

THE STATE INVESTMENT CORPORATION LIMITED

FINANCIAL STATEMENTS - YEAR ENDED

DECEMBER 31, 2019

THE STATE INVESTMENT CORPORATION LIMITED

TABLE OF CONTENTS

	PAGES
STATUTORY DISCLOSURE	1 - 1(a)
CORPORATE GOVERNANCE REPORT	2 - 2(s)
CERTIFICATE FROM THE COMPANY SECRETARY	3
INDEPENDENT AUDITORS' REPORT	4 - 4(b)
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	6
STATEMENT OF CHANGES IN EQUITY	7
STATEMENT OF CASH FLOWS	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 56

THE STATE INVESTMENT CORPORATION LIMITED

1

STATUTORY DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2019

The Directors have the pleasure in submitting the annual report of The State Investment Corporation Limited ('the Company') together with the audited financial statements for the year ended December 31, 2019.

PRINCIPAL ACTIVITY

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

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

DIRECTORS

The following Directors held office during the year ended 31 December 2019 and unless otherwise stated, up to date of signing the financial statements: -

SONOO, Jairaj C.S.K	-Chairman	
GOBURDHUN, Goolabchund, G.O.S.K	-Managing Director	(As from 16 April 2019)
NAGHEE REDDY, Kritananda		
NEERUNJUN, Premode		
NILAMBER, Anoop Kumar		
ACHARUZ, Anandsing		
JAUNBOCUS, Cader		(As from 15 May 2019)
AYOOB SAAB, Mohummad Shamad		(As from 04 June 2019)

Officers who served during the year 2019 and ceased to be directors during the year or subsequently

LUCHMEEPERSAD, Vidianand	(Up to 29 May 2019)
BEEJAN, Manickchand -Managing Director	(Up to 28 February 2019)

DIVIDENDS

Dividend proposed and paid during the year amounted to Rs35M (2018: Rs35M).

DIRECTORS' SERVICE CONTRACTS

The service contract of the Managing Director is for a period of three years starting from 16 April 2019. None of the other Directors has a service contract.

DIRECTORS' REMUNERATION AND BENEFITS

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

(i) Directors of The State Investment Corporation Limited	December 31, 2019	December 31, 2018
	Rs.	Rs.
Executive Directors	4,623,143	4,205,554
Non-executive directors	3,774,773	2,891,591
	<u>8,397,916</u>	<u>7,097,145</u>

THE STATE INVESTMENT CORPORATION LIMITED

1(a)

STATUTORY DISCLOSURE FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS' SHARE INTERESTS

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

SIGNIFICANT CONTRACTS

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

DONATIONS

	December 31, 2019	December 31, 2018
	<u>Rs.</u>	<u>Rs.</u>
Donations made during the year	<u>312,500</u>	<u>119,875</u>

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

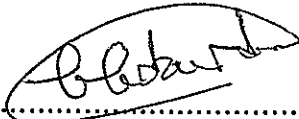
AUDITORS' FEES

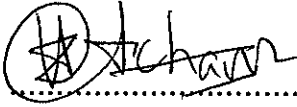
The fees payable to the auditors, for audit and other services are:

	December 31, 2019	December 31, 2018
	<u>Rs.</u>	<u>Rs.</u>
Audit Fees	<u>385,000</u>	<u>375,000</u>
Non- Audit	<u>40,000</u>	<u>38,000</u>

28 DEC 2020

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


.....
DIRECTOR


.....
DIRECTOR

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

The State Investment Corporation Limited (the “Company”) has always been committed to promote high standards of Corporate Governance and is classified as a Public Interest Entity as per the Financial Reporting Act 2004. The Board views adherence to the highest standards of business and integrity, transparency and professionalism as an essential condition to enhance business value for all its stakeholders.

This report sets out how the principles of the Code of Corporate Governance for Mauritius (2016) (the Code) have been applied by the Company.

PRINCIPLE 1 - GOVERNANCE STRUCTURE

Governance Framework

Governance refers to the framework of rules, relationships, system and processes by which an enterprise is directed, controlled and held to account and whereby authority within an organisation is exercised and maintained. It encompasses authority, accountability, stewardship, leadership, direction and control in any organisation.

The Board is ultimately responsible for providing effective leadership and is responsible and accountable for the affairs of the Company. The Board assumes responsibility for, inter-alia, setting the strategic direction, overseeing the financial and investment affairs corporate governance, risk management, internal control and compliance issues.

The Board of SIC is collectively accountable and responsible for the affairs of the Company. The Board fulfils its duties and responsibilities as defined in the Company’s Constitution and the Companies Act 2001 (the Act).

The directors of the Company are skilled, knowledgeable and experienced professionals. The Board takes its fiduciary responsibilities very carefully. Each director is appointed with the understanding of the amount of time and care that they will need to devote to the Board and to the organisation for it to prosper. The Board has approved all the guiding documents and policies, including Board/Committee Charters and job description of senior governance positions. The governance documents are available on the Company’s website.

Key Governance Responsibilities

The Board ensures that the key governance positions within the organisation are matched with the corresponding accountabilities.

Key Governance Positions

Chairperson of the Board

The Chairperson of the Board is primarily responsible for the activities of the Board and its Committees. He is responsible for the running of the Board and ensuring its effectiveness in all aspects of its role, including regularity and frequency of meetings. He acts as the spokesman for the Board and is the principal contact for the Managing Director. The Chairman and the Managing Director of the Board meet regularly. The Chairperson discusses and sets the agenda with the Managing Director and the Company Secretary, and facilitates the effective contribution of non-executive directors and encourages active participation during Board meetings. He ensures that Board members, upon appointment, participate in an induction programme and that the development needs of directors are identified and appropriate training is provided. The Chairperson ensures effective implementation of Board decisions. He ensures that directors (particularly non-executive directors) have sufficient time to consider critical issues and obtain answers to any questions or concerns they may have and are not faced with unrealistic deadlines for decision making. The Chairperson maintains sufficient contact with the Shareholders to understand their issues and concerns. He also ensures that the views of Shareholders are communicated to the Board as a whole so that all directors develop an understanding of their views.

The Chairperson of the Board is Mr. Jairaj Sonoo C.S.K.

The Managing Director

The Managing Director has the authority and responsibility to manage the overall operations and resources of the Group. He acts as the main point of contact between the Board and the Management. The Managing Director ensures that a proper assessment of the risks under a variety of possible or likely scenarios is undertaken and presented to the Board. The other responsibilities of the Managing Director include among others: to develop and recommend to the Board a long-term vision and strategy for the Group as well as the annual business plans and budgets that support the Group's strategy; to execute and implement the strategy of the Board; to monitor the Group's performance and keep the Board appropriately informed; to foster a corporate culture that promotes ethical practices, rejects corrupt practices, offers equal opportunities, encourages individual integrity and meets social responsibility objectives and imperatives. The Managing Director serves as the chief spokesperson for the Group on all operational and day-to-day matters. The Managing Director communicates effectively with stakeholders and the public.

The Managing Director of the Company is Mr. Goolabchund Goburdhun G.O.S.K.

Chairpersons of Sub-Committees

The Chairpersons of sub-committees work in close cooperation with and provide support and advice to the Chairperson of the Board.

- Mr. Cader Jaunbocus is the Chairperson of the Audit and Risk Management Committee.
- Mr. Mohummad Shamad Ayoob Saab is the Chairperson of the Corporate Governance Committee.
- Mr. Anoop Kumar Nilamber is the Chairperson of the Investment Committee
- Mr. Premode Neerunjun is the Chairperson of the Remuneration and Nomination Committee.

Company Secretary

The Company Secretary is appointed by the Board. The role of the Company Secretary is to ensure that Board Members have the proper advice and resources for performing their duties to shareholders under the relevant legal frameworks. The Company Secretary is also responsible for the organisation and coordination of the Board and Committee meetings and ensuring that the records or minutes of those meetings reflect the proper exercise of those duties. Prime Partners Ltd, a wholly owned subsidiary, acts as Company Secretary.

Other Key Governance Positions

Senior Management Team at SIC

Mrs. A. D. I. Ramphul Panchoo is a Senior Investment Executive at the State Investment Corporation Limited. She holds a BSc Econ Banking and Finance from University of Cardiff Wales, UK. She is a Director of several investee Companies of SIC such as Les Pailles Management Ltd, Casino de Maurice Ltd and Pointe Coton Resort Hotel Co. Ltd.

Mrs Kavita Kumari Achameesing holds a Master in Investment Promotion & Economic Development, Edinburgh Napier University, United Kingdom and a B.A (Hons) Financial Services, Edinburgh Napier University, United Kingdom. She also holds a Diploma in Management and Marketing, Institute of Commercial Management, United Kingdom. She has been working in the Finance Department of SIC since 1989. She holds the post of Senior Finance Executive and has a wide experience in Corporate Financial Reporting, and Treasury Management. She has contributed to effective monitoring of financial operations and assets of SIC. She is also a Non-Executive Director on the board of some investee companies of SIC.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

Mr. Deevendra Cally holds the position of Senior Investment Executive. He is currently deputed as Chief Finance Officer for the Casinos managed by SIC Management Services Co. Ltd. He is a Fellow member of the Association of Chartered Certified Accountants, UK and holds a Bachelor degree in Commerce and Master's degree in Business Administration with specialisation in Finance. Prior to joining SIC, he worked with Kross Border Trust Services Ltd, a sister company of KPMG, as Senior Offshore and Fund Administrator. He has more than 15 years wide-ranging experiences and acts as Board member of various investee companies of SIC including Princes Tuna (Mauritius) Ltd, Cargo Handling Corporation Ltd and Alteo Refinery Ltd . He is also the Chairperson of the Casinos of Mauritius Pension Fund”.

Mr. Chandrek Dussoye is a Senior Investment Executive at SIC. He holds a Bsc Business Management Studies at the University of Mauritius and is a fully qualified ACCA. He has more than 15 years of professional experience in the field of accounting and finance. He is currently assigned to the Portfolio and Investment Management Department of SIC and is mostly involved in private equity investment and financing. He is also a Director of some investee companies of SIC.

PRINCIPLE 2 – THE STRUCTURE OF THE BOARD AND ITS BOARD COMMITTEES

Board Structure

SIC is headed by a unitary Board with eight (8) Directors, categorized as follows:-

- 1 Executive Director.
- 4 Non-Executive Directors.
- 3 Independent Non-Executive Directors.

The Board is responsible for the stewardship of SIC, overseeing its strategy, conduct and affairs to create sustainable value growth for its shareholders. The Directors are:-

	Existing Directors	Role	Category
1	Mr. Jairaj Sonoo C.S.K	Chairman	Non-Executive and Independent
2	Mr. Goolchund Goburdhun G.O.S.K (As from 16 April 2019)	Managing Director	Executive
3	Mr. Premode Neerunjun	Member	Non- Executive
4	Mr. Kritananda Naghee Reddy	Member	Non-Executive and Independent
4	Mr. Anoop Nilamber	Member	Non- Executive
5	Mr. Anandsing Acharuz	Member	Non-Executive
6	Mr. Cader Jaunbocus (As from 15 May 2019)	Member	Non- Executive and Independent
7	Mr. Mohummad Shamad Ayoob Saab (As from 04 June 2019)	Member	Non- Executive
Officers who served during the year 2019 and ceased to be directors during the year			
1	Mr. Vidianand Luchmeepersad (Up to 29 May 2019)	Member	Non- Executive
2	Mr. Manickchand Beejan (Up to 28 February 2019)	Managing Director	Executive

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

The Board consists of an appropriate mix of skills and experience to provide leadership, reflect integrity and make judgement for managing the affairs of the Company. Discussions are being pursued with the main Shareholder regarding the requirement for gender representation in the Board membership.

Only Board Members attend Board Meetings. Management and other subject matter experts attend the meeting or part thereof on invitation of the Chairman. The use of Alternate Director is discouraged. A clear division of responsibilities at Board level ensures that no Director has unfettered powers in decision making.

All Directors are resident in Mauritius.

The Chairperson of the Board and the Chairperson of the Board Committees are all carefully selected of their relevant knowledge and experience in these key governance roles.

Role of Non-Executive Directors

Non-Executive and Independent Directors play a vital role in providing independent judgement in all circumstances. The Non-Executive Directors are drawn from a diversity of business and other backgrounds so as to bring a broad range of views and experience to Board deliberations.

Executive Directors

There is currently one Executive Director.

The Board is of the view that the appointment of a second executive director on the Board, as required by the Code, is not necessary. The Senior Executives of the Company are invited to attend board meetings as and when required.

With the exception of the Managing Director, all directors have a term of office of one year. Members of the Board are elected at the annual meeting of shareholders. The term of the service of the Managing Director is for a period of three years, effective 16 April 2019.

