THE STATE INVESTMENT CORPORATION LTD

FINANCIAL STATEMENTS

FOR THE PERIOD

JANUARY TO DECEMBER 2012

THE STATE INVESTMENT CORPORATION LTD AND ITS SUBSIDIARIES

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FOR THE YEAR ENDED DECEMBER 31, 2012

THE STATE INVESTMENT CORPORATION LTD
STATUTORY DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012.

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.

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	
LAN HING CHOY, Kang Foong	
SEEBALLUCK, Suresh Chundre G.O.S.K	
YIP WANG WING, Patrick Youk	
CHUREETUR, Bolanath	*(As from 30 January 2012)*

The Directors of the subsidiary companies are shown in **Annex 1.**

DIVIDENDS

No dividend has been proposed and paid during the year under review *(18 months ended 31 December 2011:- 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 year under review:-

(1) Directors of The State Investment Corporation Ltd

	From Company		From Subsidiaries	
	31 December 2012	18 months period ended 31 December 2011	**31 December 2012**	18 months period ended 31 December 2011
	Rs.	Rs.	**Rs.**	Rs.
Executive Directors	**4,516,278**	6,944,088	**332,884**	467,592
Non-executive directors	**2,196,937**	3,393,578	**124,942**	184,443
	6,713,215	10,337,666	**457,826**	652,035

THE STATE INVESTMENT CORPORATION LTD
STATUTORY DISCLOSURE FOR THE YEAR ENDED 31 DECEMBER 2012

(2) Directors of Subsidiaries

	From respective Subsidiaries	
	31 December 2012	18 months period ende 31 December 2011
	Rs.	Rs.
Executive Directors	**1,711,146**	1,655,304
Non-executive directors	**4,682,800**	6,416,799
	6,393,946	8,072,103

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 year under review between Corporation and its directors.

DONATIONS

	THE GROUP		THE COMPANY	
	31 December 2012	18 months period ended 31 December 2011	**31 December 2012**	18 months period ended 31 December 2011
	Rs.	Rs.	**Rs.**	Rs.
Donations made during the year	**97,834**	173,912	**80,834**	136,912

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:

	THE GROUP		THE COMPANY	
	31 December 2012	18 months period ended 31 December 2011	**31 December 2012**	18 months period ended 31 December 2011
	Rs.	Rs.	**Rs.**	Rs.
Audit fees paid to:				
-Ernst &Young	**3,526,817**	3,880,203	**1,242,000**	1,360,000
-Other firms	**74,750**	297,000	**-**	-
Fees paid for other services provided by				
- Ernst &Young	**2,039,665**	1,716,139	**460,000**	633,000
-Other firms	**1,035,580**	1,092,050	**1,025,000**	1,069,000

Approved by the Board of Directors on 13 JUN 2013 **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).

B. Veerasamy

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Prime Partners Ltd

Secretary

Per B. Veerasamy (Mrs.)

Date: 13 JUN 2013

1. STATEMENT ON CORPORATE GOVERNANCE

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

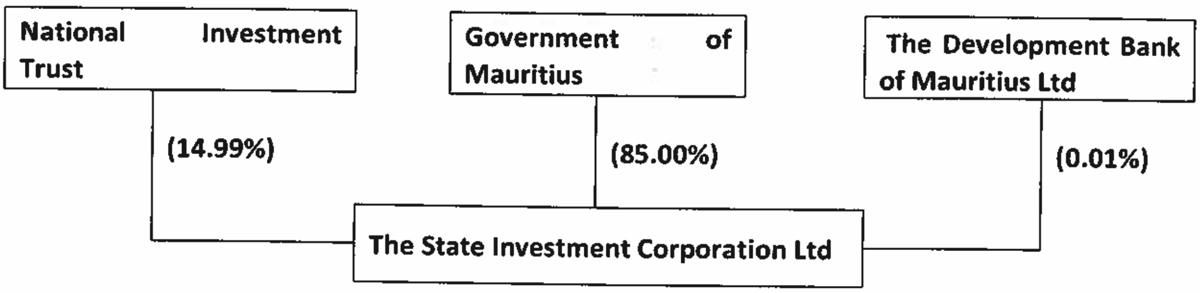
Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing both business prosperity and corporate accountability. Its ultimate objective is to realise the long term shareholders' value whilst taking into account the interests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



2.1 *Common Directors*

The common directors at each level are as follows:-

Directors	The State Investment Corporation 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. L. H. Choy	♦	-	-
Mr. S.C. Seeballuck, G.O.S.K	♦	-	-
Mr. P.Y. Yip Wang Wing	♦	-	-
Mr. B. Chureetur (As from 30 January 2012)	♦	-	-

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	√	-
Mr. M. I. Mallam-Hasham (Managing Director)	-	√
Mrs R. Brigemohane	√	-
Mr. R. Chellapermal	√	-
Mr. L. H. Choy	√	-
Mr. B. Chureetur	√ (As from 30.01.2012)	
Mr. S.C. Seeballuck, G.O.S.K	√	-
Mr. P.Y. Yip Wang Wing	√	-

The Board is of the view that due to the level of operations, there is no need to appoint a second executive director on the Board. 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.

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.

3.2 Board Meetings

The Board met 4 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.

3.3 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:

3.3.1 *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. S.C. Seeballuck , G.O.S.K
Mr. B. Chureetur *(As from 30 January 2012)*
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.

3.3.2 *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. K. F. Lan Hing Choy
Mr. P. Yip Wang Wing
Mr. B. Chureetur *(As from 30 January 2012)*
In attendance - Mr. M. I. Mallam-Hasham, Managing Director (as and when required)
- Mr. I. Golam, Group Finance Manager (as and when required)
Secretary - Prime Partners Ltd, Corporate Secretary

The Committee met twice during the period under review.

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.

3.3.3 *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. K. F. Lan Hing Choy	
Mr. P. Yip Wang Wing	
Mr. B. Chureetur *(As from 30 January 2012)*	
Secretary	- Prime Partners Ltd, Corporate Secretary

The matters of this Committee have been dealt with by the Board of Directors.

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.

3.3.4 *Investment Committee*

The Investment Committee comprises all Board Members.

This Committee ensures that investment by the Company is carried out in line with its prevailing Investment Policy. It considers investment requests received by the Company from existing businesses or new ventures.

For the year under review, all matters relating to the Investment Committee have dealt at the level of the Board of Directors.

3.3.5 *Attendance at Board and Board Committees and Directors' Fees*

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

Name of Directors	BM	A&R C
Mr. R. Ringadoo	4/4	-
Mr. M. I. Mallam-Hasham (Managing Director)*	4/4	-
Mrs R. Brigemohane	4/4	-
Mr. R. Chellapermal	4/4	2/2
Mr. L. H. Choy	2/4	2/2
Mr. S.C. Seeballuck, G.O.S.K	2/4	-
Mr. P.Y. Yip Wang Wing	4/4	2/2
**Mr. B. Chureetur *(As from 30 January 2012)*	3/3	1/1

** The Managing Director is not entitled to Director's Fees.*

*** Mr. B. Chureetur was appointed on 30 January 2012.*

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	Rs776,937
Mr. M. I. Mallam-Hasham (Managing Director)	Rs4,516,278
Mrs R. Brigemohane	Rs240,000
Mr. R. Chellapermal	Rs240,000
Mr. L. H. Choy	Rs240,000
Mr. S.C. Seeballuck, G.O.S.K	Rs240,000
Mr. P.Y. Yip Wang Wing	Rs240,000
Mr. B. Chureetur *(As from 30 January 2012*	Rs220,000

3.5 Directors' dealing in Shares of the Company

No shares of the Company had ever been held by the previous or existing Directors.

3.6 Directors' Profile

Mr. Raj Ringadoo is currently the Chairman 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 Chairman and Director for some of the leading companies in Mauritius including three listed companies namely Sun Resorts 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. Lan 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 Econométrie 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 to Vice Prime Minister and Minister 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) 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 dividend declared/paid over the past five years are as shown below:

Year	Dividend declared (per share)
2012	Nil
2011	Nil
2010	Nil
2009	Nil
2008	Rs3.60

5. CORPORATE SECRETARY

Prime Partners Ltd acts as Corporate Secretary for the Company and its subsidiary.

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 period under review amounted to Rs80,834/-, shared among **4** recipients.

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

8. RELATED PARTY TRANSACTIONS

Details on related party transactions are shown on pages 59 to 60 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.

- **CALENDAR OF EVENTS**
  - **Financial Year End** — **31 December**
  - **Dividends** - Declaration — **31 December**
    - Payment — **June**
  - **Annual Meeting of Shareholders** — **June**

10. 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.

11. SHAREHOLDERS' AGREEMENTS/THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the period under review.

12. SHARE OPTION PLAN

No share option plan is available in the Group

13. 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.

14. SAFETY AND HEALTH ISSUES

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

15. ENVIRONMENTAL ISSUES

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

16. 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.

17. 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:

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:

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DIRECTOR DIRECTOR

STATEMENT OF COMPLIANCE

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

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

Signed on behalf of the Board of Directors:

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DIRECTOR **DIRECTOR**

Date: 13 JUN 2013

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 (the "Group") on pages 7 and 67 which comprise the statements of financial position as at December 31, 2012 and the statements of 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 67 give a true and fair view of the financial position of the Group and the Company at December 31, 2012 and of their financial performance and cash flows for the period 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.

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 and making the disclosures required by section 8.4 of the Code of Corporate Governance of Mauritius (the 'Code'). Our responsibility is to report on these disclosures. In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

ERNST & YOUNG
Ebène, Mauritius

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

Date: ....

		THE GROUP		THE COMPANY	
	Notes	2012	2011	2012	2011
ASSETS		Rs'000	Rs'000	Rs'000	Rs'000
Non-current assets					
Property, plant and equipment	4	275,321	263,169	34,565	38,892
Investment properties	5	334,328	334,328	11,000	11,000
Intangible assets	6	54,123	54,341	14,485	14,735
Investment in subsidiaries	7	-	-	686,126	686,126
Investment in associates	8	794,002	697,520	333,569	347,030
Available-for-sale investments	9	3,306,839	3,529,001	3,305,656	3,527,612
Long term receivables	10	2,484,224	2,133,827	2,479,295	2,132,004
Employee benefit assets	18	2,180	2,279	2,074	2,279
Deferred tax assets	11	187	-	-	-
		7,251,204	7,014,465	6,866,770	6,759,678
Current assets					
Inventories	12	5,452	6,509	-	-
Trade and other receivables	13	184,202	181,783	710,830	617,060
Other current financial assets	14	178,150	178,150	-	-
Cash at bank and short term deposits	27	1,237,365	571,934	985,350	369,601
		1,605,169	938,376	1,696,180	986,661
Assets classified as held for sale	15	843,995	843,995	-	-
Total assets		9,700,368	8,796,836	8,562,950	7,746,339
EQUITY AND LIABILITIES					
Equity					
Issued capital	16 (a)	100,000	100,000	100,000	100,000
Retained earnings	16 (b)	2,352,931	2,133,654	2,558,589	2,353,608
Foreign exchange reserve	16 (b)	3,132	(9,366)	-	-
Fair value reserve	16 (b)	2,383,878	2,754,564	2,382,210	2,754,867
Other reserve	16 (b)	4,937	4,063	-	-
Equity attributable to equity holders of the parent		4,844,878	4,982,915	5,040,799	5,208,475
Non-controlling interests		768,245	767,666	-	-
Total equity		5,613,123	5,750,581	5,040,799	5,208,475
Non-current liabilities					
Interest-bearing loans and borrowings	17	2,657,594	2,398,675	2,631,385	2,363,476
Employee benefit liabilities	18	16,180	10,794	-	-
Deferred tax liabilities	11	319	1,012	7	763
		2,674,093	2,410,481	2,631,392	2,364,239
Current liabilities					
Trade and other payables	19	1,253,692	524,360	830,662	128,099
Interest-bearing loans and borrowings	17	141,723	97,295	59,989	45,526
Gaming tax	20	15,312	13,273	-	-
Income tax payable	21	2,425	846	108	-
		1,413,152	635,774	890,759	173,625
Total liabilities		4,087,245	3,046,255	3,522,151	2,537,864
Total equity and liabilities		9,700,368	8,796,836	8,562,950	7,746,339

These financial statements have been approved for issue by the Board of Directors on ....

