	1,538	689,276
Other holdings	8,441	-	-	8,441
Other services	11,606	-	28,450	40,056
Real estate	7,700	838,480	217,927	1,064,107
	1,225,649	1,655,953	3,161,694	6,043,296

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(vi) *Fair values (Cont'd)*

Fair value hierarchy (Cont'd)

Fair value measurement using significant unobservable inputs (Level 3)

	Balance at 1 January 2012	Acquisitions	Disposals	Transfer to/(from) Level 3	Gains and losses recognised in profit or loss	Balance at 31 December 2012
	Rs	Rs	Rs	Rs	Rs	Rs
Investment property(Note 5):						
Investments at fair value through profit and loss :						
Agriculture	40,677	-	-	-	-	40,677
Communications	59,066	9,000	(248)	-	(405)	67,413
Distribution	367,184	-	-	-	(325)	366,859
Entertainment & tourism	222,951	31,700	-	-	(749)	253,902
Financial services	1,282,396	-	-	-	147,556	1,429,952
Gaming	473,122	-	-	-	247,326	720,448
ICT	34,732	-	-	-	(202)	34,530
Manufacturing	1,360	-	-	-	178	1,538
Other services	28,111	-	-	-	338	28,449
Real estate	177,625	-	-	-	40,301	217,926
	2,687,224	40,700	(248)	-	434,018	3,161,694

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.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(vi) *Fair values (Cont'd)*

Fair value hierarchy (Cont'd)

Transfers between level 3 and level 2

During 2013, some of the investment's were reclassified from level 3 to level 2. As per management, these transfers were effected in light of the decision taken at the level of the Board of the investee Companies.

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

	Balance at 1 January 2012	recognised in profit or loss	Closing balance
	Rs	Rs	Rs
Investments at fair value through profit and loss :			
Communications	198,754	(57,409)	141,345
Financial services	50,056	2,923	52,979
Manufacturing	731,070	(107,921)	623,149
Real estate	814,706	23,774	838,480
	1,794,586	(138,633)	1,655,953

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

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(vii) Capital management

The Company's primary objective when managing capital is to safeguard the company's ability as a going concern in order to provide returns to its shareholders. Further, the Company's capital management policy is that it maintains healthy capital ratios.

In order to maintain or adjust the capital structure, the company may issue new shares. The Company's capital structure is regularly reviewed and managed.

The Company is self financed as displayed in the table below:

	2013	2012
	Rs'000	Rs'000
Interest-bearing loans and borrowings	105,860	59,989
Less cash at banks and in hand(exclude bank balances held on behalf of GOM)	(139,538)	(824,367)
Net Debt	(33,678)	(764,378)
Capital	6,990,879	6,742,161
Capital and net debt	6,957,201	5,977,783

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 financial 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.

The Restructuring Working Group (RWG) has been set up by Government, Ministry of Finance (MOFED), to implement and monitor the schemes originally established under the MTSP then the ERCP and now the National Resilience Fund (NRF) to assist small and medium enterprises to face the challenges of the prevailing financial crisis.

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

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

- Export Credit Insurance Scheme
- ERCP Credit Financing Scheme
- Planters Harvest Scheme
- Import facility
- Direct support under stimulus package
- Technoproneurship scheme
- Women enterprise scheme
- ICT Centre of excellence

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

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

However, an agreement has been reached between the parties in 2013, SIC now has the obligation to refund the cash flows on a regular basis. This is effective as from 01 January 2013.

During the year ended 31 December 2013 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.

27. CONTINGENT LIABILITIES

At December 31, 2013, the Group had the following contingent liabilities:

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

(b) Corporate Guarantees for an amount of Rs 146.5M and Import Loans amounting to Rs318.6M 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.

(c) At reporting date, the Corporation and The State Insurance Company of Mauritius have jointly provided custom security amounting to MUR 250M to Mauritius Revenue Authority on behalf of Mauritius Duty Free Paradise Co. Ltd for unpaid duties on goods received.

28. COMMITMENTS

(a) Capital commitments

	2013	2012
	Rs'000	Rs'000
Expenditure contracted for but not yet incurred	96,300	72,300

28. COMMITMENTS (CONT'D)

The above capital commitments are in respect of the following:

(i) Investment in Mauritius Cargo Community Services Ltd. As agreed and defined in the Constitution of Mauritius Cargo Community Services Ltd, The Corporation is committed to inject an amount of Rs 75M as Class 'B' shares as finance for capital expenditure. As 31 December 2013, Rs 59M out of the Rs 75M were already disbursed leaving Rs 16M to be injected in the company.

(ii) Investment in Seven Waterfalls Horizons (Mtius) Ltd project. The State Investment Corporation Ltd has agreed in principle to an investment to the tune of Rs 80M in a cable car project. An amount of Rs 31.7M has already been disbursed as Secured Redeemable Debentures. Remaining commitment is Rs 48.3M (Rs 18.3M secured debentures and Rs 30M equity) subject to conditions precedent imposed by The State Investment Corporation Ltd on the promoters.

(iii) Investment in Solid Waste Recycling Ltd, a waste to compost production company . An investment in form Secured Redeemable Debentures amounting to Rs. 60M was approved in September 2013. As at 31 December 2013, Rs. 28M was disbursed and remaining amount to be injected was Rs.32M.

(b) **Operating lease commitments**

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

	2013	2012
	Rs'000	Rs'000
Within one year	420	526
After one year but not more than five years	1,680	29,995
	2,100	30,521

29. POST BALANCESHEET EVENT

Divestment in Casinos of Mauritius and Domaine Les Pailles Limitée

Casinos of Mauritius

Following the calling off of previous bids with regard to the disposal of the casinos since they were not in line with the objectives of the main shareholder, the latter has approved the diposal of the casinos as individual units or combination. Expression of interests will be launched shortly.

Domaine Les Pailles Limitée

A Memorandum of Understanding has been finalised regarding the sale of the assets of Domaine Les Pailles Limitee. The administrative procedures for the sale transaction is in progress.

Shares Buy back

A first instalment was paid after year end. The three remaining instalments are due respectively in November 2014, 2015 and 2016. Necessary action has been taken to complete the transaction.

30. ULTIMATE SHAREHOLDER

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