Directors' Independence Review

The Board is determined to ensure on an annual basis and as when the circumstances require, whether or not a director is independent. The Board has considered the following directors as Independent directors:-

- Mr. Jairaj Sonoo C.S.K
- Mr. Kritananda Naghee Reddy
- Mr. Cader Jaunbocus

The Board recognizes that over time independent directors develop significant insights in the Company's business and operations and can contribute objectively to the Board as a whole. In circumstances where a director has served as an Independent Director for over nine years, the Board will do a rigorous review of their continuing contribution and independence.

Powers of the Board

The Board is responsible for establishing the Group's purpose, values and strategy, promoting its culture and overseeing its conduct and affairs to create sustainable value for the benefit of the Shareholders over the short, medium and long terms. The objectives of the Board are to work in unity with the Senior Management Team so as to achieve not only profitability, but also long term sustainability of the

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

Company. Management is expected to deliver on agreed performance targets which are aligned to the Company's strategy and to act in the best interests of the Company and its stakeholders. The role and responsibilities of the Board are set out in the Board Charter.

The Board serves as the focal point and custodian of the Company's corporate governance. It is responsible for providing ethical and effective leadership to the Company. It agrees on the strategic direction and approved the policy frameworks used to measure organisational performance.

The key roles and responsibilities of the Board of Directors are set in the Board Charter. The Board is aware of its responsibility to ensure that the Company adheres to all relevant legislations such as the Mauritius Companies Act 2001. The Board also follows the principle of good corporate governance as recommended in the Code.

Board Meetings

The Board met twelve (12) times during the financial year ended 31 December 2019. A calendar of meetings is communicated to the Board well in advance. Board Papers are circulated to the Directors well ahead of the meetings to facilitate meaningful and informed decisions at the meetings. Meetings are conducted by means of audio conference when personal attendance is not possible.

The Company provides the Directors appropriate tools to accede to the Board Portal which facilitates secure digital communication of Board Papers.

Board Attendance

The following table depicts the attendance at Board/Board Committees meeting of the directors during the year under review:-

	Director Name	Category	Board
1	Mr. Jairaj Sonoo C.S.K	Non-Executive and Independent	12/12
2	Mr. Goolabchund Goburdhun G.O.S.K (As from 16 April 2019)	Executive	7/7
3	Mr. Premode Neerunjun	Non- Executive	11/12
4	Mr. Kritananda Naghee Reddy	Non-Executive and Independent	5/12
5	Mr. Anoop Nilamber	Non- Executive	5/12
6	Mr. Anandsing Acharuz	Non- Executive	9/12
7	Mr. Cader Jaunbocus (As from 15 May 2019)	Non- Executive and Independent	7/7
8	Mr. Mohummad Shamad Ayoob Saab (As from 04 June 2019)	Non- Executive	7/7
Officers who served during the year 2019 and ceased to be directors during the year or subsequently			
1	Mr. Vidianand Luchmeepersad (Up to 29 May 2019)	Non- Executive	4/5
2	Mr. Manickchand Beejan (Up to 28 February 2019)	Executive	2/2

Board Committees

The Board has carefully considered the work that it needs to carry out to be effective and in order to perform against strategy. To this end, the following committees have been set up as follows:-

- (i) Investment Committee;
- (ii) Audit and Risk Management Committee
- (iii) Corporate Governance Committee; and
- (iv) Remuneration and Nomination Committee.

The objectives of these Committees are (i) to bring focus and appropriate expertise and specialization to the consideration of specific Board issues; (ii) to enhance Board efficiency and effectiveness; (iii) to enable key issues to be studied in depth; and (iv) to make recommendations to the Board.

The Board reviews each Committee's Charter which sets out the roles, responsibilities and scope of authority of the Committee. The Board ensures that the Company is being managed in line with the Company's objectives through deliberations and reporting of its various Committees.

Audit and Risk Management Committee

The Audit and Risk Management Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Committee was approved by the Board and is available on the website of the Company.

The Board considers that the members of the Audit and Risk Management Committee are appropriately qualified to discharge their responsibilities.

The Audit and Risk Management Committee has the explicit authority to investigate any matter within its terms of reference. In addition, the Audit and Risk Management Committee has full access to and co-operation of Management as well as full discretion to invite any Director to attend its meetings.

The duties of the Audit and Risk Management Committee include amongst others:-

- Examining and reviewing the quality and integrity of the financial statements of the Company including its annual report;
- Compliance with International Financial Reporting standards and legal requirements;
- Keeping review the adequacy and effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems;
- Reviewing the annual compliance work plan and other reports from the Compliance function;
- Ensuring the Internal Auditor has direct access to the Board Chairperson and to the Committee Chairperson;
- Consider and make recommendations to the Board, to be put to shareholders for approval at the Annual Meeting of Shareholders, in relation to the appointment, re-appointment and removal of the Company's External Auditor;
- Making recommendations to the Board as it deems appropriate, on any area within its remit where action or improvement is needed.

In performing its function, the Audit and Risk Management Committee meets with the internal and external auditors. Where necessary, the Audit and Risk Management Committee also meets separately with the internal and external auditors whereby any issues may be raised directly to the Audit & Risk Management Committee, without the presence of Management. The internal and external auditors have unrestricted access to the Audit and Risk Management Committee.

The Committee met four times during the year.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED DECEMBER 31, 2019**Members and Attendance**

Membership	Role	Audit & Risk Committee
Mr. C. Jaunbocus	Chairman	3/3
Mr. A. S. Ayoob Saab	Member	3/3
Mr. A. Acharuz	Member	4/4
Mr. N. Nilamber (Up to 05 June 2019)	Member	1/1
Mr. K. Naghee Reddy (Up to 05 June 2019)	Member	0/1
Mr. V. Lutchmeepersad (Up to 29 May 2019)	Member	1/1

Corporate Governance Committee

The Corporate Governance Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Committee was approved by the Board and is available on the website of the Company.

The Corporate Governance Committee is a useful mechanism for making recommendations to the Board on various corporate governance issues so that the Board remains effective and complies with good governance principles.

The duties of the Corporate Governance Committee include the following:-

- Oversee the implementation of the corporate governance framework;
- Periodically review and evaluate the effectiveness of the Company's Code of Conduct and Ethics;
- Review the position descriptions of the Chairperson, and Board Committee chairs and recommend any amendment to the Board; and
- Review annually the size and composition of the board as a whole.

The Committee met thrice during the year.

Members and Attendance

Membership	Role	Corporate Governance Committee
Mr. M. S. Ayoob Saab	Chairman	2/2
Mr. J. Sonoo	Member	3/3
Mr. K. Naghee Reddy	Member	2/3
Mr. P. Neerunjun	Member	2/3
Mr. A. Acharuz	Member	2/3
Mr. A. Nilamber (Up to 05 June 2019)	Member	0/1

Investment Committee

The Investment Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Investment Committee was approved by the Board and is available on the website of the Company.

The main function of the Investment Committee is to advise the Board on asset allocation, investment policies, processes, strategies and on optimal risk/return level. The Committee reviewed the evolving financial market conditions and deliberated on investment opportunities.

The Investment Committee met eight times during the year.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED DECEMBER 31, 2019Members and Attendance

Membership	Role	Investment Committee
Mr. A. Nilamber	Chairman	5/8
Mr. G. Goburdhun G.O.S.K	Member	6/6
Mr. C. Jaunbocus	Member	5/5
Mr. A. Acharuz	Member	8/8
Mr. K. Naghee Reddy (From January 2019 to April 2019) (From September 2019 to December 2019)	Member	2/3 1/4
Mr. M. Beejan (Up to 28 February 2019)	Member	2/2

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is governed by a Charter in line with the provisions of the Code. The Charter of the Remuneration and Nomination Committee was approved by the Board and is available on the website of the Company.

The Remuneration and Nomination Committee is a useful mechanism for making recommendations to the Board on various issues so that the Board remains effective and complies with good governance principles.

The duties of the Remuneration and Nomination Committee include the following:-

- Recommend and monitor the level and structure of remuneration for senior management;
- Be responsible for identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they rise;
- Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment; and
- Review the results of the Board performance evaluation process that relate to the composition of the Board.

The Committee four times during the year.

Members and Attendance

Membership	Role	Remuneration and Nomination Committee
Mr. P. Neerunjun	Chairman	4/4
Mr. K. Naghee Reddy	Member	3/4
Mr. A. Nilamber	Member	1/4
Mr. G. Goburdhun G.O.S.K	Member	3/3
Mr. V. Lutchmeepersad (Up to May 29, 2019)	Member	1/1

DIRECTORS' PROFILE

Mr. Jairaj Sonoo, C.S.K is the Chairman of The State Investment Corporation Limited (SIC), Investment Arm of Government of Mauritius and holds directorship on various investee companies of SIC, such as SICOM and Mauritius Duty Free Paradise Co Ltd. He is also the Chairman of the Investment Support Programme (ISP) Limited which is involved in the Government action to support economic operators through various schemes implemented under budgetary measures.

Mr Sonoo has spent four decades in the banking sector, at both local and international level, including 38 years at State Bank of Mauritius Ltd, in various positions. He served as the Chief Executive Officer at SBM Bank (Mauritius) Ltd from September 2012 to August 2016 and Acting Group Chief Executive at SBM Holdings from November 2014 to September 2015. He occupied the post of Chief Executive - Overseas Expansion of SBM Holdings Ltd from August 2016 to September 2017. During his tenure of office within the SBM Group, he was responsible for overseeing the development and execution of the Bank's international strategy through both organic growth and M&A. He also led the acquisition of a Kenyan Bank which marked the milestone for the Group's entry into East Africa.

Mr Sonoo holds a Masters in Business Administration from the University of Surrey.

Mr Goolabhund Goburdhun, G.O.S.K is a Fellow of the Association of Chartered Certified Accountants and holds a M.Sc. in Finance from University of Mauritius. He has extensive experience in the field of accounting and finance. He is registered with the Mauritius Institute of Professional Accountants (MIPA) as 'Professional Accountant.'

Mr. Goburdhun is currently the Managing Director of SIC and holds directorship on various SIC Investee Companies, including Air Mauritius Ltd, Lottotech Ltd and Casino Companies. In the past, he was in public practice as a Chartered Certified Accountant providing services relating to Accounting, Auditing, Management, Tax Consultancy and Corporate Secretarial Services. He also held Chairmanship on various Government-related companies/institutions such as MauBank Holdings Ltd, MPCB (now MauBank Ltd), National Pensions Board and Responsible Gambling and Capacity Building of the Gambling Regulatory Authority.

Mr. Premode Neerunjun holds the post of Permanent Secretary at the Prime Minister's Office and has over forty years of experience in the public sector. In addition, he has also been called upon to serve as Board Director in statutory bodies on a part time basis. He holds a Graduate Diploma in Business from Curtin University (Western Australia) and a BSc in Economics & Management from University of London. He also holds a Masters Degree in Public Policy and Administration from the University of Mauritius.

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

Mr. A. Nilamber has a rich career in the banking industry; he was a Corporate and Investment Banker at HSBC in France and at the Mauritius Commercial Bank Ltd. In Paris, Mr. Nilamber was also a part-time lecturer in Finance at Université Pantheon Assas (Paris II) where he graduated in Banking and Finance. Mr. Nilamber is also an independent board member of MauBank, the third largest bank in Mauritius. Mr. Nilamber was occupying the post of Economic Advisor at the Ministry of Finance and Economic Development.

Mr. Nilamber is currently the Chief Executive Officer at Airports of Mauritius and the officer in charge of its subsidiary the Mauritius Duty Free Paradise Co. Ltd.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

Mr. Cader Jaunbocus is a Fellow of the Association of Chartered Certified Accountants and holds a Master in Business Administration from University of Birmingham. He has extensive experience in the field of Finance, with lead experience in Personal Financial Planning, Investments, Insurance, Management, Analysis and Reporting. He is registered with the UK Chartered Insurance Institute (CII) as a 'Chartered Insurer'.

Mr. Jaunbocus is currently the Managing Director of the Tailored Financial Solutions Ltd a company providing services in the field of Accountancy, Tax and Advisory. Mr. Jaunbocus possess strong entrepreneurial skill as well as good business acumen, valued communicator, dedicated to meeting goals and exceeding expectations.

Mr. Anandsing Acharuz is currently a Director (Economic & Finance) at the Ministry of Finance and Economic Development. His responsibilities include the preparation of the macro-fiscal framework, the budget estimates and the debt management strategy. He is also responsible for consolidating the public financial management system.

In view of his responsibilities, Mr. Acharuz is actively working with regional and international organisations such as the Collaborative Africa Budget Reform Initiative and AFRITAC South, whereby he has been sharing his experience and knowledge in the fields of public financial management and budgeting. Mr. Acharuz has served on different boards of public bodies, including the State Trading Corporation Limited, the Civil Service Family Protection Scheme Board, the Mauritius Post & Co-operative Bank Ltd, the Government Lotteries and the Mauritius Ex-SERVICES Trust Fund Board.