DIRECTOR DIRECTOR

The notes on pages 12 to 67 form an integral part of these financial statements.
Auditors' report on pages 5 and 6.

	Notes	THE GROUP Year ended December 31, 2012	THE GROUP 18 months ended December 31, 2011	THE COMPANY Year ended December 31, 2012	THE COMPANY 18 months ended December 31, 2011
		Rs'000	Rs'000	Rs'000	Rs'000
Revenue	22	698,389	847,255	170,736	193,029
Cost of sales		(36,876)	(33,740)	-	-
Gross profit		661,513	813,515	170,736	193,029
Other income	23	39,679	34,488	21,623	27,851
Administrative and other expenses		(733,348)	(1,011,026)	(77,864)	(123,124)
Operating (loss)/profit	26	(32,156)	(163,023)	114,495	97,756
Finance costs	24	(61,270)	(64,414)	(52,119)	(51,395)
Finance Revenue	25	50,003	48,500	46,956	48,500
Impairment of assets classified as held for sale	15	-	(54,077)	-	-
Fair value adjustments of investment properties	5	-	34,848	-	-
Impairment of investments	8&9	(156,007)	(5,362)	(169,468)	(4,962)
Gain on disposal of investments		266,008	54,477	266,008	41,964
Share of results of associates	8	163,400	120,909	-	-
Profit /(loss) before tax		229,978	(28,142)	205,872	131,863
Income tax expense	21	(7,412)	(8,414)	(891)	(5,645)
Profit /(loss) for the year		222,566	(36,556)	204,981	126,218
Other comprehensive income					
- Share of other comprehensive income of associated companies	16 (c)	1,567	3,506	-	-
- Foreign exchange reserves		12,498	(23,495)		
- Fair value adjustment on disposal of available-for-sale investments		(266,008)	(20,792)	(266,008)	(20,792)
- Fair value gains on available-for-sale investments	9	(105,371)	276,375	(106,649)	275,895
Other comprehensive income for the year		(357,314)	235,594	(372,657)	255,103
Total comprehensive income for the year		(134,748)	199,038	(167,676)	381,321

Profit/(loss) for the year ended December 31, 2012 attributable to :

Equity holders of the parent	219,277	(15,565)
Non-controlling interests	3,289	(20,991)
	222,566	(36,556)

Total comprehensive income for the year ended December 31, 2012 attributable to :

Equity holders of the parent	(138,037)	216,390
Non-controlling interests	3,289	(17,352)
	(134,748)	199,038

The notes on pages 12 to 67 form an integral part of these financial statements.
Auditors' report on pages 5 and 6.

THE GROUP

	Attributable to equity holders of the parent							
	Issued capital (Note 16 (a))	Retained earnings (Note 16 (b))	Foreign exchange reserve (Note 16 (b))	Fair value reserve (Note 16 (b))	Other reserve (Note 16 (b))	Total	Non-controlling interests	Total equity
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2010	100,000	2,149,219	14,129	2,485,059	18,118	4,766,525	785,018	5,551,543
Loss for the period	-	(15,565)	-	-	-	(15,565)	(20,991)	(36,556)
Other comprehensive income	-	-	(23,495)	269,505	(14,055)	231,955	3,639	235,594
Total comprehensive income	-	(15,565)	(23,495)	269,505	(14,055)	216,390	(17,352)	199,038
At December 31, 2011	100,000	2,133,654	(9,366)	2,754,564	4,063	4,982,915	767,666	5,750,581
At January 1, 2012	100,000	2,133,654	(9,366)	2,754,564	4,063	4,982,915	767,666	5,750,581
Profit for the year	-	219,277	-	-	-	219,277	3,289	222,566
Other comprehensive income	-		12,498	(370,686)	874	(357,314)	-	(357,314)
Total comprehensive income	-	219,277	12,498	(370,686)	874	(138,037)	3,289	(134,748)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(2,710)	(2,710)
At December 31, 2012	100,000	2,352,931	3,132	2,383,878	4,937	4,844,878	768,245	5,613,123

The notes on pages 12 to 67 form an integral part of these financial statements.
Auditors' report on pages 5 and 6.

THE COMPANY	Issued capital (Note 16 (a))	Retained earnings (Note 16 (b))	Fair value reserve (Note 16 (b))	Total equity
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2010	100,000	2,227,390	2,499,764	4,827,154
Profit for the period	-	126,218	-	126,218
Other comprehensive income	-	-	255,103	255,103
Total comprehensive income	-	126,218	255,103	381,321
At December 31, 2011	100,000	2,353,608	2,754,867	5,208,475
At January 1, 2012	100,000	2,353,608	2,754,867	5,208,475
Profit for the period	-	204,981	-	204,981
Other comprehensive income	-	-	(372,657)	(372,657)
Total comprehensive income	-	204,981	(372,657)	(167,676)
At December 31, 2012	100,000	2,558,589	2,382,210	5,040,799

The notes on pages 12 to 67 form an integral part of these financial statements.
Auditors' report on pages 5 and 6.

	Notes	THE GROUP		THE COMPANY	
		Year ended December 31, 2012	18 months ended December 31, 2011	Year ended December 31, 2012	18 months ended December 31, 2011
		Rs'000	Rs'000	Rs'000	Rs'000
Net cash from operating activities brought forward	27 (c)	850,452	(38,446)	773,327	(46,473)
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	4	(38,928)	(14,602)	(155)	(10,989)
Purchase of intangible assets	6	-	(54)	-	-
Acquisition of investments					
- Subsidiaries	7	-	-	-	(20)
- Associates	8 (c)	-	(31,650)	-	(31,650)
- Available for sale investments		(40,700)	(63,223)	(40,700)	(63,223)
Proceeds from sale of property, plant and equipment		435	11,649	-	1,248
Long term receivables		(2,948)	(1,765)	158	(3,013)
Disposals of investments		2,177	105,190	-	105,190
Net cash from investing activities		(79,964)	5,545	(40,697)	(2,457)
FINANCING ACTIVITIES					
Proceeds from long term borrowings			-	-	-
Repayment of long term borrowings		(19,274)	(18,975)	(12,250)	-
Payment of finance lease liabilities		(244)	(1,829)	-	-
Interest paid		(61,270)	(15,914)	(52,119)	(2,895)
Movement in funds for Restructuring Working Group		(74,540)	197,546	(74,540)	197,438
Net cash from financing activities		(155,328)	160,828	(138,909)	194,543
Net increase in cash and cash equivalents		615,160	127,927	593,721	145,613
Effect of exchange difference		315	(3,279)	315	(3,279)
Cash and cash equivalents		492,276	367,628	336,325	193,991
Cash and cash equivalents at December 31 2012	27(a)	1,107,751	492,276	930,361	336,325

The notes on pages 12 to 67 form an integral part of these financial statements.
Auditors' report on pages 5 and 6.

1. CORPORATE INFORMATION

The consolidated financial statements of the Group for the year ended 31 December 2012 were authorized for issue on June 13, 2013.

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

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, assets classified as held for sale and available-for-sale investments that have been measured at fair value. The consolidated financial statements are presented in Mauritian rupees and all values are rounded to the nearest thousand (Rs '000) except where otherwise indicated.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of The State Investment Corporation Ltd and its subsidiaries as at December 31, 2012.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Total comprehensive income with a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year except that the Group and the Company have adopted the following as of January 1, 2012:

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of January 1, 2012:

IAS 12 Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets

IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-Time AdoptersIFRS 7 Financial Instruments: Disclosures (Amendments).

IAS 12 Income Taxes (Amendment) - Deferred Taxes: Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value and introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It includes the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 should always be measured on a sale basis. The amendment is effective for annual periods beginning on or after January 1, 2012. The amendment has no impact to the Group.

IFRS 1 First-Time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters.

The IASB provided guidance on how an entity should resume presenting IFRS financial statements when its functional currency ceases to be subject to hyperinflation. The amendment is effective for annual periods beginning on or after July 1, 2011. The amendment had no impact to the Group.

IFRS 7 Financial Instruments: Disclosures — Enhanced Derecognition Disclosure Requirements

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about the entity's continuing involvement in derecognised assets to enable the users to evaluate the nature of, and risks associated with, such involvement. The amendment is effective for annual periods beginning on or after July 1, 2011. The Group does not have any assets with these characteristics so there has been no effect on the presentation of its financial statements.

2.4 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

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

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that will never be reclassified (or 'recycled') to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that could be reclassified (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after July 1, 2012, and will therefore be applied in the Group's first annual report after becoming effective.

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

IAS 19 Employee Benefits (Revised)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. However, the amended standard will impact the net benefit expense as the expected return on plan assets will be calculated using the same interest rate as applied for the purpose of discounting the benefit obligation. Short and long-term benefits will now be distinguished based on the expected timing of settlement, rather than employee entitlement. The amendment becomes effective for annual periods beginning on or after 1 January 2013.The Group is still busy assessing the impact of these amendments

IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The revised standard becomes effective for annual periods beginning on or after January 1, 2013.

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to impact the Group's financial position or performance and become effective for annual periods beginning on or after January 1, 2014

IFRS 1 Government Loans - Amendments to IFRS 1

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after January 1, 2013. The amendment has no impact on the Group.

IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32. These amendments will not impact the Group's financial position or performance and become effective for annual periods beginning on or after January 1, 2013.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

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

IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

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 changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. Based on the preliminary analyses performed, IFRS 10 is not expected to have any impact on the currently held investments of the Group. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRS 11 Joint Arrangements

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. 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 is not expected to have any impact on the Group.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but has no impact on the Group's financial position or performance. This standard becomes effective for annual periods beginning on or after January 1, 2013.

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 when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected. This standard becomes effective for annual periods beginning on or after January 1, 2013.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The interpretation is effective for annual periods beginning on or after January 1, 2013. The new interpretation will not have an impact on the Group.

Annual Improvements May 2012

These improvements will not have an impact on the Group, but include:

IFRS 1 First-time Adoption of International Financial Reporting Standards

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

IAS 1 Presentation of Financial Statements

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

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

IAS 16 Property Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

IAS 32 Financial Instruments, Presentation

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes

IAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after January 1, 2013.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

The consolidated financial statements are presented in Mauritian rupees, which is also the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group and the Company at their respective functional currency spot rates prevailing at the date of the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the profit and loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

On consolidation, the assets and liabilities of foreign operations are translated into Mauritian rupees at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(b) 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 Group and 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Land is not depreciated.