Mr. Acharuz holds an MSc in Financial Economics from the University of London.

Mr. Mohummad Shamad Ayoob Saab holds a Diploma in Public Administration with specialization in Public Management and a Masters in Business Administration. He joined the Public service in 1984 and has since then climbed up the ladder to the post of Permanent Secretary. Has served in various ministries and is at present posted to the Ministry of Finance and Economic Development.

Mr. Ayoob Saab has served several board namely National Pension Fund, National Housing Development Co. Ltd, National Property Fund Ltd, Financial Services Commission and The National Code of Corporate Governance of Mauritius..

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

		J. SONOO	G. GOBURDHUN	P. NEERUNJUN	A. NILAMBER	K. NAGHEE REDDY	A. ACHARUZ	C. JAUNBOCUS	M. S. AYOOB SAAB
1	Capital Asset Management Ltd		√		√				
2	Prime Partners Ltd	√	√	√					
3	SIC Development Co Ltd	√	√						
4	Port Louis Fund Ltd		√						
5	Casino de Maurice Limited		√						
6	Le Caudan Waterfront Casino Ltd		√						
7	Grand Baie Casino Ltd		√						
8	Le Grand Casino du Domaine Limitee		√						

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

		J. SONOO	G. GOBURDHUN	P. NEERUNJUN	A. NILAMBER	K. NAGHEE REDDY	A. ACHARUZ	C. JAUNBOCUS	M. S. AYOUB SAAB
9	SIC Management Services Ltd	√	√		√				
10	Guibies Holdings Ltd	√	√						
11	Guibies Properties Ltd	√	√						
12	Domaine Les Pailles Ltee		√						
13	Prime Real Estate Ltd	√	√						
14	Compagnie Mauricienne D'Hippodromes Ltee	√	√						
15	EREIT Management Ltd	√	√	√	√	√			
16	Les Pailles Management Ltd		√						
17	Lakepoint Ltd		√						
18	State Investment Finance Corporation Ltd		√						
19	MJTI Properties Co. Ltd	√							
20	Ebene Accelerator Ltd								
21	Le Val Development Ltd	√							
22	SIC Capital Support Ltd	√	√						
23	SBM (Mauritius) Infrastructure Development Ltd	√	√						
24	Mauritius Technologies Holdings Ltd		√						

- **Directorship on listed companies**

Mr. Goolabhund Goburdhun G.O.S.K, is a Director in the following listed companies:-

- (i) Lottotech Ltd.
- (ii) Air Mauritius Ltd.

The other Board Members of SIC do not hold directorship on Listed Companies.

PRINCIPLE 3 – DIRECTORS APPOINTMENT PROCEDURES

The Constitution of the Company provides that the minimum number of directors shall be five (5) and the maximum eight (8).

Appointment of Directors

The appointment of Directors is subject to a predetermined process and is governed by the Company's Constitution and the Act. Potential candidates are identified by the Remuneration and Nomination Committee and the Board, having regard to the balance skills, knowledge and experience required for the Board and its committees to operate effectively.

The proposed appointee is required to disclose any other business interests that may result in a conflict of interest and to report any future business interests that could result in a conflict of interest.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

The Board considers its succession very carefully and assumes responsibility for succession planning. The Remuneration and Nomination Committee is responsible to give consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges, the opportunities facing the Company, and the skills and expertise needed on the Board in the future.

Directors keep themselves updated with industry practices and trainings are organised whenever the need arises, During the evaluation, the Board Members are invited to indicate any training development programme they require.

On appointment to the Board, all directors receive a formal induction program designed to provide them with sufficient knowledge and understanding of the nature of business, opportunity and challenges, to enable them to effectively contribute to strategic discussions and oversight of the Company.

Directors Goburdhun G.O.S.K, Jaunbocus and Ayoob Saab who were appointed during the year followed the above-mentioned program.

Each director is elected by a separate resolution at the Annual Meeting of Shareholders to hold office until the next Annual Meeting.

PRINCIPLE 4 - DIRECTOR DUTIES, REMUNERATION AND PERFORMANCE

Legal Duties

All Directors are fully aware of their fiduciary duties.

Conflict of Interest

Board Members have a fiduciary duty to conduct themselves without conflict of the interests of the Company. In their capacity as Board Members, they must subordinate personal individual business, third-party and other interests to the welfare and best interests of the Company.

A conflict of interest occurs when a present transaction or relationship might conflict with a Board Member's obligations owed to the Company and the Board Member's personal, business or other interests.

The Company ensures that directors declare any interest and report to the Chairman and Company Secretary any related party transactions. A register of conflicts of interests is kept by the Company Secretary.

Information, IT and Information Security Governance

The Board of Directors ensures that appropriate resources are allocated for the implementation of an information and IT security framework. SIC has in place an Information Security policy and an IT Risk policy, which are regularly reviewed. It has implemented security policies to ensure that data is safeguarded both within its premises as well as those hosted on the server including access rights granted only to authorised personnel, password expiry and complexity policy implemented and backup of digital information. Testing of daily backup of the server are also conducted on a regular basis by the IT department. SIC has also in place a Disaster Recovery Plan which ensures that in the event of a major disaster that causes the site to be unavailable, systems and business operations will be restored at a backup site within two working days.

Board Information

The Chairperson is responsible for ensuring that the directors receive accurate, timely and clear information. The Company Secretary's responsibilities include ensuring good information flows within the Board and its committees and between senior management and non-executive directors. Management has an obligation to provide accurate, timely and clear information. Directors seek clarification or amplification where necessary.

The Board ensures that directors have access to independent professional advice at the company's expense in cases where the directors judge it necessary for discharging their responsibilities as directors.

All directors keep information relating to the Company, gathered in their capacity as directors, strictly confidential and private and do not divulge them to anyone without the authority of the Board.

Directors & Officers Liability Insurance

The Company has contracted with a Directors & Officers Liability Insurance policy in respect of legal action or liability that can arise against its Directors and officers. The cover does not provide insurance against fraudulent, malicious or wilful acts or omissions.

Board Evaluation

In view to enhance the Board's effectiveness, the Company has established a system of appraisal to assess the performance of the Board and sub-committees periodically. The appraisal focuses on the major governance issues relevant to the Board, such as

- Objectives and Strategy;
- Relationships with key stakeholders;
- Risk Management;
- Oversight of Management;
- The Audit Committee, Internal Audit and Corporate Reporting;
- Composition of the Board;
- Conduct of Board Meetings;

The results are analysed and discussed by the Corporate Governance Committee and action considered for implementation. The Board considers that the current evaluation process is sufficient.

No independent Board Evaluator was appointed.

Statement of Remuneration Philosophy

The directors are remunerated for their knowledge, experience and insight. The remuneration policy is to reward the collective contribution of directors towards achievement of the Company's objectives. The directors' remuneration in similar companies is also used as a guide.

The remuneration of Directors are reviewed at the Shareholders Meeting.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

The table below depicts the total fees earned by Directors during the year under review in their capacity as Board and Committee Members of SIC:-

	Existing Directors	Category	Director's Remuneration
1	Mr. Jairaj Sonoo C.S.K	Non-Executive and Independent	Rs1,380,000/-
2	Mr. Goolabhund Goburdhun G.O.S.K (As from 16 April 2019)	Executive	Rs3,304,343/-
3	Mr. Premode Neerunjun	Non- Executive	Rs420,000/-
4	Mr. Kritananda Naghee Reddy	Non-Executive and Independent	Rs420,000/-
5	Mr. Anoop Nilamber	Non- Executive	Rs420,000/-
6	Mr. Anandsing Acharuz	Non-Executive	Rs420,000/-
7	Mr. Cader Jaunbocus (As from 15 May 2019)	Non-Executive and Independent	Rs294,772/-
8	Mr. Mohummad Shamad Ayoob Saab (As from 04 June 2019)	Non- Executive	Rs280,000/-
9	Mr. Vidianand Luchmeepersad (Up to 29 May 2019)	Non- Executive	Rs140,000/-
10	Mr. Manickchand Beejan (Up to 28 February 2019)	Executive	Rs1,318,800/-

The Directors have not received remuneration in the form of share options or bonuses associated with the Company's performance. Directors receive a fixed director fee.

PRINCIPLE 5 – RISK GOVERNANCE AND INTERNAL CONTROL**(a) Responsibility and application**

The Board is responsible for risk management and for framing procedures for risk management. The Board is responsible for definition of the overall strategy for risk tolerance. Management and the assurance process on risk management are delegated to the Audit & Risk Committee. The Committee is responsible for the design and implementation of risk management processes while the day-to-day management of risk is performed by Management.

The Company's policy on risk management encompasses all significant business risks, including physical, operational, human resources, technological, business continuity, financial, compliance and reputational, which could influence the achievement of the Company's objectives.

The risk management mechanisms in place include:-

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

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

(c) **Integration of internal control and risk management**

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

The Company has outsourced the internal audit function to Moore Mauritius, as from January 2016. The assignment provides for the examination and evaluation of the adequacy and effectiveness of the Company's governance and of the risk management process, as well as assessment of the adequacy of the existing internal control system. The key deliverables by Moore Mauritius are the provision of detailed monthly internal reports and value added advice to Management on risks management.

(d) **Assurance on the effectiveness of the risk management process**

Regular management reporting, which provides a balanced assessment of key risks and controls, was an important component of Board assurance. The finance department provided confirmation that financial and accounting control frameworks have operated satisfactorily. The Board also received assurance from the Audit & Risk Management Committee which, in part, derived its information from internal and external audit reports on risk and internal control throughout the Company.

(e) **Management of key risks.**

Risks within the Company were identified under the following headings:

- *Operational risk*: Operational risk is defined as risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.
- *Human resource risks*: Losses arising from acts inconsistent with employment, health and safety laws, personal injury claims, etc.
- *Compliance risks*: Dishonest or fraudulent acts intended to defraud or misappropriate property, or circumvent regulations, law and policies and involve at least one internal party and a third party.
- *Physical risks*: Losses due to fire, cyclones, riots, etc.
- *Technology risks*: Include hardware and software failures, system development and infrastructure issues.
- *Business continuity risks*: Losses from failed transaction processing and process management.

Financial Risk Factors

Please refer to note 3 to the Financial Statements on pages 18-31.

Solvency Risk

The Board is considering appointing a Consultant to assess the Solvency risk of the Company.

Frameworks and processes for the sound management of risk and Internal Controls

An independent internal auditor has been appointed to review the effectiveness of the Company's systems of internal control, including internal financial control and business risk management and maintaining effective internal control systems. This ensures that appropriate frameworks and effective processes are in place for a sound management of risk.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED DECEMBER 31, 2019

Management is responsible for the implementation of internal control and risk management systems under the supervision of the Audit & Risk Management Committee which ensure that proper accounting records are maintained and that the strategies and policies adopted by the Board are being implemented.

The internal auditor covers key areas of activities. Any deviation in policies and non-performance of internal control are duly reported and discussed at large at Management and Audit & Risk Management Committee levels. Corrective actions are promptly taken, and regular follow ups are done. This enables the Board to derive assurance that the internal control systems are effective.

There has been no identification of any significant areas which was not covered by the Internal Auditors during the year. Based on the internal audit report, no major risk or deficiency has been found in the Company's system of internal controls.

Whistle-blowing rules and procedures

For any suspicious or illegal transactions or behaviour, officers and directors are encouraged to lodge reports promptly to the Money Laundering officer as per the Financial Intelligence and Anti Money Laundering Act 2002 and Prevention of Corruption Act 2002.

PRINCIPLE 6: REPORTING WITH INTEGRITY

The Annual Report is published in full on the Company's website.

The Annual Report comprises several key elements:

- Performance review
- Economic and market review
- Risks
- KPIs, performance and outlook
- Corporate social responsibility and donations
- Environmental policy

Corporate social responsibility and donations

The Company had paid directly its contribution to the Mauritius Revenue Authority. There following donations were made during the year:-

	Donations	Amount Rs.
1	2500 T-Shirts for Maha Shivratri	207,500/-
2	Donation to a widow for her son's eyes treatment	20,000/-
3	Ganesh Chaturthi 2019 Celebration	10,000/-
4	Celebration of Diwali at National Level	25,000/-
5	Christmas Celebrations for Orphans 2019	50,000/-
	Total	312,500/-

Environmental Policy

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

Safety and Health Issues

The Company complies with the Occupational Safety and Health Act 2005 and other legislative and regulatory frameworks. With a view to promote health and safety knowledge sharing in order to make the Company a workplace safer and healthier, several trainings have been delivered to officers of the Company.