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

Buildings	: 2% - 5%
Plant, machinery and equipment	: 10% - 33.33%
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.

(c) Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit and loss in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is 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 is recognised in the profit and loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(d) 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 indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Intangible assets (Cont'd)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquirer.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured.

Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of IAS 39, it is measured in accordance with the appropriate IFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the profit and loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.
Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

A bargain purchase gain (when consideration transferred is lower than net identifiable assets acquired and liabilities assumed) arising from the acquisition of an associated company is included as income in the determination of the Group's share of the associate's profit or loss of the period in which the associate was acquired.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash generating units for purpose of impairment testing. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. The Group performs its impairment test of goodwill as at December 31.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Intangible assets (Cont'd)

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.

(e) Investment in subsidiary companies

A subsidiary is an enterprises which the Company controls. Control is achieved where the Company has power over more than one half of the voting rights or the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

Financial statements of the Company

Investment in subsidiary companies is carried at cost. The carrying amount is reduced to recognise any impairment in the value of the investment. The impairment loss is taken to the profit and loss.

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries up to December 31. The consolidated financial statements have been prepared using the acquisition method of accounting. Goodwill on acquisition is capitalised and assessed for impairment annually.

All significant inter-company transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered.

(f) Investment in associates

The Group's investment in its associate are accounted for using the equity method of accounting. An associate, is an entity which the Group and the Company has significant influence. The Company's investment in associates is carried at cost. The carrying amount is reduced to recognise any impairment in the value of the investment.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Company's share of the results of operations of the associate is reflected in the profit and loss. Where there has been a change recognised directly in the other comprehensive income of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment in associates (Cont'd)

The share of profit of associates is shown on the face of the statement of comprehensive income. This is the profit attributable to equity holders of the associate and therefore is profit after tax and non-controlling interests in the subsidiaries of the associates.

The financial statements of the associates are prepared for the same reporting period as the parent company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit and loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal are recognised in the profit and loss.

(g) Impairment of non-financial assets

The Group and the Company assess 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 Group and 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 Group 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.

(h) Financial instruments - Initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group and the Company determines the classification of its financial assets at initial recognition.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Financial assets (Cont'd)

Initial recognition and measurement (Cont'd)

Financial assets are recognised initially at fair value plus transaction costs, except, in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Group and the Company commits to purchase or sell the asset.

The Group's and the Company's financial assets include cash and short-term deposits, and trade and other receivables, long term receivables, quoted and unquoted financial instruments designated as available-for-sale financial investments and other current financial assets.

Subsequent measurement

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

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, less impairment. Gains and losses are recognised in the profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortization process.

Available-for-sale financial assets

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as held-to-maturity, loans and receivables, and held for trading.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the statement of comprehensive income in finance costs.

Fair value of Investments

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models. However, available-for-sale investments which do not have a quoted market price and whose fair value cannot be reliably measured are carried at cost.

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;

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Derecognition (Cont'd)

Financial assets (Cont'd)

- the Group and the Company has transferred their rights to receive cash flows from the asset or have 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) have transferred substantially all the risks and rewards of the asset, or (b) have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company has transferred their rights to receive cash flows from an asset or have entered into a 'pass-through' arrangement and have 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 Group's and the Company's continuing involvement in the asset.

In that case, the Group and 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 Group and 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 Group and the Company could be required to repay.

(ii) Impairment of financial assets

The Group and the Company assess 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 Group and 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 Group and the Company determine 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.

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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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 Group and 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.

Available-for-sale financial investments

For available for sale financial investments, the Group and the Company assess at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investment classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that investment previously recognised in the profit and loss - is removed from other comprehensive income and recognised in the profit and loss. Impairment losses on other comprehensive income are not reversed through the profit and loss; increase in fair value after impairment is recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the profit and loss.

(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 or loans and borrowings as appropriate. The Group and the Company determine the classification of its financial liabilities at initial recognition. Financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group'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:

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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 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.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if and only 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.

(v) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 9.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials	- purchase cost on a weighted average cost method
Finished goods and work in progress	- cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimate of the selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) 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 consolidated 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.

(k) Assets classified as held for sale

Non-current assets and disposal groups classified as held for sale are measured at lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets are not depreciated or amortised once they are classified as held for sale.

When a non-current asset ceases to meet the criteria to be classified as held for sale, it is reclassified to its original classification and measured at the lower of:

- its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale; and

- its recoverable amount at the date of the subsequent decision not to sell.

(l) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: 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.

Group as a lessee

Finance leases, which transfer to the Group and 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 Group and 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.

Group as a lessor

Leases in which the Group 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.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Employee benefit liability

(i) Defined benefit plan

Some entities of the Group and the Company participate in a defined benefit pension plan for specific employees. The Group's and the Company's net obligation in respect of defined benefit pension plan is calculated by estimating its proportionate share of the amount of future benefits that its employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine the present value, and its proportionate share of the fair value of any plan assets is deducted. The discount rate is the yield at the statement of financial position date. The calculation is performed by a qualified actuary using the projected unit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the statement of comprehensive income on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vested immediately, the expense is recognised immediately in the statement of comprehensive income.

In calculating the Group's and the Company's obligation in respect of the plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the profit and loss over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the Group, 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.

(ii) Defined contribution plans

Some entities of the Group also have defined contribution plans.

Payments to the defined contribution retirement plan are charged as an expense as they fall due.

(iii) Other post retirement benefits

Other post retirement benefits comprise end of contract gratuities, accumulated sick leave benefits, gratuities and medical benefits for employees. The present value of benefits payable is calculated by a qualified actuary and provided for. The obligation arising under this item is partly funded.

(n) Taxes

Gaming tax

Taxation is charged in accordance with the Gambling Regulatory Act at the rate of 35% on slot wins and 15 % on gaming wins as from 1 October 2011. Taxation was previously charged at the rate 50 % on gaming wins.

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.

The income from the Casino Companies was exempt from tax by virtue of item 5 of Sub Part C of Part II of the Second Schedule of the Income Tax Act 1995. However, following the amendments made by the Finance (Miscellaneous Provisions) Act 2011 the company is now subject to tax at 15% on its chargeable income. This amendment took effect as from 1 October 2011.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Taxes (Cont'd)

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.

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 income statement and the income tax liability on the statement of financial position.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Taxes (Cont'd)

Corporate Social Responsibility (Cont'd)

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.

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.

(o) Provisions

Provisions are recognised when the Group and 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 Group and the Company expect 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.

(p) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and 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:

Sale of goods and services

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of goods.

Interest income

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

Interest income and expenses under Restructuring Working Group (RWG)

The State Investment Corporation Ltd is the contractual party with the beneficiary of financial support by the Government of Mauritius under the Restructuring Working Group (RWG). The interest received on those facilities extended are recognised as interest revenue and an equivalent amount is recognised as interest cost payable to the Government of Mauritius as there is no right of set-off.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue recognition (Cont'd)

Dividend

Revenue is recognised when the Group's and 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.

Gaming revenue

Revenue represents gains and losses from betting activity during the period.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated 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.

Judgments

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

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) Assets classified as held for sale

The fair value of assets held for sale is recognised on the basis of current sales agreements and contracts in place. Estimates and judgements for adjustments include consideration of the terms, conditions, degree of execution of the agreement, modality of payment, present state of the assets and buyer's future use of asset development plans. Changes in assumptions about these factors could affect the reported fair value of asset held for sale.

(ii) 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 18).

(iii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

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

(iv) 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.

(v) 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.

The directors consider that there are indications of impairment given the fact that Net asset value is below the market price per share and that the market value at year end is 16% below the cost.

(vi) Divestment Programme

Government Divestment Programme

The following subsidiaries of the Group:

- Casinos of Mauritius, which include Beach Casinos Limitée, Casino de Maurice Limitée, Caudan Waterfront Casino Limitée, Le Grand Casino du Domaine Limitée, Sun Casino Ltd, and SIC Management Services Company Limited; and

- Domaine les Pailles Limitée

have been included in the pool of assets identified for outright disposal and/or for strategic partnerships. Government approved the strategic partnership projects in the year 2011 as part of a policy measure for divestment. The restructuring of the Gaming Tax payable by Casinos was also implemented in the same year as follows;

- Slots Machines (from 50% to 35%); and
- Gaming (from 50% to 15%)

The implementation of the disposal process for both business clusters was initiated early during the financial year with the launching of Expression of Interests. Subsequently, a two-stage bidding process was undertaken and completed. Main terms customary for sales transactions have been elaborated and discussed and the Board has submitted its recommendations to the main shareholders.

As at to date, the main shareholder has not yet approved the recommended course of actions. The Board considers for the transactions to go ahead, main shareholder's approval is essential. In view of this, the Directors do not consider that the conditions to classify the said assets as held for sale to have been met. Accordingly, the assets have been classified as Property, Plant and Equipment and investment in subsidiaries as relevant.

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

(vii) Investment properties

The fair value has been determined on the basis of valuations performed by independent certified practicing valuer's, namely KDA Associates, NP Jeetun Chartered Valuation Surveyors and Valuation and Real Estate Consultancy Services. At 31 December 2012, the fair value represents the amount at which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller at an arm's length transaction at the date of valuation.

The Board of Directors has reviewed the fair value of the investment properties at December 31, 2012 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 GROUP AND THE COMPANY	
	2012	2011
Yields (%)	4.5%	5-8%
Inflation rate (%)	3.9%	3.2%
Long term vacancy rate (months)	3 months	1 month
Long term growth in real rental rates (%)	1.75%	2.5%

4. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Land and buildings	Plant, machinery and equipment	Office furniture and fittings	Motor vehicles	Total
COST	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2010	287,880	249,552	57,635	17,476	612,543
Additions	86	1,736	1,614	11,166	14,602
Disposals	-	(8,110)	(503)	(7,061)	(15,674)
Transfer to investment properties (note 5)	(76,152)	-	-	-	(76,152)
Transfer from assets classified as held for sale (note 15(b))	129,265	4,161	40,976	991	175,393
At December 31, 2011	341,079	247,339	99,722	22,572	710,712
At January 1, 2012	341,079	247,339	99,722	22,572	710,712
Additions	-	38,928	-	-	38,928
Disposals	-	-	-	(1,595)	(1,595)
Write off	-	(29,257)	(219)	-	(29,476)
At December 31, 2012	341,079	257,010	99,503	20,977	718,569
DEPRECIATION AND IMPAIRMENT					
At July 1, 2010	115,869	180,506	37,904	10,965	345,244
Disposals and write offs	-	(6,693)	(43)	(6,755)	(13,491)
Depreciation charge for the year	16,640	21,002	5,687	4,779	48,108
Transfer from assets classified as held for sale (note 15(b))	22,290	4,161	40,438	793	67,682
At December 31, 2011	154,799	198,976	83,986	9,782	447,543
At January 1, 2012	154,799	198,976	83,986	9,782	447,543
Disposals	-	-	-	(1,503)	(1,503)
Write off	-	(29,257)	(182)	-	(29,439)
Depreciation charge for the year	9,719	11,593	1,366	3,969	26,647
At December 31, 2012	164,518	181,312	85,170	12,248	443,248
NET BOOK VALUE					
At December 31, 2012	176,561	75,698	14,333	8,729	275,321
At December 31, 2011	186,280	48,363	15,736	12,790	263,169

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Leased assets included in property, plant and equipment are as follows:

	THE GROUP			
	Plant and equipment		Motor vehicles	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Cost	1,332	1,700	2,523	2,523
Accumulated depreciation	(1,332)	(368)	(1,041)	(537)
Net book value	-	1,332	1,482	1,986

(b) All bank borrowings are secured by floating charges on all the assets of the borrowing entities.

THE COMPANY	Land and buildings	Office furniture and fittings	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At July 1, 2010	33,574	17,289	12,853	63,716
Additions	-	439	10,550	10,989
Disposals	-	(20)	(5,547)	(5,567)
At December 31, 2011	33,574	17,708	17,856	69,138
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
DEPRECIATION				
At July 1, 2010	7,536	15,143	7,255	29,934
Charge for the year	753	1,128	3,979	5,861
Disposals	-	-	(5,548)	(5,549)
At December 31, 2011	8,289	16,271	5,686	30,246
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
NET BOOK VALUE				
At December 31, 2012	24,782	1,177	8,606	34,565
At December 31, 2011	25,285	1,437	12,170	38,892

5. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	334,328	1,828	11,000	11,000
Transfer from/(to) Property,plant and equipment (note 4) (note (i))	-	76,152	-	-
Transfer from assets held for sale (note 15(a))	-	221,500	-	-
Fair value movement in investment properties (note (ii))	-	34,848	-	-
At December 31,	334,328	334,328	11,000	11,000

(i) Investment properties include a portion of land owned by Guibies Properties Ltd, and properties owned by Lakepoint Ltd and Le Val Development Ltd respectively. These assets have been reclassified as investment properties given that the management has changed its intention regarding the use of these assets. They are now assets mostly held for capital appreciation.

The property owned by Guibies Properties Ltd is adjacent to Domaine les Pailles Limitee and has been together with the assets of Domaine Les Pailes Limitée bundled as part of the Government's disinvestment programme. The Directors estimate that the fair value of that specific portion of land approximates the carrying value disclosed in the financial statements as at December 31, 2012.

(ii) The fair value has been determined on the baisis of valuations performed by independent certified practising valuers, namely KDA Associates, N. P. Jeetun Chartered Valuation Surveyors and Valuation and Real Estate Consultancy Services at 31 December 2011. The fair value represents the amount at which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller at an arm's length transaction at the date of valuation.

The Board of Directors has reviewed the fair value of the investment properties at December 31, 2012 and considered that the carrying value of the investment properties reflect the fair value of these assets.

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

	THE GROUP AND THE COMPANY	
	2012	2011
Yields (%)	4.5	4.92
Inflation rate (%)	3.9	5.9
Long term vacancy rate (months)	3	1
Long term growth in real rental rates (%)	1.75	2

(iii) Rental income from investment properties amounted to Rs 10 M (2011: Rs 15M) for the Group and Rs 1.56 M(2011: Rs 2M) for the Company. Direct expenses arising on the investment properties during the year amounted to Rs 1M (2011: Rs 1M) for the Group and Rs Nil (2011: Rs Nil) for the Company.

6. INTANGIBLE ASSETS

	THE GROUP			THE COMPANY		
	Goodwill	Computer software	Total	Leasehold rights	Computer software	Total
COST	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2010	77,416	11,683	89,099	15,000	8,999	23,999
Additions	-	54	54	-	-	-
Transfer from assets classified as held for sale (note 15(b))	-	546	546	-	-	-
At December 31, 2011	77,416	12,283	89,699	15,000	8,999	23,999
At January 1, 2012	77,416	12,283	89,699	15,000	8,999	23,999
Additions	-	-	-	-	-	-
At December 31, 2012	77,416	12,283	89,699	15,000	8,999	23,999
AMORTISATION						
At July 1, 2010	-	11,499	11,499	-	8,820	8,820
Charge for the year	-	292	292	265	179	444
Transfer from assets classified as held for sale (note 15(b))	-	145	145	-	-	-
At December 31, 2011	-	11,936	11,936	265	8,999	9,264
At January 1, 2012	-	11,936	11,936	265	8,999	9,264
Charge for the year	-	218	218	250	-	250
At December 31, 2012	-	12,154	12,154	515	8,999	9,514
IMPAIRMENT						
At July 1, 2010	23,422	-	23,422	-	-	-
Charge for the year	-	-	-	-	-	-
At December 31, 2011	23,422	-	23,422		-	-
At January 1, 2012	23,422	-	23,422	-	-	-
Charge for the year	-	-	-	-	-	-
At December 31, 2012	23,422	-	23,422	-	-	-
NET BOOK VALUE						
At December 31, 2012	53,994	129	54,123	14,485	-	14,485
At December 31, 2011	53,994	347	54,341	14,735	-	14,735

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

7. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2012	2011
	Rs'000	Rs'000
At January 1/ July 1	686,126	686,106
Additions	-	20
At December 31,	686,126	686,126

(a) The financial statements of the following subsidiaries have been included in the consolidated financial statements.

		% Holding				
		Direct		Indirect		
	Type of shares held	2012	2011	2012	2011	Activity
Beach Casinos Limited*	Ordinary	100.00	100.00	-	-	Gaming
Capital Asset Management Limited	Ordinary	100.00	100.00	-	-	Fund Management
Casino de Maurice Limited*	Ordinary	100.00	100.00	-	-	Gaming
Casino Equipment Limited*	Ordinary	4.76	4.76	95.24	95.24	Equipment Assembly
Compagnie Mauricienne D'Hippodromes Ltée	Ordinary	10.00	10.00	72.00	72.00	Property Development
Domaine Les Pailles Limitée	Ordinary	8.63	8.63	72.00	72.00	Food & Consumer goods
Domaine Les Pailles Training Centre Ltd	Ordinary	-	-	100.00	100.00	Training
EREIT Management Ltd	Ordinary	100.00	100.00	-	-	Management Services
Guibies Holding Ltd	Ordinary	10.00	10.00	72.00	72.00	Property Development
Guibies Properties Ltd	Ordinary	10.00	10.00	72.00	72.00	Property Development

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

	Type of shares held	% Holding Direct 2012	% Holding Direct 2011	% Holding Indirect 2012	% Holding Indirect 2011	Activity
Lakepoint Limited	Ordinary	100.00	100.00	-	-	Leisure & Entertainment
Le Caudan Waterfront Casino Limited*	Ordinary	51.00	51.00	-	-	Gaming
Le Grand Casino Du Domaine Limited*	Ordinary	62.36	62.36	13.00	13.00	Gaming
Le Val Development Limited	Ordinary	70.00	70.00	-	-	Property Development
Les Pailles Management Limited	Ordinary	100.00	100.00	-	-	Management Services
MJTI Properties Limited	Ordinary	91.37	91.37	-	-	Property Development
Prime Partners Limited	Ordinary	100.00	100.00	-	-	Corporate services
Prime Securities Ltd	Ordinary	40.00	40.00	60.00	60.00	Stock Broking services
Prime Real Estate Limited	Ordinary	80.00	80.00	-	-	Property Development
SIC Fund Management Ltd	Ordinary	-	-	51.00	51.00	Fund Management
SIC Management Services Company Limited*	Ordinary	100.00	100.00	-	-	Management Services
State Investment Finance Corporation Limited	Ordinary	80.00	80.00	-	-	Investment
Sun Casinos Limited*	Ordinary	100.00	100.00	-	-	Gaming

All the subsidiaries are incorporated in the Republic of Mauritius.

* These subsidiaries form part of Casinos of Mauritius

8. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,/July 1	697,520	664,296	347,030	331,707
Additions	-	31,650	-	31,650
Impairment of associates	-	-	(13,461)	-
Share of results	163,400	120,909	-	-
Share of dividends	(80,983)	(56,740)	-	-
Disposal adjustments	-	(42,606)	-	(16,327)
Foreign exchange movement	12,498	(23,495)	-	-
Movement in reserves of associates	1,567	3,506	-	-
At December 31,	794,002	697,520	333,569	347,030

(a) *Share of associates' statement of financial position:*

	THE GROUP	
	2012	2011
	Rs'000	Rs'000
Current assets	665,784	609,202
Non-current assets	436,734	391,657
Current liabilities	(299,311)	(293,613)
Non-current liabilities	(9,205)	(9,726)
Net assets	794,002	697,520

(b) Share of associates' revenues and profits

Revenue	1,171,360	1,276,921
Profits	163,400	120,909
Carrying amount of the investments	794,002	697,520

(c) The additions reflect the actual net cashflow on acquisition of the investment in associates.

(d) The impairment of associates relates to Mauritius Land-Based Oceanic Park Ltd, which continues to be loss making. The Corporation impaired the investment as the associate is technically insolvent. From a group perspective, the equity account balance has been limited to nil as the Corporation has no obligation to finance any short fall in net assets.

8. INVESTMENT IN ASSOCIATES (CONT'D)

(c) The results of the following associates which are all incorporated in Mauritus, have been included in the consolidated financial statements.

	2012 % holding	2011 % holding	Financial year ended
Cargo Handling Corporation Ltd	54.00	54.00	December 31, 2012
Editions de l'Océan Indien Limitée	49.98	49.98	December 31, 2012
Lottotech Ltd	25.00	25.00	December 31, 2012
Mauritius Duty Free Paradise Co Ltd	20.00	20.00	December 31, 2012
Mauritius Shopping Paradise Limited	43.35	43.35	December 31, 2012
Mauritius Land - Based Oceanic Park Ltd	63.00	63.00	December 31, 2012
National Equity Fund	25.00	25.00	December 31, 2012
Pointe Coton Resorts Hotels Co Limited	28.54	28.54	December 31, 2012
Port Louis Fund Ltd	37.68	37.68	December 31, 2012
Rodrigues Venture Capital and Leasing Fund Ltd	50.00	50.00	December 31, 2012
Splendid Property Co Ltd	25.00	25.00	December 31, 2012
State Informatics Limited	20.00	20.00	December 31, 2012
The Bagged Sugar Storage and Distribution Co Ltd	38.00	38.00	December 31, 2012

9. AVAILABLE-FOR-SALE INVESTMENTS

	THE GROUP			
	Listed	Quoted on the DEM	Unquoted	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2012	1,284,142	160,777	2,084,082	3,529,001
Additions	276,119	-	40,700	316,819
Disposals	(277,603)	-	-	(277,603)
Reclassification	(388)	388	-	-
Impairment	(156,007)	-	-	(156,007)
Fair value (losses)/gains	(55,909)	(15,814)	(33,648)	(105,371)
At December 31, 2012	1,070,354	145,351	2,091,134	3,306,839