Statement of Directors' Responsibilities

Directors acknowledge their responsibilities for:

- Adequate accounting records and for maintenance of effective internal control systems;
- Preparation of financial statements which fairly present the state of affairs of the Company at end of the financial year and the cash flows for that period, and which comply with International Financial Reporting Standards (IFRS);
- Using appropriate accounting policies supported by reasonable and prudent judgments and estimates;
- Ensuring that adequate accounting records and an effective system of internal controls and risk management have been maintained;
- Ensuring that appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;
- Ensuring that the International Financial Reporting Standards have been adhered to. Any departure has been disclosed, explained and quantified in the financial statements; and
- Ensuring that the Code of Corporate Governance has been adhered to in all material aspects. Reasons for non-compliance have been provided, where appropriate.

The External Auditors are responsible for reporting on whether the financial statements are fairly presented.

PRINCIPLE 7 – AUDIT

Internal Audit

The role of Internal Audit is to provide independent and objective assurance on internal control and risks to management and the Board of Directors through the Audit Committee. By following a systematic and disciplined approach, Internal Audit helps to accomplish the Company's objectives by evaluating and recommending improvements to operations, internal controls, risk management systems, and governance process.

During the year, the internal audit function was outsourced to Moore Mauritius. The latter is a professional firm and its internal audit department is adequately staffed with qualified auditors and certified internal auditors. The internal audit is performed on a quarterly basis and the findings are submitted to the Audit and Risk Management Committee.

The internal auditor reports directly to the Audit & Risk Committee and has unrestricted access to review all activities and transactions undertaken within the Company and to appraise and report thereon. There was no restriction placed over the right of access by internal audit to the records, management or employees of the organisation.

External Audit

The Company has appointed BDO as External Auditors for the financial year ended 31 December 2019.

Meeting with Audit & Risk Committee

The External Auditors meet with the Chairman of the Audit & Risk Committee without the presence of Management, to discuss issues such as financial statements of the Company, timeline of the audit, the audit approach, the accounting principles and critical policies adopted.

Evaluation of the work of External Auditors

The Audit & Risk Committee evaluates the work of the external auditors in fulfilling their duties annually, and to make an informed recommendation to the Board for the reappointment of the auditor. The Audit & Risk Committee assesses the performance of the auditor; the quality of the auditor’s communications with the Audit & Risk Committee and the auditor’s independence and objectivity.

Information on non-audit services

The Company has appointed BDO for tax compliance services. The fees charged for this service is Rs.40,000/- for the year ended December 31, 2019.

The audit and tax departments of BDO are distinct.

PRINCIPLE 8- RELATIONS WITH SHAREHOLDERS AND OTHER KEY STAKEHOLDERS

COMPANY KEY STAKEHOLDERS

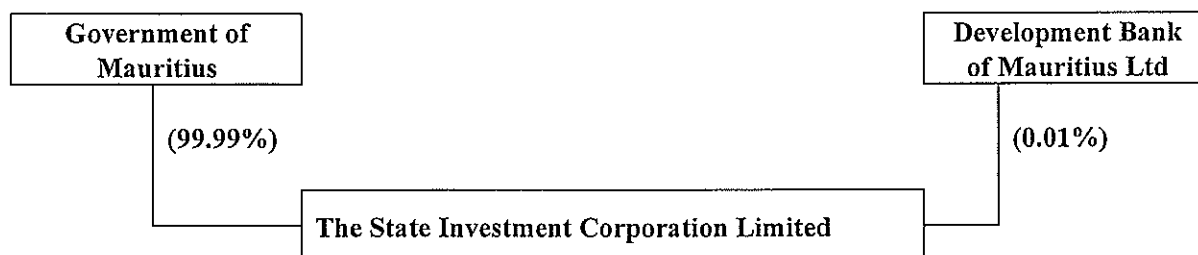
Regulators

Relationships with the regulators and authorities, mainly the Registrar of Companies and the Mauritius Revenue Authority are considered as essential regarding the compliance side of the Company. The Company maintains relationship with its regulators through written communications, filing of returns and financial reports, participation in forums, conferences and workshops as well as compliance with relevant legislation.

These relationships are viewed as strategic partnerships to ensure that the Company upholds and maintains best practices with full transparency.

SHARE CAPITAL STRUCTURE

The holding structure of The State Investment Corporation Limited as at December 31, 2019 was as follows:-



DIVIDEND POLICY

The Company has no formal policy on dividend. The Company has last declared dividend during the year ended 31 December, 2019.

RELATIONS WITH SHAREHOLDER

The Board ensures that the Notice of Meeting along with the proxy forms is sent to the shareholders at least 21 days before the meeting in accordance with the Companies Act. The Annual Meeting was held on June 27, 2019 and the next meeting will be held on 12 November 2020.

The Company ensures that there is regular contact and dialogue with the shareholders to keep them informed on material events affecting the Company. The Chairman, through the assistance of the Company Secretary, is available to answer any query from the shareholder.

CALENDAR OF IMPORTANT EVENTS

The following is a schedule of important events:

January 2020	Beginning of Financial Year
November 2020	Approval of Account
November 2020	Annual Meeting
December 2020	End of Financial Year

STATEMENT OF COMPLIANCE

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

Name of PIE: The State Investment Corporation Limited
Reporting period: December 31, 2019

We, the Directors of The State Investment Corporation Limited, (the "Company or SIC") confirm to the best of our knowledge that the Company has complied with all its obligations and requirements under the Code of Corporate Governance except for the following sections: -

Reasons for non-compliance with the sections of the Code:

Principle 2: Structure of the Board and its board committees

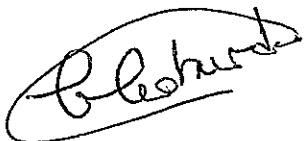
Board Composition:- Appointment of at least two Executive Directors

There is currently one Executive Director. The Board is of the view that the appointment of a second executive director on the Board, as required by the Code, is not necessary. The Senior Executives of the Company are invited to attend board meetings as and when required.

Principle 2: Structure of the Board and its board committees

Board Diversity

Discussions are being held with the main Shareholder regarding the requirement for gender representation in the Board membership.



.....
DIRECTOR




.....
DIRECTOR

THE STATE INVESTMENT CORPORATION LIMITED

CERTIFICATE FROM THE COMPANY SECRETARY FOR THE YEAR ENDED
DECEMBER 31, 2019

We hereby certify that to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required by the Company under Section 166 (d) of the Companies Act 2001 during the financial year ended December 31, 2019.


.....
For Prime Partners Ltd
Company Secretary

28 DEC 2020
Date:



Tel : +230 202 3000
Fax: +230 202 9993
www.bdo.mu

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

THE STATE INVESTMENT CORPORATION LTD

4

INDEPENDENT AUDITORS' REPORT

To the Shareholders of The State Investment Corporation Ltd

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of The State Investment Corporation Ltd (the Company), on pages 5 to 56 which comprise the statement of financial position as at December 31, 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 5 to 56 give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Mauritius, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

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

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

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

Corporate Governance Report

Our responsibility under the Financial Reporting Act is to report on the compliance with the Code of Corporate Governance disclosed in the annual report and assess the explanations given for non-compliance with any requirement of the Code. From our assessment of the disclosures made on corporate governance in the annual report, the public interest entity has, pursuant to section 75 of the Financial Reporting Act, complied with the requirements of the Code.





THE STATE INVESTMENT CORPORATION LTD

4(a)

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of The State Investment Corporation Ltd

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



THE STATE INVESTMENT CORPORATION LTD

4(b)

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Shareholders of The State Investment Corporation Ltd

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

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

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Other Matter

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

BDO & Co

BDO & CO
Chartered Accountants

Shabnam Peerbocus, FCA
Licensed by FRC

Port Louis,
Mauritius.

28 DEC 2020

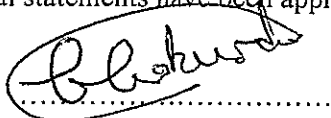
THE STATE INVESTMENT CORPORATION LIMITED

5

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

ASSETS	Notes	2019 Rs'000	2018 Rs'000
Non-current assets			
Property, plant and equipment	5	15,628	16,661
Investment property	6	709,000	610,000
Intangible assets	7	12,919	13,272
Investment in subsidiary companies	8	1,787,855	1,729,480
Investment in associates	9	2,002,161	1,093,299
Deposit on investment	9A	-	573,750
Financial assets at fair value through profit or loss	10	3,427,151	3,737,073
Financial assets at amortised cost	11	5,869	5,976
Deferred tax assets	16	863	-
		<u>7,961,446</u>	<u>7,779,511</u>
Current assets			
Trade and other receivables	12	20,276	16,567
Financial assets at amortised cost	11	163,053	262,173
Current tax asset	18	231	199
Cash and cash equivalents	26(b)	749,725	589,023
		<u>933,285</u>	<u>867,962</u>
Total assets		<u><u>8,894,731</u></u>	<u><u>8,647,473</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	85,000	85,000
Retained earnings		6,877,709	6,744,348
Actuarial reserve		(23,323)	(15,897)
Total equity		<u>6,939,386</u>	<u>6,813,451</u>
Non-current liabilities			
Retirement benefit obligations	14	26,791	17,058
Other liabilities	15	431,005	431,005
Deferred tax liability	16	-	799
Borrowings	19	700,000	700,000
		<u>1,157,796</u>	<u>1,148,862</u>
Current liabilities			
Other payables	17	784,675	672,355
Current tax liabilities	18	-	-
Borrowings	19	1,068	999
Other liabilities	15	11,806	11,806
		<u>797,549</u>	<u>685,160</u>
Total liabilities		<u>1,955,345</u>	<u>1,834,022</u>
Total equity and liabilities		<u><u>8,894,731</u></u>	<u><u>8,647,473</u></u>

These financial statements have been approved for issue by the Board of Directors on: 29 Dec 2020


.....
Directors


.....
Directors

The notes on pages 9 to 56 form an integral part of these financial statements.
Auditors' report on pages 4 to 4(b).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019

	Notes	2019 Rs'000	2018 Rs'000
INCOME			
Investment income	21	237,193	141,302
Interest income	22	6,478	663
Other income	23	10,229	10,678
Fair value gain on revaluation of investment property	6	99,000	-
Net foreign exchange gain		453	1,082
Gain on disposal of investment		844	4,494
		<u>354,197</u>	<u>158,219</u>
Net change in investments at fair value through profit or loss profit or loss	20	<u>(72,990)</u>	<u>102,089</u>
EXPENSES			
Employee benefit expense	24	34,012	30,868
Motor vehicle running expenses		630	585
Audit and other related fees		813	549
Other professional expenses		6,062	7,467
Depreciation of property, plant and equipment	5	1,481	1,160
Amortisation of intangible assets	7	353	373
Repairs and maintenance		30	20
Interest expense	25	44,206	14,643
Other general expenses		14,950	19,566
Impairment of receivables		10,114	12,355
		<u>112,651</u>	<u>87,586</u>
Profit before tax		168,556	172,722
Income tax expense	18	(195)	(734)
Profit after tax		<u>168,361</u>	<u>171,988</u>
Other comprehensive income			
Other comprehensive income:			
<i>Items that may not to be reclassified to profit or loss</i>			
Re-measurement losses on defined benefit plans		(8,947)	(17,453)
Income tax effect		1,521	2,967
		<u>(7,426)</u>	<u>(14,486)</u>
Other comprehensive income for the year, net of tax		<u>(7,426)</u>	<u>(14,486)</u>
Total comprehensive income for the year, net of tax		<u>160,935</u>	<u>157,502</u>

The notes on pages 9 to 56 form an integral part of these financial statements.
Auditors' report on pages 4 to 4(b).

THE STATE INVESTMENT CORPORATION LIMITED

7

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2019

	Note	Share capital Rs'000	Retained earnings Rs'000	Actuarial reserve Rs'000	Total Rs'000
Balance at January 1, 2019		85,000	6,744,348	(15,897)	6,813,451
Dividends paid	27	-	(35,000)	-	(35,000)
Profit for the year		-	168,361	-	168,361
Other comprehensive income		-	-	(7,426)	(7,426)
Total comprehensive income		-	133,361	(7,426)	125,935
Balance at December 31, 2019		85,000	6,877,709	(23,323)	6,939,386
Balance at January 1, 2018		85,000	6,607,360	(1,411)	6,690,949
Dividends paid	27	-	(35,000)	-	(35,000)
Profit for the year		-	171,988	-	171,988
Other comprehensive income		-	-	(14,486)	(14,486)
Total comprehensive income		-	136,988	(14,486)	122,502
Balance at December 31, 2018		85,000	6,744,348	(5,897)	6,813,451

The notes on pages 9 to 56 form an integral part of these financial statements.
Auditors' report on pages 4 to 4(b).