9. AVAILABLE-FOR-SALE INVESTMENTS (CONT'D)

	THE GROUP			
	Listed	Quoted on the DEM	Unquoted	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2010	1,347,764	182,911	1,731,105	3,261,780
Additions	1,465	1,813	60,622	63,900
Disposals	(32,449)	(3,000)	(32,043)	(67,492)
Impairment	-	-	(5,362)	(5,362)
Fair value (losses)/gains	(32,637)	(20,947)	329,959	276,375
At December 31, 2011	1,284,143	160,777	2,084,281	3,529,201

	THE COMPANY			
	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	276,119	-	40,700	316,819
Disposals	(276,119)	-	-	(276,119)
Reclassification	(388)	388	-	-
Impairment	(156,007)	-	-	(156,007)
Fair value (losses)/gains	(57,187)	(15,814)	(33,648)	(106,649)
At December 31, 2012	1,069,870	144,780	2,091,006	3,305,656

	THE COMPANY			
	Listed	Quoted on the DEM	Unquoted	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1, 2010	1,347,023	182,470	1,730,977	3,260,470
Additions	1,465	1,813	60,622	63,900
Disposals	(17,618)	(2,975)	(199)	(20,792)
Impairment	-	-	(4,940)	(4,940)
Fair value (losses)/gains	(47,418)	(21,102)	297,494	228,974
At December 31, 2011	1,283,452	160,206	2,083,954	3,527,612

9. AVAILABLE-FOR-SALE INVESTMENTS (CONT'D)

Available-for-sale financial assets are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
Currency:	Rs'000	Rs'000	Rs'000	Rs'000
Rupee	3,068,783	3,228,878	3,239,599	3,227,489
US Dollar	191,129	225,783	19,130	225,783
Euro	46,927	74,340	46,927	74,340
	3,306,839	3,529,001	3,305,656	3,527,612

Available-for-sale investments - quoted equity shares

The fair value of listed and DEM quoted available-for-sale financial assets is based on the Stock Exchange and DEM quoted prices at the close of business on reporting date.

Available-for-sale investments - unquoted equity shares

For unquoted investments, 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.

Fair value hierarchy

The Group and the Company use the following hierarchy for determining and disclosing the fair value of financial intruments by valuation technique:

Level 1: quoted prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2012 and December 31, 2011, the Group and the Company held the following financial instruments measured at fair value:

		Total	Level 1	Level 2	Level 3
THE GROUP		Rs'000	Rs'000	Rs'000	Rs'000
Available-for-sale investments					
	2012	3,306,839	1,215,833	817,472	1,273,534
	2011	3,529,001	1,445,047	979,880	1,104,074
THE COMPANY					
Available-for-sale investments					
	2012	3,305,656	1,214,650	817,472	1,273,534
	2011	3,527,612	1,443,658	979,880	1,104,074

9. AVAILABLE-FOR-SALE INVESTMENTS (CONT'D)

Fair value hierarchy (Cont'd)

Level 3 reconciliation

The following table shows the reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting date.

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	1,104,074	1,049,163	1,104,074	1,049,163
Reclassification to Level 2	-	(43,021)	-	(43,021)
Additions	40,700	60,622	40,700	60,622
Disposals	-	(32,065)	-	(32,065)
Impairment	-	(4,940)	-	(4,940)
Total gains and losses in other comprehensive income	128,760	74,315	128,760	74,315
At December 31,	1,273,534	1,104,074	1,273,534	1,104,074

As for valuation of Level 3 available-for-sale investments, no assumptions were made which would have a material impact on the fair value of these instruments.

10. LONG TERM RECEIVABLES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Loans to employees (note (a))	11,803	8,796	8,164	8,322
CDS Guarantee Fund (b)	1,290	1,246	-	-
Other loans	-	103	-	-
Restructuring Working Group (note (c))	2,471,131	2,123,682	2,471,131	2,123,682
	2,484,224	2,133,827	2,479,295	2,132,004

(a) The loans to employees are interest bearing and the monthly repayments are deductible from the employee's salaries. The short term portion is included in other receivables.

(b) CDS Guarantee Fund refers to deposit with the Central Depository System, the Custodian.

(c) Restructuring Working Group (RWG)

In 2008/2009, 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.

10. LONG TERM RECEIVABLES (CONT'D)

(c) Restructuring Working Group (RWG) (Cont'd)

The Restructuring Working Group (RWG) has been set up by Government to implement and monitor the schemes originally established under the MTSP then the ERCP and now the NRF to assist small and medium enterprises to face the challenges of the current financial crisis. The State Investment Corporation Ltd is the agent assisting the enterprises affected by the financial slowdown in terms of equity, debentures, loans and working capital. It acts as the Disbursing Agent as well as the Funding Agency for leasing companies for schemes under LEMS. SIC also acts as Guarantor on behalf of the Government of Mauritius.

The different schemes and working groups have been categorised by RWG as follows:

All receivables relating to RWG are directly receivable from beneficiaries of the different schemes. The amount owed by the beneficiaries under the various schemes are as follows:

		THE GROUP AND THE COMPANY	
		2012	2011
		Rs'000	Rs'000
Stimulus Package	(i)	636,233	515,641
Leasing Modernisation Scheme	(ii)	1,468,463	1,417,477
Export Credit Insurance Scheme	(iii)	8,887	4,725
ERCP Credit Financing Scheme	(iv)	265,593	185,839
Planters Harvest Scheme	(v)	91,955	-
		2,471,131	2,123,682

(i) Stimulus Package

The Government of Mauritius earmarked a budget under this scheme which is mainly meant to provide support to small companies facing cash flow problems in order to meet their working capital requirements and to restructure their existing borrowings by way of equity support and liquidity/working capital including guarantee for bank support.

The financing of the new facilities is as follows:

- Existing shareholders of the beneficiary (20%);
- Government of Mauritius, through SIC (40%); and
- Commercial Banks (40%).

The Government of Mauritius transfers the required funds from the National Resilience Fund. Upon approval of the financial support by the Restructuring Working Group (RWG), the National Resilience Fund transfers the funds to The State Investment Corporation Ltd for onward remittance to the enterprises requiring financial support.

As SIC cannot engage in commercial money lending business, it subscribes to secured debentures at 5% per annum. The Debentures are subordinated to the banks' new debts. Once the newly advanced funds have been recovered by banks, subject to availability of cash flow, Debentures will be redeemed before bank's debts which existed at the time of bail out.

The funds received by the Company from the National Resilience Fund, proceeds from debentures redeemed and interest income from debentures are classified as amounts payable to the GOM under interest bearing loans and borrowings.

(ii) Leasing modernisation scheme

The Government of Mauritius has also earmarked a budget to provide assistance through a special finance leasing scheme to enterprises with the aim of enhancing their competitiveness through the modernisation of their equipment linked with their production processes with a view of strengthening and preparing them to bounce back once the global economic downturn is over. The scheme has categorised SMEs/enterprises in three groups for which the terms and conditions vary.

10. LONG TERM RECEIVABLES (CONT'D)

(b) Restructuring Working Group (Cont'd)

(iii) Export Credit Insurance Scheme

The State Investment Corporation Ltd disburses funds to leasing companies in respect of beneficiary SMEs in the form of 5% loans as and when the latter provide leasing facilities to the firms purchasing equipment under Leasing Modernisation Scheme. The leasing companies contract out leasing facilities to the SMEs at an interest of 8.5% interest. The loan facilities between the The State Investment Corporation Ltd and leasing companies and the leasing contract between the SMEs and the leasing companies are under separate contracts. The leasing companies also obtain a guarantee from the The State Investment Corporation Ltd in respect of credit risk on these SMEs on a proportion of the value of the asset. In the event of default SIC would claim the money from the Government. The maturity dates of the loans to leasing companies are similar to the maturity dates of the leasing contracts between the SMEs and the leasing companies and vary between 2 to 6 years. The amounts receivable from the leasing companies are not netted off against the amounts payable to the Government of Mauritius as there is no right of set off. The funds received from the Government of Mauritius, proceeds from capital repayments and the interest income from leasing companies are classified as amount payable to the Government of Mauritius under interest bearing loans and borrowings.

The Export Credit Insurance Scheme (ECIS) aims at supporting Mauritian Exporters operating in the current uncertain financial climate in obtaining proper insurance cover for their Export Sales. The insurance cover is provided by Compagnie Francaise d'Assurance pour le Commerce Exterieur (COFACE).

(iv) ERCP Credit Financing Scheme

The objective of the scheme is to provide cash-flow to entrepreneurs via the factoring of their credit sales invoices through Non Banking Financial Institutions (NBIFs). The purpose of introducing this scheme is to help local entrepreneurs to live through the current economic difficulties and with a view to preparing them to bounce back once the global economic downturn is over. SIC, on behalf of the Government, will provide funding to the 'NBIFs' at 5% per annum.

(v) Planters Harvest Scheme

The objective is to provide assistance through a special finance leasing scheme to Harvest Service Providers with leasing finance for the purchase of eligible equipment to assist sugar cane planters in improving and better planning of their field harvest operations and therefore reduction in overall harvest and transport costs.

(vi) Import Facility

A corporate guarantee under Import facility is issued to the bank in favour of the company for purchase of raw materials subject to proceeds received by the company upon export of their products automatically extinguishing the import loan facility. The beneficiary company is required to open a separate bank account and must maintain 5% reserves on the account. Interest Rate chargeable was fixed REPO or LIBOR (for foreign currency loans) plus a maximum of 300 basis points whichever the case is.

11. DEFERRED TAXES

The following amounts relating to deferred tax assets and deferred tax liabilities are shown in the statements of financial position:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets	187	-	-	-
Deferred tax liabilities	(319)	(1,012)	7	763
Net deferred tax (liabilities)/assets	(132)	(1,012)	7	763

Deferred income taxes are calculated on all temporary differences under the liability method at 15%.

11. DEFERRED TAXES (CONT'D)

THE GROUP

	Statement of financial position		Profit and loss	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax liabilities				
Accelerated tax depreciation	8	(608)	616	(260)
Employee benefit assets	(327)	(404)	77	(453)
	(319)	(1,012)	693	(713)
Deferred tax assets				
Accelerated tax depreciation	(2,240)	-	(2,240)	(334)
Tax losses carried forward	-	-	-	(163)
Employee benefit liabilities	2,427	-	2,427	352
Provisions	-	-	-	(2,544)
	187	-	187	(2,689)
Net deferred tax (liabilities)/assets	(132)	(1,012)		
Deferred tax income /(expense)			880	(3,402)

THE COMPANY

	Statement of financial position		Profit and loss	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Accelerated tax depreciation	(318)	(1,105)	787	(771)
Provisions	-	-	-	(2,468)
Employee benefit asset	311	342	(31)	10
	(7)	(763)	756	(3,229)
Net deferred tax (liabilities)/assets	(7)	(763)		
Deferred tax income/ (expense)			756	(3,229)

12. INVENTORIES

	THE GROUP	
	2012	2011
	Rs'000	Rs'000
Spare parts	2,121	1,995
Beverages, foodstuffs and others	3,331	4,514
	5,452	6,509

(a) All inventories are stated at cost.

12. INVENTORIES (CONT'D)

(b) The amount of write-down of inventories recognised as an expense for the Group and the Company is Rs. Nil 2011: Rs. Nil).

13. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	46,756	54,518	23,010	34,177
Other receivables and prepayments	55,155	75,665	34,323	30,273
Receivables from related parties	82,291	51,600	653,497	552,610
	184,202	181,783	710,830	617,060

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

As at December 31, 2012, there were no impairment of trade receivables of the Group and the Company (2011: Nil).

Movements in the provision for impairment on trade receivables are as follows:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	-	16,455	-	16,455
Charge for the year	-	-	-	-
Utilised during the year	-	(16,455)	-	(16,455)
At December 31,	-	-	-	-

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

	Total	Neither past due nor impaired	Past due but not impaired				
			< 30 days	30-60 days	60-90 days	90-120 days	> 120 days
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP							
2012	46,756	31,200	8,187	380	821	3,008	3,161
2011	54,518	36,379	9,546	443	957	3,507	3,686
THE COMPANY							
2012	23,010	23,010	-	-	-	-	-
2011	34,177	34,177	-	-	-	-	-

(b) Other receivables are neither past due nor impaired. No collaterals are held in respect of those receivables.

(c) For terms and conditions in respect of amounts receivable from related parties refer to note 28.

14. OTHER CURRENT FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Other current financial assets	178,150	178,150	-	-

(a) The other current financial asset is in respect of investments temporarily held by the Group in F.U.E.L Refinery Ltd, an unquoted entity, on behalf of the Government of Mauritius. These investments will be transferred to appropriate investment vehicles decided by the Government of Mauritius. The management has designated this investment as available for sale. As the investment is still at its start up phase its fair value cannot be reliably measured it has therefore been kept at cost.

15. ASSETS CLASSIFIED AS HELD FOR SALE

	THE GROUP	
	2012	2011
	Rs'000	Rs'000
Properties held for sale (note (i))	843,995	843,995

(a) *Properties held for sale:*

	THE GROUP	
	2012	2011
	Rs'000	Rs'000
At January 1,	843,995	1,119,572
Transfer to investment properties (note 5)	-	(221,500)
Impairment	-	(54,077)
At December 31,	843,995	843,995

(i) *Prel Group - Land held for sale*

Included in assets held for sale, are the properties held by the Prel group which are subject to an agreement for sale.

Since the signature of the Agreement for Sale in 2008, significant development has taken place with business and master plans already finalised. Progress has been achieved in the marketing of the project and mobilisation of funds for the project development. It is anticipated that implementation of the project will start before the next reporting date.

Given the commitment of both the Shareholders and the Directors to the transaction, the Directors believe that the assets should still be considered as held for sale, as the procedures for the finalisation of the project are beyond the control of the Corporation.

(b) Given that the sale transactions for the assets that were included in the disposable group, Domaine Les Pailles Limitée, and which were classified as held for sale did not materialise, these assets and liabilities were reclassified to the respective classes in prior year. The major classes of assets and liabilities of Domaine Les Pailles Limitée transferred are as follows:

	THE GROUP
	2011
Assets	Rs'000
Property, plant and equipment	107,711
Intangible assets	401
Inventories	1,666
Trade and other receivables	5,718
Cash in hand and at bank	92
Disposable group of assets classified as held for sale	115,588

15. ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

	THE GROUP
	2011
Liabilities	Rs'000
Interest-bearing loans and borrowings	(49,933)
Employee benefit liability	(3,632)
Trade and other payables	(14,871)
Liabilities directly associated with the assets classified as held for sale	(68,436)
Net assets directly associated with disposal group	47,152

16. CAPITAL AND RESERVES

	THE GROUP AND THE COMPANY	
(a) Issued Capital	2012	2011
	Rs'000	Rs'000
Authorised		
10,000,010 ordinary shares of Rs.10 each	100,000	100,000
Issued and fully paid		
10,000,010 ordinary shares of Rs.10 each	100,000	100,000

(b) Reserves	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Retained earnings	2,352,931	2,133,654	2,558,589	2,353,608
Foreign exchange reserve (note (i))	3,132	(9,366)	-	-
Fair value reserve (note (ii))	2,383,878	2,754,564	2,382,210	2,754,867
Other reserve (note (iii))	4,937	4,063	-	-
	4,744,878	4,882,915	4,940,799	5,108,475

(i) Foreign exchange reserve

The foreign exchange reserve is used to record exchange differences arising from the translation of the financial statements of associates with different functional and reporting currencies.

(ii) Fair value reserve

The fair value reserve records fair value changes on available-for-sale financial assets.

(iii) Other reserve

Other reserve relates to undistributable reserves attributable to pension asset.

(c) Share of reserve of associates

Included in the above reserves is the group's share of movements in the associated companies:

	2012	2011
	Rs'000	Rs'000
Fair value reserve	693	17,561
Revaluation reserve	874	(14,055)
	1,567	3,506
Share of profits	163,400	120,909
	164,967	127,921

17. INTEREST-BEARING LOANS AND BORROWINGS

	Effective Interest Rate	Maturity	THE GROUP 2012	THE GROUP 2011
	%		Rs'000	Rs'000
Current				
Bank overdrafts (note (a))	13.5% - 15%	On demand	129,614	79,658
Development Bank of Mauritius loan (note (b))	Repo - 5%	2012	5,000	12,250
Other loans	PLR + 1.75%	2012	6,902	5,128
Obligations under finance leases (note (c))	11.5% - 13%	2012	207	259
			141,723	97,295

	Effective Interest Rate	Maturity	THE GROUP 2012	THE GROUP 2011
	%		Rs'000	Rs'000
Non-current				
Development Bank of Mauritius loan (note (b))	Repo - 5%	2013	-	5,000
Other loans	PLR + 1.75%	2013	25,202	34,000
Obligations under finance leases (note (c))	11.5% - 13%	2013	1,007	1,199
Amounts payable to The Government of Mauritius under the RWG (note (d))	5%	2014-2015	2,631,385	2,358,476
			2,657,594	2,398,675
TOTAL			2,799,317	2,495,970

	Effective Interest Rate	Maturity	THE COMPANY 2012	THE COMPANY 2011
Current	%		Rs'000	Rs'000
Bank overdraft (note (a))	PLR + 5.25%	On demand	54,989	33,276
Development Bank of Mauritius loan (note (b))	Repo - 5%	2012	5,000	12,250
			59,989	45,526
Non-current				
Development Bank of Mauritius loan (note (b))	Repo - 5%	2013	-	5,000
Payable to The Government of Mauritius, under the RWG (note (d))	5%	2014-2015	2,631,385	2,358,476
			2,631,385	2,363,476
			2,691,374	2,409,002

17. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

(a) *Bank overdrafts*

The bank overdrafts of the group are secured by floating charges over the assets of the borrowing entities with guarantee from the holding Company where applicable. The Company's bank overdrafts is unsecured.

(b) *Development Bank of Mauritius loan*

The loan is secured by floating charges over all the assets of the borrowing entities, with continuing guarantee of the holding company.

(c) Finance lease liabilities - minimum lease payments:

	THE GROUP	
	2012	2011
	Rs'000	Rs'000
- Within one year	256	373
- After one year and before five years	1,244	1,429
	1,500	1,802
Future finance charges	(286)	(344)
	1,214	1,458
Representing lease liabilities:		
- current	207	259
- non-current	1,007	1,199
	1,214	1,458

(d) Payable to The Government of Mauritius under the RWG

These amounts payable are the counter party associated with the funding provided by The State Investment Corporation Ltd under the various schemes monitored by the RWG.

	THE GROUP AND THE COMPANY	
	2012	2011
	Rs'000	Rs'000
Stimulus Package	671,799	539,075
Leasing Modernisation Scheme	1,477,080	1,530,878
Export Credit Insurance Scheme	11,719	6,845
ERCP Credit Financing Scheme	344,439	231,678
Planters Harvest Scheme	126,348	50,000
	2,631,385	2,358,476

(e) Non-current loans can be analysed as follows :-

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
After one year and before five years	2,657,594	2,398,675	2,631,385	2,363,476

18. EMPLOYEE BENEFIT ASSETS/LIABILITIES

(i) The employee benefit (assets)/liabilities are made up as follows:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Employee benefit assets	(2,180)	(2,279)	(2,074)	(2,279)
Employee benefit liabilities	16,180	10,794	-	-
	14,000	8,515	(2,074)	(2,279)

18. EMPLOYEE BENEFIT ASSETS/LIABILITIES (CONT'D)

(ii) The pension plan of the Group 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.

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Defined pension plan	14,000	8,515	(2,074)	(2,279)

(a) *Defined pension plan*

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

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligations	519,758	444,192	53,922	50,002
Fair value of plan assets	(382,385)	(343,446)	(50,429)	(45,959)
	137,373	100,746	3,493	4,043
Present value of unfunded obligations	8,010	12,275	251	-
Unrecognised actuarial losses	(131,383)	(104,506)	(5,818)	(6,322)
Benefit liabilities/(assets)	14,000	8,515	(2,074)	(2,279)

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

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Defined benefit obligations at January 1/July 1,	447,149	318,538	50,002	43,950
Current service cost	21,747	27,957	1,466	2,349
Interest cost	42,718	46,299	5,000	6,922
Benefits paid and interest	(10,033)	(11,771)	(1,314)	(2,000)
Liability losses/(gains)	18,177	63,169	(1,232)	(1,219)
Defined benefit obligations at December 31,	519,758	444,192	53,922	50,002

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

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Fair value of plan assets at January 1/July 1,	343,446	281,794	45,959	41,582
Expected return on plan assets	33,754	42,989	4,628	6,598
Employer contributions	27,162	40,408	1,298	1,793
Employee contributions	1,124	882	649	882
Benefits paid	(9,258)	(11,863)	(1,315)	(2,054)
Asset (losses)/gains	(13,843)	(10,764)	(790)	(2,842)
Fair value of plan assets at December 31,	382,385	343,446	50,429	45,959

18. EMPLOYEE BENEFIT ASSET/LIABILITY (CONT'D)

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

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

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	21,747	27,956	1,466	2,349
Interest cost	42,718	46,299	5,000	6,922
Fund expenses	48	92	39	53
Expected return on plan assets	(33,751)	(42,989)	(4,628)	(6,598)
Actuarial (gain)/losses recognised	4,334	52,405	(2,022)	(4,061)
Total included in employee benefit expenses	35,096	83,763	(145)	(1,335)

	THE GROUP		THE COMPANY	
(v) Actual return on plan assets	19,907	32,336	3,837	3,756

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

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	%	%	%	%
Fixed income securities (short term)	36.00	40.00	-	-
Government securities and cash	31.00	23.00	58.80	50.60
Loans	1.00	2.00	6.60	7.80
Local equities	24.00	23.00	21.00	23.20
Overseas bonds and equities	8.00	12.00	12.80	17.50
Property	-	-	0.80	0.90
	100.00	100.00	100.00	100.00

18. EMPLOYEE BENEFIT ASSET/LIABILITY (CONT'D)

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

(vii) Expected contributions to post-employment benefit plans for the period ended December 31, 2013 are Rs 19.4M for the Group and Rs 1.4M for the Company.