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Notes</u>	<u>2019</u> Rs'000	<u>2018</u> Rs'000
Cash flows from operating activities			
Cash generated from/(absorbed by) operations	26(a)	389,784	(928,328)
Interest received		6,478	663
Tax paid	18	<u>(368)</u>	<u>(702)</u>
Net cash from/(used in) operating activities		<u>395,894</u>	<u>(928,367)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(491)	(2,919)
Purchase of intangible assets	7	-	(182)
Purchase of investment in financial asset		(157,718)	(170,149)
Proceeds from sale of property, plant and equipment		40	24
Loan granted/(refunded)		107	-
Disposal of investment in financial assets		2,007	77,453
Net cash used in investing activities		<u>(156,055)</u>	<u>(95,773)</u>
Cash flows from financing activities			
Interest paid		(44,206)	(37,819)
Dividend paid		(35,000)	(35,000)
Proceeds from long term borrowings		-	700,000
Net cash (used in)/from financing activities		<u>(79,206)</u>	<u>627,181</u>
Net increase/(decrease) in cash and cash equivalents		<u>160,633</u>	<u>(396,959)</u>
Movement in cash and cash equivalents			
At January 1,		588,024	984,983
Net increase/(decrease) in cash and cash equivalents		<u>160,633</u>	<u>(396,959)</u>
At December 31,	26(b)	<u>748,657</u>	<u>588,024</u>

The notes on pages 9 to 56 form an integral part of these financial statements.
Auditors' report on pages 4 to 4(b).

1. GENERAL INFORMATION

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

The address of its registered office is situated on the 15th Floor, Air Mauritius Centre, 6 President John Kennedy Street, Port Louis, Mauritius.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are prepared under the historical cost convention except that :

- (i) investment property is stated at fair value;
- (ii) investment in subsidiary companies and associates are carried at fair value through profit or loss; and relevant financial assets and financial liabilities are stated at fair value through profit or loss or at amortised cost.

2.1 Basis of preparation

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

IFRS 16 Leases results in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Company has adopted IFRS 16 from 1 January 2019, but has not restated comparatives for 2018, as permitted under the specific transition provisions. The impact on the Company is minimal hence the Company has not accounted for IFRS 16 in 2019.

IFRIC 23 Uncertainty over Income Tax Treatments explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. The interpretation has no impact on the Company's financial statements.

Prepayment Features with negative compensation (Amendments to IFRS 9) enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loans and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendments have no impact on the Company's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.1 Basis of preparation (cont'd)***Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)*

Long- term interests in Associates and Joint Ventures (Amendments to IAS 28) clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. The amendments have no impact on the Company's financial statements.

Annual Improvements to IFRSs 2015–2017 Cycle

- IFRS 3 – clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages.
- IFRS 11 – clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.
- IAS 12 – clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised.
- IAS 23 – clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Company's financial statements.

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19) clarify that entities must:

- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change.
- recognise any reduction in a surplus immediately in profit or loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling.
- separately recognise any changes in the asset ceiling through other comprehensive income.

The amendments have no impact on the Company's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2020 or later periods, but which the Company has not early adopted.

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

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

IFRS 17 Insurance Contracts

Definition of a Business (Amendments to IFRS 3)

Definition of Material (Amendments to IAS 1 and IAS 8)

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective (cont'd)

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

2.2 Property, Plant and Equipment

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Investment property

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

Property that is under construction or development to earn rentals or for capital appreciation or both is accounted as investment property.

2.4 Intangible assets

(a) *Leasehold rights*

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in statement of profit or loss in the period in which the expenditure is incurred.

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

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

Leasehold rights are shown at historical cost, have a finite useful life and are carried at cost less accumulated depreciation. Amortization is calculated using the straight line method over its estimated useful lives (60 years).

(b) *Computer software*

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives (5 years).

Costs associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs include the software development, employee costs and an appropriate portion of relevant overheads.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investment in subsidiaries

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

2.6 Investment in associates

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

2.7 Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

(i) *Fair value through profit or loss*

The Company classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI;
- equity investments that are held for trading;
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI; and
- derivative financial instruments not designated as hedging instruments.

The company had previously classified available for sale financial assets at fair value through profit and loss. The company has elected to apply the same policy under IFRS 9. As before, all fair value gains and losses will continue to be recognised in the statement of profit and loss as they arise. Held-for-trading financial assets will continue to be measured at fair value through profit and loss under IFRS 9. The transition from IAS 39 to IFRS 9 will have no material impact on equity investments' classification and measurement due to continuity of accounting policy being applied.

(ii) *Amortised cost*

These assets arise principally from the provision of services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Financial assets (cont'd)

(ii) *Amortised cost (cont'd)*

Impairment provisions for related parties, receivables and loans are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the statement of financial position.

2.8 Financial liabilities

The Company classifies its financial liabilities into the following categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship, the Company's accounting policy for each category is as follows:

Other financial liabilities

Other financial liabilities include the following items:

Bank borrowings and debentures are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Current and deferred income tax

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

Current tax

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

Deferred tax

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

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

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

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

2.10 Share capital

Ordinary shares

Ordinary shares are classified as equity.

2.11 Retirement benefit obligations

Defined benefit plans

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Retirement benefit obligations (cont'd)

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

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

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

2.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is not material).

2.13 Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Mauritian rupees, which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Foreign currencies (cont'd)

(ii) *Transactions and balances (cont'd)*

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in profit or loss within 'finance costs'. All other foreign exchange gains and losses are presented in profit or loss within 'net foreign exchange gain'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

2.14 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.15 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for sales of services, stated net of discounts, returns, value added taxes, rebates and other similar allowances. Revenue is recognised at a point in time when services have been rendered to the customer.

(a) *Rendering of services*

- Directorship fees on representation of directors in investee companies are recognised on a cash basis.

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

- Interest income - calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance)
- Dividend income - when the shareholder's right to receive payment is established.
- Rental income - as it accrues.

2.16 Dividend distribution

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the period in which the dividend is declared.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

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

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

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

(a) Market risk(i) Currency risk

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

The currency portfolio is as follows:

	MUR	USD	EURO	GBP	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
As at December 31, 2019					
Investments	5,743,062	181,363	1,292,742	-	7,217,167
Trade and other receivables	20,276	-	-	-	20,276
Financial assets at amortised cost	168,922	-	-	-	168,922
Cash in hand and at bank	180,072	278,736	284,250	6,667	749,725
Total assets	6,112,332	460,099	1,576,992	6,667	8,156,090
Liabilities	1,928,554	-	-	-	1,928,554
As at December 31, 2018					
Investments	5,884,518	170,378	504,956	-	6,559,852
Trade and other receivables	16,567	-	-	-	16,567
Financial assets at amortised cost	268,149	-	-	-	268,149
Cash in hand and at bank	144,096	212,756	226,038	6,133	589,023
Total assets	6,313,330	383,134	730,994	6,133	7,433,591
Liabilities	1,816,165	-	-	-	1,816,165

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

(a) Market risk (cont'd)(i) Currency risk (cont'd)

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

	Increase/ decrease in rates	Effect on loss before tax
	%	Rs'000
<u>2019</u>		
US Dollar	+5	9,068
	-5	(9,068)
EURO	+5	64,637
	-5	(64,637)
<u>2018</u>		
US Dollar	+5	19,157
	-5	(19,157)
EURO	+5	36,550
	-5	(36,550)

(ii) Price risk

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

Sensitivity analysis

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

(b) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of investments at fair value through profit or loss (FVTPL), deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

(b) Credit risk (cont'd)

Credit risk is managed on a Company basis. For banks and financial institutions, only independently rated parties are accepted.

Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management.

The Company is exposed to credit risk as follows:

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Trade receivables	20,276	16,567
Receivable from related parties	8,944	10,126
Financial assets at amortised cost	154,109	249,304
Cash at bank	749,725	589,023
	<u>933,054</u>	<u>865,020</u>

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

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Related parties		
Other related companies	<u>8,944</u>	<u>10,126</u>

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

(c) Liquidity risk

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2019				
Borrowings	1,068	-	-	700,000
Other payables	784,675	-	-	-
Other liabilities	11,806	-	-	431,005
	<u>797,549</u>	<u>-</u>	<u>-</u>	<u>1,131,005</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

(c) Liquidity risk (cont'd)

	Less than 1 year Rs'000	Between 1 and 2 years Rs'000	Between 2 and 5 years Rs'000	Over 5 years Rs'000
At December 31, 2018				
Borrowings	999	-	-	700,000
Other payables	672,355	-	-	-
Other liabilities	11,806	-	-	431,005
	<u>685,160</u>	<u>-</u>	<u>-</u>	<u>1,131,005</u>

(d) Interest rate risk

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

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

3.2 Fair value estimation

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of the forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

(i) Recurring fair value measurement

	2019			
	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Investment property	-	709,000	-	709,000
<u>Investment at fair value through profit or loss</u>				
Agriculture	-	-	1,314	1,314
Communications	38,564	226,545	81,649	346,758
Distribution	-	1,178,339	-	1,178,339
Entertainment & Tourism	274,144	154,761	38,004	466,909
Financial Services	285,858	497,220	896,608	1,679,686
Gaming	548,250	-	209,837	758,087
ICT	-	39,517	79,920	119,437
Manufacturing	11,026	477,738	-	488,764
Other holdings	412	-	-	412
Other Services	-	-	14,543	14,543
Real Estate	-	1,421,993	740,924	2,162,917
	<u>1,158,254</u>	<u>3,996,113</u>	<u>2,062,800</u>	<u>7,217,167</u>
	<u>1,158,254</u>	<u>4,705,113</u>	<u>2,062,800</u>	<u>7,926,167</u>

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

(ii) Fair values (cont'd)

Fair value hierarchy (cont'd)

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

Quantitative information of significant unobservable inputs - Level 3.

Type	2019 Fair value	Valuation Approach	Key		Sensitivity of the input to fair value
			unobservable inputs	Unobservable input	
	Rs'000				
<i>Fair value through profit and loss investments:</i>					
Agriculture	1,314				
Communications	81,649				
Entertainment & Tourism	38,005				
Financial Services	896,608				
Gaming	209,837	Discounted	Discount	±	5%
ICT	79,920	Cash Flows			10,300
Other Services	14,543				
Real Estate	740,924				
	<u>2,062,800</u>				

The fair value of securities not quoted in an active market is determined by the Company using valuation techniques including third party transaction values, earnings, net asset value of discounted cash flows, whichever is considered to be appropriate. The Company also invests in unquoted equities. Given that there is no active market on which to trade the unquoted local equities, the Directors have assessed that NAV represent the best estimate of fair value at the measurement date. These investments have been classified as level 3 of the fair value hierarchy as they are neither quoted nor traded. Given that management has used the net asset value of investees, no observable input has developed and as such no sensitivity analysis was performed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

(ii) Fair values

Fair value hierarchy

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

	Balance at	Additions	Disposal	Release on Disposal	Transfer/ Reclassification	Transfer to Level 2	Fair value gain/(loss)	Balance at
	January 1, 2019							31 December, 2019
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Agriculture	1,314	-	-	-	-	-	-	1,314
Communications	135,494	-	-	-	-	(14,384)	(39,461)	81,649
Distribution	299,059	-	-	-	-	(299,059)	-	-
Entertainment & Tourism	357,812	-	-	-	-	(283,732)	(36,074)	38,006
Financial Services	1,356,044	14,573	-	-	-	(492,484)	18,475	896,608
Gaming	158,674	23,050	-	-	-	-	28,113	209,837
ICT	40,878	77,660	-	-	-	(40,878)	2,260	79,920
Manufacturing	126,061	-	-	-	-	(126,061)	-	-
Other Services	11,368	5,000	(250)	214	-	-	(1,789)	14,543
Real Estate	981,513	27,706	-	-	-	(192,429)	(75,867)	740,923
	<u>3,468,217</u>	<u>147,989</u>	<u>(250)</u>	<u>214</u>	<u>-</u>	<u>(1,449,027)</u>	<u>(104,343)</u>	<u>2,062,800</u>

It is the Company's policy to recognise transfers out of Level 3 as of the date of the event or change in circumstances that cause the transfer.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

(ii) Fair values (cont'd)

Fair value hierarchy (cont'd)

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

	Balance at	Additions	Disposal	Transfer	Fair value	Balance at
	January 1, 2019					
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investment property	610,000	-	-	-	99,000	709,000
Investment at fair value through profit and loss:						
Communications	198,240	-	-	14,384	13,921	226,545
Financial services	553,403	-	-	492,484	(548,667)	497,220
Manufacturing	489,122	-	-	126,062	(137,446)	477,738
Real Estate	1,157,447	-	-	377,523	(112,977)	1,421,993
Entertainment & Tourism	-	-	-	98,640	56,121	154,761
Distribution	-	-	-	299,059	879,280	1,178,339
ICT	-	-	-	40,878	(1,361)	39,517
	3,008,212	-	-	1,449,030	247,871	4,705,113

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

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

(ii) Fair values (cont'd)

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

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2019 are as shown below:

<u>Description</u>	<u>Input</u>	<u>Sensitivity used</u>	<u>Effect on fair value</u>	<u>Effect on fair value</u>
			<u>Rs'000</u>	<u>Rs'000</u>
Fair value through profit and loss investments:				
Gaming	Growth	-5% and +5%	(10.3)	10.3

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

Fair value hierarchy

(i) Recurring fair value measurement

	2018			
	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Investment property	-	610,000	-	610,000
<u>Investment at fair value through profit or loss</u>				
Agriculture	-	-	1,314	1,314
Communications	52,503	198,240	135,494	386,237
Distribution	-	-	299,059	299,059
Entertainment & Tourism	351,600	-	357,812	709,412
Financial Services	254,123	553,403	1,356,045	2,163,571
Gaming	592,875	-	158,674	751,549
ICT	-	-	40,878	40,878
Manufacturing	15,417	489,122	126,062	630,601
Other Holdings	653	-	-	653
Other Services	-	1,157,447	11,368	11,368
Real Estate	-	2,398,212	981,513	2,138,960
	<u>1,267,171</u>	<u>3,468,219</u>	<u>3,468,219</u>	<u>7,133,602</u>
	<u>1,267,171</u>	<u>3,008,212</u>	<u>3,468,219</u>	<u>7,743,602</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

(ii) Fair values

Fair value hierarchy (cont'd)

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

	Balance at	Additions	Disposal	Transfer	Capital	Fair value	Balance at
	January 1,						December 31,
	Rs'000	Rs'000	Rs'000	Rs'000	Reduction	Adjustment	2018
					Rs'000	Rs'000	Rs'000
Agriculture	-	-	-	-	-	1,314	1,314
Communications	144,799	-	(15,506)	-	(56,205)	62,406	135,494
Distribution	293,107	-	-	-	-	5,951	299,058
Entertainment & Tourism	337,716	-	-	-	-	20,096	357,812
Financial Services	1,290,593	44,100	(1,250)	-	-	22,601	1,356,044
Gaming	214,720	96,655	-	-	-	(152,701)	158,674
ICT	40,220	-	-	-	-	658	40,878
Manufacturing	-	-	-	126,062	-	-	126,062
Other Services	13,673	100	-	-	-	(2,404)	11,369
Real Estate	894,398	29,294	-	-	-	57,822	981,514
	<u>3,229,226</u>	<u>170,149</u>	<u>(16,756)</u>	<u>126,062</u>	<u>(56,205)</u>	<u>15,743</u>	<u>3,468,219</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

(ii) Fair values (cont'd)

Fair value hierarchy (cont'd)

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

	Balance at	Additions	Disposal	Transfer to level 1	Fair value Adjustment	Balance at
	January 1, 2018					December 31, 2018
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investment property	610,000	-	-	-	-	610,000
Investment at fair value through profit and loss:	-	-	-	-	-	-
Communications	247,576	-	-	-	(49,336)	198,240
Financial services	563,877	-	-	-	(10,474)	553,403
Manufacturing	518,334	-	-	(126,062)	96,850	489,122
Real Estate	1,123,046	-	-	-	34,401	1,157,447
	3,062,833	-	-	(126,062)	71,441	3,008,212

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (cont'd)

(ii) Fair values (cont'd)

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

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2018 are as shown below:

<u>Description</u>	<u>Input</u>	<u>Sensitivity used</u>	<u>Effect on fair value</u>	<u>Effect on fair value</u>
			<u>Rs'000</u>	<u>Rs'000</u>
<i>Fair value through profit and loss investments:</i>				
Distribution	PE	-5% and +5%	(14.7)	14.7
Gaming	Growth rate	-1% and +1%	(5.4)	5.4
Real Estate	Rental	-5% and +5%	10.5	(10.5)

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

3. FINANCIAL RISK MANAGEMENT (CONT'D)**3.3 Capital risk management**

The Company's objectives when managing capital are:

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

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

The Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e., share capital, other reserves and retained earnings).

The debt-to-adjusted capital ratios at December 31, 2019 were as follows:

	2019	2018
	Rs'000	Rs'000
Total debt	701,068	700,099
Less: cash in hand and at bank	(749,725)	(589,023)
Net debt	<u>(48,657)</u>	<u>111,076</u>
Adjusted capital	<u>6,939,386</u>	<u>6,813,451</u>
Debt-to-adjusted capital ratio	<u>N/A</u>	<u>0.02</u>

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

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

(a) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 14.

(c) Revaluation of investment properties

The Company carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Company engaged an independent valuation specialist to determine fair value of its lands situated at Le Roc, Guibies, Pailles and at Cote D'Or and land and building situated at Quatre-Bornes as at December 31, 2019. For the investment properties, the valuer used market value as valuation technique.

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

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

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

(e) Limitation of sensitivity analysis

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**4.1 Critical accounting estimates and assumptions (cont'd)****(f) Asset lives and residual values**

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

(g) Depreciation policies

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

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

(h) Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties the directors reviewed the Company's investment property portfolio and concluded that none of the Company's investment property portfolio are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Company's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Company has not recognised any deferred taxes on changes in fair value of investment properties as the Company is not subject to any capital gain taxes on disposal of its investment properties.

(i) Investment entities

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

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

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings Rs'000	Office furniture and fittings Rs'000	Motor vehicles Rs'000	Total Rs'000
(a) 2019				
COST				
At January 1,	25,122	21,516	1,204	47,842
Additions	-	491	-	491
Disposals	-	(120)	-	(120)
At December 31,	25,122	21,887	1,204	48,213
DEPRECIATION				
At January 1,	11,806	18,870	505	31,181
Charge for the year	502	746	233	1,481
Disposal adjustments	-	(77)	-	(77)
At December 31,	12,308	19,539	738	32,585
NET BOOK VALUES				
At December 31,	12,814	2,348	466	15,628
(b) 2018				
COST				
At January 1,	25,122	18,629	1,204	44,955
Additions	-	2,919	-	2,919
Disposals	-	(32)	-	(32)
At December 31,	25,122	21,516	1,204	47,842
DEPRECIATION				
At January 1,	11,304	18,457	272	30,033
Charge for the year	502	425	233	1,160
Disposal adjustments	-	(12)	-	(12)
At December 31,	11,806	18,870	505	31,181
NET BOOK VALUES				
At December 31,	13,316	2,646	699	16,661

(c) The company does not have any assets under finance lease at December 31, 2019 (2018: Rs nil).

(d) Depreciation expense of Rs. 1,481,000 (2018: Rs.1,160,000) for the year has been fully charged to expenses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

6. INVESTMENT PROPERTY	2019 Rs'000	2018 Rs'000	
<u>Level 2</u>			
At January 1,	610,000	610,000	
Fair value gain on revaluation of investment property	99,000	-	
At December 31,	709,000	610,000	
<p>(i) The Company's investment properties consist of three properties namely, land situated at Le Roc, Guibies Pailles, building situated at Quatre-Bornes and land at Cote D'Or. Management determined that the investment properties consist of two classes of assets - Land and Building - based on the nature, characteristics and risks of each property.</p> <p>(ii) The Company carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss.</p> <p>(iii) The investment properties were valued on December 31, 2019 by an independent valuer, Mr. Ramsaran Nundalalee, a Chartered Valuation Surveyor. The valuation report has been prepared using the Sales Comparison Method, which is based on comparison of sales of similar properties within the same locality at the relevant date.</p>			
(iv) The following amounts have been recognised in profit or loss:	2019 Rs'000	2018 Rs'000	
Rental income derived from investment properties	1,560	1,560	
Operating expenses arising on the investment property that generated rental income during the year	588	563	
<p>(v) During the year and as at the year-end, no restrictions on the releasability of investment properties or the remittance of income and proceeds of disposal were present. The Company does not have any contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.</p>			
(vi) Significant unobservable valuation input:	2019 Range Rs 3.9m to Rs 5.9m		
Price per arpent			
<p>Significant increases / (decreases) in estimated price per square metre in isolation would result in a significantly higher / (lower) fair value.</p>			
7. INTANGIBLE ASSETS	Leasehold rights Rs'000	Computer software Rs'000	Total Rs'000
<u>2019</u>			
COST			
At January 1, and December 31,	15,000	10,849	25,849
AMORTISATION			
At January 1,	2,015	10,562	12,577
Charge for the year	250	103	353
At December 31,	2,265	10,665	12,930
NET BOOK VALUES			
At December 31,	Rs. 12,735	184	12,919

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

7. INTANGIBLE ASSETS (CONT'D)	Leasehold rights	Computer software	Total
<u>2018</u>	Rs'000	Rs'000	Rs'000
COST			
At January 1,	15,000	10,667	25,667
Additions	-	182	182
At December 31,	<u>15,000</u>	<u>10,849</u>	<u>25,849</u>
AMORTISATION			
At January 1,	1,765	10,439	12,204
Charge for the year	250	123	373
At December 31,	<u>2,015</u>	<u>10,562</u>	<u>12,577</u>
NET BOOK VALUES			
At December 31,	Rs. <u>12,985</u>	<u>287</u>	<u>13,272</u>

- (a) Intangible assets include leasehold rights with a remaining useful life of fifty one years.

The leasehold rights relates to land situated at:

- 1A Victoria Avenue, Quatre Bornes of an extent of 4,221m² at a cost of MUR 10,000,790.
- 50P Victoria Avenue, Quatre Bornes of an extent of 2,110 m² at a cost of MUR 4,999,210.

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

8. INVESTMENTS IN SUBSIDIARY COMPANIES - AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
At January 1	1,729,480	1,673,940
Additions	32,622	140,855
Increase/(decrease) in fair value (note 20)	25,753	(85,315)
At December 31,	<u>1,787,855</u>	<u>1,729,480</u>

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

IFRS 9 impact is nil on investment in subsidiary companies.

8. INVESTMENT IN SUBSIDIARY COMPANIES - AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)

(i) Details of the subsidiary companies are as follows:

	Class of Shares held	Year end	Proportion of ownership				Activity
			Direct		Indirect		
			2019 %	2018 %	2019 %	2018 %	
Beach Casinos Limited	Ordinary	31-Dec-19	100.00	100.00	-	-	Gaming
Capital Asset Management Limited	Ordinary	31-Dec-19	100.00	100.00	-	-	Fund Management
Casino de Maurice Limited	Ordinary	31-Dec-19	100.00	100.00	-	-	Gaming
Compagnie Mauricienne D'Hippodromes Ltée	Ordinary	31-Dec-19	10.00	10.00	72.00	72.00	Property Development
Domaine Les Pailles Limitée	Ordinary	31-Dec-19	8.63	8.63	66.46	66.46	Food & Consumer goods Management services
EREIT Management Ltd	Ordinary	31-Dec-19	100.00	100.00	-	-	Gaming
Grand Baie Casino Limited	Ordinary	31-Dec-19	10.00	10.00	72.00	72.00	Property Development
Guibies Holding Ltd	Ordinary	31-Dec-19	10.00	10.00	72.00	72.00	Property Development
Guibies Properties Ltd	Ordinary	31-Dec-19	100.00	100.00	-	-	Leisure & Entertainment
Lakepoint Limited	Ordinary	31-Dec-19	51.00	51.00	-	-	Gaming
Le Caudan Waterfront Casino Limited	Ordinary	31-Dec-19	62.36	62.36	-	-	Gaming
Le Grand Casino Du Domaine Limited	Ordinary	31-Dec-19	70.00	70.00	-	-	Gaming
Le Val Development Limited	Ordinary	31-Dec-19	100.00	100.00	-	-	Property Development Management Services
Les Pailles Management Limited	Ordinary	31-Dec-19	100.00	100.00	-	-	ICT
Mauritius Technologies Holdings Ltd	Ordinary	30-Jun-19	100.00	-	-	-	Property Development
MJTI Propeties Limited	Ordinary	31-Dec-19	91.37	91.37	-	-	Corporate Services
Prime Partners Limited	Ordinary	31-Dec-19	100.00	100.00	-	-	Property Development
Prime Real Estate Limited	Ordinary	31-Dec-19	80.00	80.00	-	-	Financial Intermediary Services
SIC Development Co. Ltd	Ordinary	31-Dec-19	100.00	100.00	-	-	Line of Credit Management Services
SBM Infrastructure Development Co Ltd	Ordinary	31-Dec-19	100.00	90.00	-	-	Fund Management
SIC Capital Support Ltd	Ordinary	31-Dec-19	100.00	-	-	-	Fund Management
SIC Fund Management Ltd	Ordinary	31-Dec-19	100.00	100.00	-	-	Fund Management
SIC Management Services Company Limited	Ordinary	31-Dec-19	100.00	100.00	-	-	Management Services
State Investment Finance Corporation Limited	Ordinary	31-Dec-19	80.00	80.00	-	-	Investment
Sun Casinos Limited	Ordinary	31-Dec-19	100.00	100.00	-	-	Gaming
Grand Baie Casino Limited	Ordinary	31-Dec-19	100.00	100.00	-	-	Gaming

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

8. INVESTMENT IN SUBSIDIARY COMPANIES - AT FAIR VALUE THROUGH PROFIT OR LOSS (CONT'D)*(ii) Significant restrictions*

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

(iii) Financial support

As per policy decision of the main shareholder, SIC intends to continue to provide financial support to some of its unconsolidated subsidiaries.