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

	2012	2011	2010	2009
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000
Present value of defined benefit obligation	519,758	444,192	318,538	266,977
Fair value of plan assets	(382,385)	(343,441)	(281,794)	(236,504)
(Surplus)/deficit	137,373	100,751	36,744	30,473
Experience adjustments on plan liabilities	18,177	63,169	17,051	19,881
Experience adjustments on plan assets	(13,843)	(10,764)	3,881	(10,846)
THE COMPANY				
Present value of defined benefit obligation	53,922	50,002	43,950	34,271
Fair value of plan assets	(50,429)	(45,959)	(41,582)	(37,392)
Deficit/(surplus)	3,493	4,043	2,368	(3,121)
Experience adjustments on plan liabilities	1,232	1,219	5,795	(4,997)
Experience adjustments on plan assets	(790)	(2,842)	(550)	(5,218)

(ix) Principal actuarial assumptions at end of period/year:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	%	%	%	%
Discount rate	9.50 - 10.50	9.50 - 10.50	10.00	10.50
Expected return on plan assets	9.50 - 10.50	9.50 - 10.50	10.00	10.50
Future salary increases	6.50 - 9.00	6.50 - 9.00	8.50	9.00
Future pension increases	5.50 - 8.00	5.50 - 8.00	7.50	8.00

Employee benefit obligations have been provided for based on reports from The State Insurance Company of Mauritius Ltd and Feber Associates.

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	66,442	25,062	-	-
Amount payable to fellow subsidiary	-	-	120,168	114,457
Payables to Government of Mauritius	1,022,778	310,970	700,000	-
Other payables	164,472	188,328	10,494	13,642
	1,253,692	524,360	830,662	128,099

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 90 day terms.
- Other payables are non-interest bearing and are repayable on demand.
- The amounts payable to Government of Mauritius are non-interest bearing and repayable on demand.
- For terms and conditions of related party payables refer to note 28.

20. GAMING TAX

	THE GROUP	
	2012	2011
	Rs'000	Rs'000
At Jan 1/July 1,	13,273	22,705
Charge for the year	145,398	435,613
Paid during the year	(143,359)	(445,045)
At December 31/June 30,	15,312	13,273

21. INCOME TAX

(a) Statements of financial position:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
At July 1,	846	6,369	-	2,615
Current income tax charge	210	4,904	210	2,489
under / (over) provision of current income tax of previous year	4,079	108	1,335	(73)
Paid during the year	(2,710)	(10,535)	(1,437)	(5,031)
At December 31,	2,425	846	108	-

21. INCOME TAX (CONT'D)

(b) The major components of income tax expense for the period/year ended December 31, 2012 and December 31, 2011 are:

Statements of comprehensive income:	THE GROUP		THE COMPANY	
	Year ended December 31, 2012	ended December 31, 2011	Year ended December 31, 2012	ended December 31, 2011
Current income taxes:	Rs'000	Rs'000	Rs'000	Rs'000
Current income tax charge	108	2,516	108	93
Under/(over) current income tax of previous year	4,079	108	1,437	(73)
Corporate Social Responsibility	4,105	2,388	102	2,396
Deferred taxes:				
Relating to origination and reversal of temporary differences	(1,636)	56	(756)	232
Adjustments in respect of deferred taxes of previous year	756	3,346	-	2,997
Income tax expense reported in the income statements	7,412	8,414	891	5,645

A reconciliation between tax expense and the product of accounting profit multiplied by the tax rate for the period/year ended December 31, 2012 and December 31, 2011 is as follows:

	THE GROUP		THE COMPANY	
	Year ended December 31, 2012	ended December 31, 2011	Year ended December 31, 2012	ended December 31, 2011
	Rs'000	Rs'000	Rs'000	Rs'000
Accounting profit before income tax	229,978	(28,142)	205,872	131,863
At the statutory income tax rate of 15% (2011: 15%)	34,497	(4,221)	30,881	19,779
Exempt income for tax purposes	(29,405)	(23,342)	(28,402)	(33,909)
Non-deductible expenses	-	13,247	-	14,455
Corporate Social Responsibility	4,105	2,388	102	2,396
Unused tax tax losses	-	16,888	-	-
Adjustment in respect of current income tax o·	880	108	(756)	(73)
under/(over) provision in respect of deferred taxes of previous year	(2,665)	3,346	(934)	2,997
	7,412	8,414	891	5,645

Unused tax losses of the Group that have not been recognised as deferred tax assets as at December 31, 2012 amount to Rs 185 M (2011: Rs 180M).

22. REVENUE

	THE GROUP		THE COMPANY	
	Year ended December 31, 2012	ended December 31, 2011	Year ended December 31, 2012	ended December 31, 2011
	Rs'000	Rs'000	Rs'000	Rs'000
Sale of goods and services	113,484	205,666	-	-
Gaming revenue	445,636	511,433	-	-
Dividend income	133,850	124,678	167,467	191,918
Interest income	5,419	5,478	3,269	1,111
	698,389	847,255	170,736	193,029

23. OTHER INCOME

	THE GROUP		THE COMPANY	
	Year ended December 31, 2012	ended December 31, 2011	Year ended December 31, 2012	ended December 31, 2011
	Rs'000	Rs'000	Rs'000	Rs'000
Profit on sale of property, plant and equipment	-	2,820	-	1,230
Administrative and other expenses reimbursable by Government of Mauritius in respect of RWG	15,596	18,404	15,596	18,404
Other income	24,083	13,264	6,027	8,217
	39,679	34,488	21,623	27,851

Other income related mainly to rental income.

24. FINANCE COSTS

	THE GROUP		THE COMPANY	
	Year ended December 31, 2012	ended December 31, 2011	Year ended December 31, 2012	ended December 31, 2011
	Rs'000	Rs'000	Rs'000	Rs'000
Interest expense on:				
- Bank overdrafts	9,504	8,878	4,634	1,313
- Loans	4,671	6,870	544	1,582
- Finance leases	154	166	-	-
	14,329	15,914	5,178	2,895
Interest expense in respect of schemes under RWG:				
- Bank balances	11	1,063	11	1,063
- LEMS	34,344	40,815	34,344	40,815
- 5% redeemable debentures	7,955	6,622	7,955	6,622
-ECFS	3,881		3,881	
-PHS	750		750	
	46,941	48,500	46,941	48,500
	61,270	64,414	52,119	51,395

25. FINANCE REVENUE

	THE GROUP		THE COMPANY	
	Year ended December 31, 2012	18 months ended December 31, 2011	Year ended December 31, 2012	18 months ended December 31, 2011
	Rs'000	Rs'000	Rs'000	Rs'000
Interest income in respect of schemes under RWG:				
- Bank balances	3,073	1,063	26	1,063
- LEMS	34,344	40,815	34,344	40,815
- 5% redeemable debentures	7,955	6,622	7,955	6,622
-ECFS	3,881	-	3,881	-
-PHS	750	-	750	-
	50,003	48,500	46,956	48,500

26. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is arrived at after:

	THE GROUP		THE COMPANY	
	Year ended December 31, 2012	18 months ended December 31, 2011	Year ended December 31, 2012	18 months ended December 31, 2011
	Rs'000	Rs'000	Rs'000	Rs'000
Depreciation on property, plant and equipment:				
- owned assets	26,356	47,544	4,482	5,861
- leased assets	291	905	-	-
Amortisation of intangible assets	218	292	250	444
Employee benefit expenses (note a)	396,691	589,388	27,408	39,064
(a) Wages and salaries and other benefits	347,867	522,886	25,831	36,350
Pension and social security costs	48,824	66,502	1,577	2,714
	396,691	589,388	27,408	39,064

27. CASH AT BANK AND SHORT TERM DEPOSITS

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

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Short term deposits	305,343	283,135	124,766	134,556
Bank and cash balances	932,022	288,799	860,584	235,045
Cash at bank and in hand	1,237,365	571,934	985,350	369,601
Bank overdrafts (note 17)	(129,614)	(79,658)	(54,989)	(33,276)
	1,107,751	492,276	930,361	336,325

(b) Included in cash and cash equivalents, for the Group and the Company, is an amount of Rs 160m(2011: Rs 234m) relating to the RWG Scheme held by the Corporation on behalf of Government of Mauritius.

27. CASH AT BANK AND SHORT TERM DEPOSITS (CONT'D)

(c) Net cash flow from operating activities

	Notes	THE GROUP		THE COMPANY	
		Year ended December 31, 2012	18 months ended December 31, 2011	Year ended December 31, 2012	18 months ended December 31, 2011
		Rs'000	Rs'000	Rs'000	Rs'000
OPERATING ACTIVITIES					
(Loss)/profit before tax		229,978	(28,142)	205,872	131,863
Non-cash adjustments to reconcile (loss)/profit before tax to net cash flows					
- Depreciation and impairment of property, plant and equipment	4	26,647	41,462	4,482	5,861
- Gain on disposal of property, plant and equipment		(3,749)	(2,820)	-	(1,230)
- Exchange difference movement		(315)	3,279	(315)	3,279
- Fair value adjustment on assets classified as held for sale		-	54,077	-	-
- Gain on sale of investments		(266,008)	(50,753)	(266,008)	(41,964)
- Impairment of investments		156,007	5,362	169,468	4,962
- Movement in employee benefit asset/		5,485	6,858	205	69
- Movement on other financial assets		-	10,354	-	(146)
- Movement in asset held for sale					
- Amortisation of intangible assets	6	218	292	250	444
- Investment income		(133,850)	(130,156)	(167,467)	(193,029)
- Gaming tax adjustments	20	145,398	435,613	-	-
- Finance costs	24	61,270	64,414	52,119	51,395
- Finance revenue	25	(50,003)	(48,500)	(46,956)	(48,500)
- Share of results of associates	8	(163,400)	(120,909)	-	-
Working capital adjustments:					
- Inventories		1,057	90	-	-
- Trade and other receivables		(2,419)	44,010	(93,770)	(140,359)
- Trade and other payables		729,332	(22,736)	702,563	26,441
		735,648	261,795	560,443 -	(200,914)
Dividends received		210,870	149,861	167,365	158,361
Interest received		50,003	5,478	46,956	1,111
Gaming tax paid	20	(143,359)	(445,045)	-	-
Income tax paid	21	(2,710)	(10,535)	(1,437)	(5,031)
Net cash from operating activities carried forward		850,452	(38,446)	773,327	(46,473)

(c) Non-cash transactions

For cashflow purposes the non-cash transactions consist of the shares transfer following re-structuration in the investee companies.

28. RELATED PARTY TRANSACTIONS

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year ended December 31, 2012:

(a) THE GROUP

	Utilities and licences paid to	Available-for-sale investments held in	Dividend income	Remuneration and benefits	Amount owed by related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2012					
Associates	-	-	80,983	-	32,000
Directors and key management personnel	-	1,467,635	-	-	-
Other Government of Mauritius related bodies	86,741	-	-	-	50,291
2011					
Associates	-	-	56,740	-	19,749
Directors and key management personnel	-		-	20,413	294
Other Government of Mauritius related bodies	94,434	1,467,635	34,502	-	31,851

28. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY

	Utilities and licences paid to	Available-for-sale investments held in	Dividend income	Impairment of investment	Remuneration & benefits	Amount owed by related parties	Amount owed to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2012							
Subsidiaries	-	-	18,360	-	-	599,475	120,168
Associates	-	-	80,983	-	-	54,022	-
Directors and key management personnel	-	-	-	-	12,409	-	-
Enterprises with common directors	-	-	-	-	-	-	-
Other Government of Mauritius related bodies	1,482	1,467,635	-	-	-	-	-
2011							
Subsidiaries	-	-	10,500	-	-	523,661	114,457
Associates	-	-	56,740	-	-	19,749	-
Directors and key management personnel	-	-	-	-	17,883	-	-
Enterprises with common directors	-	-	-	-	-	9,200	-
Other Government of Mauritius related bodies	2,413	1,467,635	34,502	-	-	-	-

(c) Terms and conditions of transactions with related parties

Outstanding balances at the end of period/year are unsecured, interest-free, repayable on demand and settlement occurs in cash. The Holding company has guaranteed overdraft facilities for Casino de Maurice Limited (Rs 25M) and to Sun Casino Limited (Rs 5M) and guaranteed bank loan contracted by Domaine Les Pailes Limitée (Rs 34M). For the year ended December 31, 2012, the Company has recorded an impairment of Rs5 M relating to amounts owed by related parties (2011: Rs 18.8M). 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.