(iv) Subsidiaries are denominated in the following currencies:	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
MUR	1,751,755	1,729,480
USD	36,100	-
	<u>1,787,855</u>	<u>1,729,480</u>

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

<u>At December 31, 2019</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	Rs'000	Rs'000	Rs'000
Investment in subsidiary companies	<u>1,372,323</u>	<u>415,532</u>	<u>1,787,855</u>
<u>At December 31, 2018</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	Rs'000	Rs'000	Rs'000
Investment in subsidiary companies	<u>1,157,446</u>	<u>572,034</u>	<u>1,729,480</u>

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

	Investment in subsidiaries at fair value through profit or loss	
	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Opening balance	572,034	550,894
Additions	32,622	140,855
Transfer	(185,094)	-
Loss recognised in profit or loss	(4,030)	(119,715)
Closing balance	<u>415,532</u>	<u>572,034</u>

9. INVESTMENT IN ASSOCIATES - AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
At January 1,	1,093,299	1,620,463
Additions	37,706	29,294
Disposals	-	(1,250)
Transfer to deposit on investment (note 9(A))	-	(573,750)
Fair value movement (note 20)	871,156	18,542
At December 31,	<u>2,002,161</u>	<u>1,093,299</u>

For investment in associates, fair value is estimated by reference to the maintainable earnings, net assets value of the underlying assets, observable market data and indices of similar entities as appropriate. IFRS 9 impact is nil on investment in associates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

9. INVESTMENT IN ASSOCIATES - AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	Class of Shares held	Year end	Proportion of ownership				Activity
			Direct		Indirect		
			2019	2018	2019	2018	
			%	%	%	%	
Mauritius Duty Free Paradise Co Ltd	Ordinary	30-Jun-19	20.00	20.00	-	-	Distribution
Mauritius Shopping Paradise Co Ltd	Ordinary	31-Mar-19	43.35	43.35	-	-	Distribution
Mauritius Land Based Oceanic Park Ltd	Ordinary	31-Dec-18	63.00	63.00	-	-	Utilities
National Equity Fund	Preference	31-Dec-19	25.00	25.00	-	-	Financial Services
Pointe Coton Resorts Hotels Co Limited	Ordinary	31-Mar-19	28.54	28.54	-	-	Leisure and Entertainment
Port Louis Fund Ltd	Ordinary	30-Jun-19	39.28	38.66	-	-	Investment fund
Splendid Property Co Ltd	Ordinary	31-Dec-19	25.00	25.00	-	-	Real Estate
State Informatics Limited	Ordinary	31-Dec-19	20.00	20.00	-	-	ICT
Ebene Car Park Ltd	Ordinary	31-Dec-19	27.96	28.10	-	-	Real Estate

(ii) *Restrictions*

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

9. INVESTMENT IN ASSOCIATES - AT FAIR VALUE THROUGH PROFIT OR LOSS

(iv) Associates are denominated in the following currencies:	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
MUR	883,645	799,226
Euro	<u>1,118,516</u>	<u>294,073</u>
	<u>2,002,161</u>	<u>1,093,299</u>

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

	<u>Level 3</u>	
	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Investment in associates	<u>749,232</u>	<u>1,093,299</u>

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

	Investment in associates at fair value through profit or loss	
	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Opening balance	1,093,299	1,620,463
Additions	37,706	29,294
Disposals	-	(1,250)
Transfer to deposit on investment	-	(573,750)
Transfer to Level 2	(379,464)	-
Fair value movement	<u>(2,309)</u>	<u>18,542</u>
Closing balance	<u>749,232</u>	<u>1,093,299</u>

9A. DEPOSIT ON INVESTMENT

Last year, the deposit represented investment in Yihai Investment Ltd via land contribution.

10. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Investment at Fair value through profit or loss		
	<u>Quoted</u>	<u>Unquoted</u>	<u>Total</u>
	Rs'000	Rs'000	Rs'000
<u>2019</u>			
At January 1,	1,267,171	2,469,902	3,737,073
Additions	60,961	77,660	138,621
Transfer from deposit on investments	-	573,750	573,750
Capital reduction	(51,231)	-	(51,231)
Disposals	(9)	(250)	(259)
Release on disposals	(1,118)	214	(904)
Fair value gains (note 20)	<u>(117,518)</u>	<u>(852,381)</u>	<u>(969,899)</u>
At December 31,	<u>1,158,256</u>	<u>2,268,895</u>	<u>3,427,151</u>

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

	Investment at Fair value through profit or loss		
	Quoted	Unquoted	Total
	Rs'000	Rs'000	Rs'000
2018			
At January 1,	1,252,266	2,387,656	3,639,922
Capital reduction	-	(56,205)	(56,205)
Disposals	-	(15,506)	(15,506)
Fair value gains (note 21)	14,905	153,957	168,862
At December 31,	<u>1,267,171</u>	<u>2,469,902</u>	<u>3,737,073</u>

The fair value measurement of the shares held by the company in the other investments at fair value through profit or loss is categorised into the following fair value hierarchy:

(i) At December 31, 2019	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Investments at fair value through profit or loss	<u>1,158,255</u>	<u>1,370,861</u>	<u>898,035</u>	<u>3,427,151</u>
At December 31, 2018	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000
Investments at fair value through profit or loss	<u>1,267,171</u>	<u>1,240,767</u>	<u>1,229,135</u>	<u>3,737,073</u>

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

Currency	2019 Rs'000	2018 Rs'000
MUR	3,107,663	3,390,213
US Dollar	145,263	135,979
Euro	174,226	210,881
	<u>3,427,151</u>	<u>3,737,073</u>

(iii) The table below shows the changes in Level 3 instruments for the year ended December 31, 2019:

	Fair value through profit or loss Rs'000
Opening balance	1,229,135
Additions	77,660
Transfers	(299,723)
Capital reduction	214
Disposal	(250)
Gains recognised in profit or loss	(109,001)
Closing balance	<u>898,035</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

(iv) The table below shows the changes in Level 3 instruments for the year ended December 31, 2018:

	Fair value through profit or loss Rs'000
Opening balance	850,980
Transfer from Level 2	330,252
Capital reduction	(56,205)
Disposal	(15,506)
Gains recognised in profit or loss	119,614
Closing balance	<u>1,229,135</u>

11. FINANCIAL ASSETS AT AMORTISED COST

	Non-current		Current	
	2019	2018	2019	2018
	Rs'000	Rs'000	Rs '000	Rs '000
Loans to employees (note 11(i))	5,869	5,976		
Treasury bills/F.Deposits (note 11(ii))		-	150,000	242,158
Related parties (note 11(iii))		-	20,798	12,869
Other receivables (note 11(iii))		-	2,369	19,501
Less loss allowance (note 11(iv))		-	(10,114)	(12,355)
	<u>5,869</u>	<u>5,976</u>	<u>163,053</u>	<u>262,173</u>

- (i) The loans to employees bear fixed rate of interest and the monthly repayments are deductible from the employee's salaries. The short term portion is included in other receivables.
- (ii) Due to the short-term nature of the treasury bills, the carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.
- (iii) Other receivables and related parties
These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and payable within more than one years from the end of the reporting period.
- (iv) The loss allowance for financial assets at amortised cost as at December 31, 2019 is significant. Impairment has been made in financial asset at amortised cost and recognised in profit or loss as follows:

	Related parties	Other receivables	Total
	Rs'000	Rs'000	Rs'000
Loss allowance recognised in profit or loss at December 31, 2019	<u>10,114</u>	<u>-</u>	<u>10,114</u>

11. FINANCIAL ASSETS AT AMORTISED COST (CONT'D)

- (v) All of the financial assets at amortised cost are denominated in Mauritian Rupees. As a result, there is no exposure to foreign currency risk.

12. TRADE AND OTHER RECEIVABLES

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Trade receivables	<u>20,276</u>	<u>16,567</u>

(i) *Impairment of receivables*

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables.

To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due.

- (ii) None of the other classes within trade and other receivables contain impaired assets.
- (iii) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.
- (iv) The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
MUR	<u>20,276</u>	<u>16,567</u>

13. SHARE CAPITAL

	<u>2019 & 2018</u>	<u>2019 & 2018</u>
	Number of	Rs'000
	shares	
<u>Authorised, Issued & Fully Paid</u> Ordinary shares of Rs.10 each	<u>8,500,010</u>	<u>85,000</u>

14. RETIREMENT BENEFIT OBLIGATION

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

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Amount recognised in the statement of financial position: Defined pension plan	<u>26,791</u>	<u>17,058</u>
Amount charged to profit or loss: Defined pension plan	<u>2,427</u>	<u>1,267</u>
Amount charged to other comprehensive income: Defined pension plan	<u>8,947</u>	<u>17,453</u>

14. RETIREMENT BENEFIT OBLIGATION (CONT'D)

- (i) The company contributes to a defined benefit pension. The plan is a final salary plan, which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The assets of the plan are independently administered by SICOM Ltd.

The most recent actuarial valuation of the plan assets and present value of the defined benefit obligations were carried out at December 31, 2019 by SICOM Ltd (Actuarial valuer). The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Present value of funded obligations	87,817	78,818
Fair value of plan assets	<u>(61,026)</u>	<u>(61,760)</u>
Asset in the statement of financial position	<u><u>26,791</u></u>	<u><u>17,058</u></u>

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

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
At January 1,	17,058	49
Charged to profit or loss	2,427	1,267
Charged to other comprehensive income	8,947	17,453
Contributions paid	<u>(1,641)</u>	<u>(1,711)</u>
Balance at December 31,	<u><u>26,791</u></u>	<u><u>17,058</u></u>

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

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
At January 1,	78,818	69,503
Current service cost	2,047	1,704
Interest expense	4,256	4,684
Actuarial gain	12,901	15,647
Benefits paid	<u>(10,205)</u>	<u>(12,720)</u>
At December 31,	<u><u>87,817</u></u>	<u><u>78,818</u></u>

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

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
At January 1,	61,760	69,454
Return on plan assets	3,124	4,336
Contributions by plan participants	800	835
Contributions by the employer	1,600	1,670
Benefits paid	<u>(10,212)</u>	<u>(12,729)</u>
Asset gain/(loss)	<u>3,954</u>	<u>(1,806)</u>
At December 31,	<u><u>61,026</u></u>	<u><u>61,760</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

14. RETIREMENT BENEFIT OBLIGATION (CONT'D)

(v) The amounts recognised in profit or loss are as follows:	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Current service cost	2,047	1,704
Employee contributions	(800)	(835)
Fund expenses	48	50
Interest expense	1,132	348
Total included in employee benefit expense	<u>2,427</u>	<u>1,267</u>

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

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Remeasurement on the net defined benefit liability:		
Liability experience losses	(12,901)	(15,647)
Actuarial gain/(loss)	3,954	(1,806)
	<u>(8,947)</u>	<u>(17,453)</u>

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

	<u>2019</u>	<u>2018</u>
	%	%
Government securities and cash	58.20	56.50
Loans	3.10	3.80
Local equities	13.60	13.50
Overseas bonds and equities	24.60	25.60
Property	0.50	0.60
	<u>100.00</u>	<u>100.00</u>

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

	<u>2019</u>	<u>2018</u>
	%	%
Discount rate	5.40	6.74
Future salary growth rate	3.60	4.00
Future pension growth rate	2.60	3.00

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

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

	<u>Increase</u>	<u>Decrease</u>
	Rs.	Rs.
<u>December 31, 2019</u>		
Discount rate 1% lower/higher	Rs 13.0 M	Rs 10.6M
Expected salary growth 1% increase/decrease	Rs 5.1 M	Rs 4.5 M
Life expectancy 1 year increase/decrease	Rs 2.7 M	Rs 2.7 M
<u>December 31, 2018</u>		
Discount rate 1% lower/higher	Rs 11.4 M	Rs 9.3 M
Expected salary growth 1% increase/decrease	Rs 4.2 M	Rs 3.7 M
Life expectancy 1 year increase/decrease	Rs 2.1 M	Rs 2.1 M

14. RETIREMENT BENEFIT OBLIGATION (CONT'D)

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

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

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

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

- (xi) The defined benefit pension plan exposes the company to actuarial risks, such as longevity risk, salary risk, interest rate risk and market (investment) risk.
- (xii) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

15. OTHER LIABILITIES

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
At January 1,	442,811	470,987
Repayment during the year	(11,806)	(39,982)
Interest payable	11,806	11,806
At December 31,	<u>442,811</u>	<u>442,811</u>

The other liabilities are repayable as follows:

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Within one year	11,806	11,806
After one year	431,005	431,005
	<u>442,811</u>	<u>442,811</u>

16. DEFERRED TAX LIABILITY

Deferred income tax is calculated on all temporary differences under the liability method at 17% (2018: 17%).