(d) 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 10 (c), 14, 17 (d), 19 and 27 (b).

29. COMMITMENTS

(a) Capital commitments

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Expenditure contracted for but not yet incurred	72,300	88,000	72,300	88,000

The above capital commitments are in respect of the following:

(i) The State Investment Corporation Ltd existing investment in Mauritius Cargo Community Services Ltd. As agreed and defined in the Constitution of Mauritius Cargo Community Services Ltd, The State Investment Corporation Ltd is committed to inject an amount of Rs 75M as Class 'B' shares as finance for capital expenditure. As December 31, 2012, Rs 51M out of the Rs 75M were already disbursed leaving only Rs 24M 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 the 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.

(b) Operating lease commitments

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

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Within one year	2,380	2,380	526	526
After one year but not more than five years	39,812	43,017	29,995	840
	42,192	45,397	30,521	1,366

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and 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 Group's and the Company's operations. The Group and the Company have trade and other receivables and cash and cash equivalents that arrive directly from their operations. The Group and the Company also holds available-for-sale investments.

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

The main risks arising from the Group's and 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 thes risks which are summarised below.

(i) Interest rate risk

The Group's and the Company's exposure to the risk of changes in market interest rates relates primarily to the Group's and the Company's long-term debt obligations with floating interest rates. The Group and the Company manage 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 Group's and the Company's profit before tax (through the impact of floating borrowing). There is only an immaterial impact on the Group's and the Company's equity.

		THE GROUP	THE COMPANY
	Increase/ decrease in basis point	Effect on profit/(loss) before tax	Effect on profit/(loss) before tax
2012		Rs'000	Rs'000
Mauritian Rupee	+ 50	(4,335)	(3,800)
	- 50	4,335	3,800
2011			
Mauritian Rupee	+ 50	(680)	(253)
	- 50	680	253

(ii) Foreign exchange risk

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

The currency profile of the financial assets and liabilities at December 31, 2012 and December 31, 2011 is as follows:

THE GROUP	MUR	USD	EURO	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000
As at December 31, 2012				
Investments	3,068,783	191,129	46,927	3,306,839
Trade and other receivables	190,908	-	794	191,702
Cash in hand and at bank	1,105,215	124,650	-	1,229,865
Long term receivables	2,484,224	-	-	2,484,224
Total assets	6,849,130	315,779	47,721	7,212,630
Liabilities	3,932,841	120,168	-	4,053,009

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

(ii) Foreign exchange risk (cont'd)

THE GROUP (CONT'D)

As at December 31, 2011	MUR	USD	EURO	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000
Investments	3,228,878	74,340	225,783	3,529,001
Trade and other receivables	166,365	-	15,418	181,783
Cash in hand and at bank	437,490	134,444	-	571,934
Long term receivables	2,133,827	-	-	2,133,827
Total assets	5,966,560	208,784	241,201	6,416,545
Liabilities	2,905,873	114,457	-	3,020,330

THE COMPANY

	MUR	USD	EURO	TOTAL
As at December 31, 2012	Rs'000	Rs'000	Rs'000	Rs'000
Investments	3,239,599	19,130	46,927	3,305,656
Trade and other receivables	710,830	-		710,830
Cash in hand and at bank	860,700	124,650	-	985,350
Long term receivables	2,479,295	-	-	2,479,295
Total assets	7,290,424	143,780	46,927	7,481,131
Liabilities	3,522,036	120,168	-	3,642,204
As at December 31, 2011				
Investments	3,227,489	225,783	74,340	3,527,612
Trade and other receivables	601,642	-	15,418	617,060
Cash in hand and at bank	15,043	134,445	-	149,488
Long term receivables	2,132,004	-	-	2,132,004
Total assets	5,976,178	360,228	89,758	6,426,164
Liabilities	2,537,101	114,457	-	2,651,558

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).

	THE GROUP			THE COMPANY		
	Increase/ decrease in rates	Effect on profit/(loss) before tax	Effect on equity	Increase/ decrease in rates	Effect on profit/(loss) before tax	Effect on equity
2012	%	Rs'000	Rs'000	%	Rs'000	Rs'000
US Dollar	+5	927	9,556	+5	927	9,556
	-5	(927)	(9,556)	-5	(927)	(9,556)
EURO	+5	-	-	+5	-	-
	-5	-	-	-5	-	2,346
2011						(2,346)
US Dollar	+5	6,722	11,289	+5	1,000	11,289
	-5	(6,722)	(11,289)	-5	(1,000)	(11,289)
EURO	+5	771	10,857	+5	771	3,717
	-5	(771)	(10,857)	-5	(771)	(3,717)

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

(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 Group and the Company are exposed to credit risk from its operating activities, including deposits with banks and trade receivables.

Trade receivables

Outstanding customer receivables are regularly monitored. The requirement for impairment is analysed at each reporting date on an individual basis for major receivables. The Group and the Company evaluate the concentration of risk with respect to trade receivables as low.

The Group's and the Company's maximum exposure to credit risk for the components of the statement of financial position at December 31, 2012 and June 30, 2011 is the carrying amounts.

RWG

Given that any amount not ultimately recovered by The State Investment Corporation Ltd from beneficiaries under the RWG schemes is automatically deducted from the obligation due to the Government of Mauritius under the scheme. The State Investment Corporation Ltd does not bear any of the credit risks of the funds' beneficiaries given its fiduciary role amounts involve are disclosed in note 10 (c).

(iv) Liquidity risk

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

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

THE GROUP

Year ended December 31, 2012	On demand	< 3 months	3-12 months	1 to 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest-bearing loans and borrowings	136,185	74	5,465	2,657,593	2,799,317
Trade and other payables	1,008,052	14,726		-	1,022,778
	1,144,237	14,800	5,465	2,657,593	3,822,095

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

(iv) Liquidity risk (Cont'd)

THE GROUP

Year ended June 30, 2011	On demand	< 3 months	3-12 months	1 to 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest-bearing loans and borrowings	93,493	29	3,773	2,398,675	2,495,970
Trade and other payables	261,599	13,724	249,037	-	524,360
	355,092	13,753	252,810	2,398,675	3,020,330

THE COMPANY

Year ended December 31, 2012	On demand	< 3 months	3-12 months	1 to 5 years	Total
	Rs'000	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	-	-	830,662	-	830,662
	59,989	-	830,662	2,631,385	3,522,036

Year ended June 30, 2011	On demand	< 3 months	3-12 months	1 to 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Interest-bearing loans and borrowings	33,276	-	12,250	2,363,476	2,409,002
Trade and other payables	-	-	128,099	-	128,099
	33,276	-	140,349	2,363,476	2,537,101

(v) Equity price risk

The Group's and the Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group and the Company manage the equity price risk through diversification and placing limits on individual and total equity instruments. The Group's Board of Directors reviews and approves all equity investment decisions.

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

(v) Equity price risk (Cont'd)

The following note shows the impact on the fair value of financial instruments of using reasonably possible alternative assumptions by class of instrument. The positive and negative effects have been averaged and disclosed hereunder.

	THE GROUP				THE COMPANY			
	2012		2011		2012		2011	
	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets								
Available-for-sale investments	3,306,839	62,560	3,529,001	73,000	3,305,656	62,560	3,527,612	73,000

In order to determine reasonably possible alternative assumptions Corporation adjusted key unobservable models inputs as follows:

For equity, the Corporation adjusted the Price Earnings and Dividend Yield ratio by increasing and decreasing the assumed Price Earnings and Dividend Yield ratios by 10%, which is considered by the Corporation to be within a range of reasonably possible alternatives based on Price Earnings and Dividend Yield ratios of companies with similar industry and risk profile.

As a general rule, it is the Corporation policy to discount the market indicators (sector-wise) used for valuation exercise of selected available-for-sale securities to adjust for marketability and size of the investee company.

(vi) Financial instrument

The carrying value of financial asset and liabilities approximate their fair values.

(vii) Capital management

The primary objectives of the Group's and Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

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

(vii) Capital management (Continued)

The Group and the Company are self financed as displayed in the table below:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Interest-bearing loans and borrowings	167,932	137,494	59,989	50,526
Less cash at banks and in hand (exclude bank balances held on behalf of RWG)	1,077,111	337,033	825,096	134,700
Net Debt	(909,179)	(199,539)	(765,107)	(84,174)
Capital	4,844,878	4,982,915	5,040,799	5,208,475
Capital and net debt	3,935,699	4,783,376	4,275,692	5,124,301
Gearing Ratio	18.77%	4.00%	15.18%	1.62%

31. CONTINGENT LIABILITIES

At December 31, 2012, the Group had the following contingent liabilities:

(a) Contingent liabilities of Rs 14.5M relating to legal claims which have been lodged against the Group in the Courts of Mauritius arising out of the ordinary course of business. Based on the opinion of legal advisors, the Directors believe that none of claims will result in loss. No provisions have been made against these claims.

(b) Corporate Guarantees for an amount of Rs 95.6M and Import Loans amounting to Rs266.4M 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) Corporate Guarantees given by the Corporation and arising out of the ordinary course of business given on behalf of Casino De Maurice Limited, Sun Casino Limited , Domaine Les Pailles Limitée and Mauritius Duty Free Paradise Ltd stood at Rs 25M, Rs 5M , Rs 34M and Rs 250M respectively as at the year end;

(d) Pledges in form of fixed and floating charges have decreased considerably for the year. These pledges have been given against debt facilities arising out of the ordinary course of business. Details of the pledges given as at December 31, 2012 are as follows: Domaine Les Pailles Limitée(36M in favour of MCB),Compagnie Mauricienne D'Hippodromes(68M in favour of General Construction), Casino de Maurice(Rs. 80M in favour of State Bank of Mauritius); and

(e) At reporting date,the Corporation and The State Insurance Company of Mauritius Ltd have jointly provided custom security amounting to MUR 250M to Mauritius Revenue Authority on behalf of Mauritius Duty Free Paradise Co. Ltd for goods received, the duties in respect of which have not yet been paid.

(f) The collective agreement (CA) between the casino employees and casino companies in respect of salary structure other related benefits was subject to review as from July 1, 2012. In line with the CA an arbitrator is being called in to determine the salary revision. No conclusion has been reached at this point of time and the Directors believe that the probability of payment for any salary increase with retrospective effect cannot be reasonably assessed.

32. ULTIMATE SHAREHOLDER

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