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

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Deferred tax liabilities	<u>(863)</u>	<u>799</u>

16. DEFERRED TAX LIABILITY (CONT'D)

The movement on deferred income tax account is as follows:

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
At January 1,	799	3,556
Movement in profit or loss	(141)	210
Credit to the other comprehensive income	(1,521)	(2,967)
At December 31,	<u>(863)</u>	<u>799</u>

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

	At At January 1, 2019	Charge to profit or loss	Credited to OCI	At December 31 2019
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred income tax				
Accelerated tax depreciation	3,699	(8)	-	3,691
Retirement benefit obligations	(2,900)	(133)	(1,521)	(4,554)
Net deferred tax liabilities	<u>799</u>	<u>(141)</u>	<u>(1,521)</u>	<u>(863)</u>

	At At January 1, 2018	Charge to profit or loss	Credited to OCI	At December 31 2018
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred income tax				
Accelerated tax depreciation	3,098	601	-	3,699
Retirement benefit obligations	458	(391)	(2,967)	(2,900)
Net deferred tax liabilities	<u>3,556</u>	<u>210</u>	<u>(2,967)</u>	<u>799</u>

17. OTHER PAYABLES

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Payable to Government of Mauritius - ISP (note 29)	640,739	548,910
Other payables	143,936	123,445
	<u>784,675</u>	<u>672,355</u>

The carrying amounts of other payables approximate their fair value.

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

18. INCOME TAX

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
(a) <u>Statement of financial position</u>		
At January 1,	(199)	(21)
Charge for the year	72	427
Provision for CSR	38	97
Underprovison	226	-
Paid during the year	(368)	(702)
At December 31,	<u>(231)</u>	<u>(199)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

18. INCOME TAX (CONT'D)

(b) <u>Statement of profit or loss</u>	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Current tax on the adjusted profit for the year at 17% (2018: 17%)	72	427
Provision for CSR	38	97
Underprovison	226	-
Deferred tax movement (note 16)	<u>(141)</u>	<u>210</u>
Charge for the year	<u><u>195</u></u>	<u><u>734</u></u>

The tax on the company's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the company as follows:

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Profit before taxation	<u>168,556</u>	<u>172,722</u>
Tax calculated at a rate of 17% (2018: 17%)	28,655	29,363
Tax effect of :		
Expenses not deductible for tax purposes	28,549	13,344
Income not subject to tax	<u>(57,272)</u>	<u>(42,070)</u>
Underprovison	226	-
Provision for CSR	38	97
Charge for the year	<u><u>195</u></u>	<u><u>734</u></u>

19. BORROWINGS

	<u>2019</u>	<u>2018</u>
	Rs'000	Rs'000
Non-current		
<i>Debentures</i>		
SBM	500,000	500,000
Maubank	<u>200,000</u>	<u>200,000</u>
	<u><u>700,000</u></u>	<u><u>700,000</u></u>
Current		
Bank overdraft	<u><u>1,068</u></u>	<u><u>999</u></u>

- (a) The bank overdraft, which is denominated in Mauritian rupee, is secured by floating charges on the assets of the Company and carries interest at the rate of PLR + 3.75% p.a.
- (b) The exposure of the company's borrowings to interest rate changes and the contractual repricing dates is within six months.
- (c) The carrying amount of borrowings approximate their fair value.
- (d) Debentures carry an interest rate of 5.85% per annum with shares in New Mauritius Hotels Ltd, Lottotech Ltd and SBM Holdings Ltd pledged as security.
- (e) Maturity date on debentures is September 2023.

20. NET CHANGE IN INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS	2019	2018
	Rs'000	Rs'000
Fair value movement:		
Investment in subsidiaries (note 8)	25,753	(85,315)
Investment in associates (note 9)	871,156	18,542
Financial assets at fair value through profit or loss (note 10)	<u>(969,899)</u>	<u>168,862</u>
Net change on investments at fair value through profit or loss	<u><u>(72,990)</u></u>	<u><u>102,089</u></u>
21. INVESTMENT INCOME	2019	2018
	Rs'000	Rs'000
Dividend income	<u>237,193</u>	<u>141,302</u>
22. INTEREST INCOME	2019	2018
	Rs'000	Rs'000
Staff loan	373	386
Bank deposits	<u>6,105</u>	<u>277</u>
	<u><u>6,478</u></u>	<u><u>663</u></u>
23. OTHER INCOME	2019	2018
	Rs'000	Rs'000
Management fees	1,265	1,500
Rental income	2,232	2,733
Directorship Fees	4,251	3,718
Other miscellaneous income	2,481	2,723
Profit on disposal of plant and equipment	-	4
	<u>10,229</u>	<u>10,678</u>
24. EMPLOYEE BENEFIT EXPENSE	2019	2018
	Rs'000	Rs'000
Wages and salaries, including termination benefits	32,050	28,914
Social security costs	229	164
Pension costs - defined benefit plans	<u>1,733</u>	<u>1,790</u>
	<u><u>34,012</u></u>	<u><u>30,868</u></u>
25. INTEREST EXPENSE	2019	2018
	Rs'000	Rs'000
Land at Cote D'or (SICOM Trustee)	3,256	2,837
Interest on debentures	<u>40,950</u>	<u>11,806</u>
	<u><u>44,206</u></u>	<u><u>14,643</u></u>

26. NOTES TO THE STATEMENT OF CASH FLOWS

	Notes	2019 Rs'000	2018 Rs'000
(a) Cash generated from/(absorbed by) operations			
Profit before tax		168,556	172,722
Adjustments for:			
Depreciation on property, plant and equipment	5	1,481	1,160
Amortisation of intangible assets	7	353	373
Loss/(gain) on sale of property, plant and equipment		3	(4)
Gain on disposal of investment		(844)	(4,494)
Fair value gains on financial assets at fair value through profit or loss	20	72,990	(102,089)
Fair value gain on revaluation of investment property	6	(99,000)	-
Interest expense	25	44,206	14,643
Interest income		(6,478)	(663)
Change in provision of retirement benefit obligation		786	(444)
Changes in working capital:			
- trade and other receivables		(3,709)	108,996
-financial assets at amortised cost		99,120	(268,149)
-other liabilities		-	(23,176)
-other payables		112,320	(827,203)
Cash generated from/ (absorbed by) operations		<u>389,784</u>	<u>(928,328)</u>
(b) Cash and cash equivalents		2019	2018
		Rs'000	Rs'000
Cash in hand and at bank		108,986	40,113
Cash held on behalf of GOM for ISP scheme		640,739	548,910
Cash at bank and in hand		749,725	589,023
Bank overdrafts (note 19)		(1,068)	(999)
		<u>748,657</u>	<u>588,024</u>

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

27. DIVIDENDS

	2019 Rs'000	2018 Rs'000
Dividend proposed and paid during the year at Rs.4.12 per share (2018: Rs 4.12 per share)	<u>35,000</u>	<u>35,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

28. RELATED PARTY TRANSACTIONS

	Utilities and licences paid to		Secretarial fees		Dividend income		Remuneration		Amount owed by related parties		Amount owed to related parties	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2019												
Subsidiaries	-	1,035	12,000	-	-	-	-	3,444	-	-	431,005	-
Associates	-	-	89,492	-	-	-	-	5,500	-	-	-	-
Directors and key management personnel	-	-	-	-	-	8,448	-	-	-	-	-	-
Enterprises with common directors	-	-	-	-	-	-	-	-	-	-	640,739	-
Related bodies	832	-	-	-	-	-	-	-	-	-	-	-
2018												
Subsidiaries	-	656	16,500	-	-	-	-	4,626	-	-	431,005	-
Associates	-	-	19,756	-	-	-	-	5,500	-	-	-	-
Directors and key management personnel	-	-	-	-	-	7,097	-	-	-	-	-	-
Enterprises with common directors	-	-	-	-	-	-	-	-	-	-	548,910	-
Related bodies	889	-	-	-	-	-	-	-	-	-	-	-

Terms and conditions of transactions with related parties.

Outstanding balances at end of year are unsecured, interest-free, repayable on demand and settlement occurs in cash.

28. RELATED PARTY TRANSACTIONS (CONT'D)

For the year December 31, 2019, the Company has recorded an impairment of Rs 10,114,338 relating to amounts owed by related parties (2018: Rs 12,355,444). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Transactions with Government of Mauritius.

There are various transactions and outstanding balances with the Government of Mauritius. The amounts involved and the terms and conditions are set out in the notes 11 and 17.

29. INVESTMENT SUPPORT PROGRAM (ISP)

In 2009, Government introduced the Mechanism for Transitional Support for the Private Sector (MTSP) under the Additional Stimulus Package (ASP) to assist firms facing difficulties in the context of the world's economic crisis by way of: equity support, liquidity/working capital including guarantee for bank support, asset purchase, swap or lease back for asset rich but cash poor enterprises.

In August 2010, the MTSP was renamed Economic Restructuring and Competitiveness Program (ERCP) which took over the role of MTSP.

Following the 2012 Budget Speech, the Vice Prime Minister and Minister of Finance and Economic Development announced the setting up of the National Resilience Fund (NRF), which created the Restructuring Working Group (RWG) to take over the role and responsibilities of ERCP.

GOM as such is not in a position to enter into agreement with individual beneficiaries. Therefore, the State Investment Corporation Ltd is assisting the enterprises affected by the financial slowdown, on behalf of MOFED, in terms of equity, debentures, loans and working capital. It has the responsibility for disbursing to the beneficiaries and receiving the repayment from the later. SIC also acts as Guarantor on behalf of the Government of Mauritius. Agreements are signed with financial institutions providing financial accomdation to their clients against SIC Guarantee.

As at date several schemes under the ISP programme (formerly under the RWG) have been introduced by the Government with SIC being entrusted with the management and implementation of the different schemes. The different schemes under the ISP programme are as follows:

- Leasing Equipment Modernisation Scheme(LEMS)
- SME Factoring Scheme
- Export Factoring Scheme
- Micro Entity Financing Scheme (Enterprises with turnover below Rs 10m)
- Micro Entity Financing Scheme (Enterprises with turnover between Rs 10m to Rs50m)
- Mid-Market Enterprises(MME) Financing Scheme (Enterprises with turnover between Rs 50m to Rs 2
- The MauBank SME Financing Scheme (Enterprises with turnover less than Rs 50m)
- The Enterprise Modernisation Scheme(EMS)
- Other Support measures
- DBM Factoring Scheme

29. INVESTMENT SUPPORT PROGRAM (ISP) (CONT'D)

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

In prior years part of the cash received under each scheme were not refunded to Ministry of Finance, Economic, Planning and Development (MOFEPD) but reutilised for the schemes. In the past through arrangements an asset and a corresponding liability were recognised in the books representing amount receivable from beneficiaries and amount payable to MOFEPD respectively.

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

During the year ended December 31, 2015 SIC had made refunds and provided returns to the MOFEPD as and when required as per that agreement.

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

Memorandum of Understanding dated 25th October, 2019

On 05th July 2019, following budgetary measures a new company Investment Support Programme (ISP) Limited was incorporated to take over the activities of ISP programme

On 25th October 2019, The Ministry of Finance, Economic, Planning and Development, Investment Support Programme (ISP) Limited and The State Investment Corporation Limited entered into an agreement with regards to the implementation of the various schemes and programmes following budgetary measure 2019-2020.

As the investment arm of the Government of Mauritius, the role of SIC is to sign Master agreements as guaranteeing agent with leasing companies, commercial banks and non-bank factoring companies with regards to terms and conditions set under the scheme, most specifically the issue of corporate guarantees. Such documents will be signed by SIC only upon approval by ISP Board/Committee and as evidenced by a Board/Committee Extract of ISP and any other document supporting approval as appropriate for guarantees issued on a case to case basis.

SIC undertakes to promptly forward to ISP any claim/correspondence received for which immediate action may be required.

It is the responsibility of ISP to take the necessary measures to meet any payment on claims. In case of shortage of funds, ISP takes the responsibility to request for funds from MOFEPD to satisfy payment of the claim, hence exonerating SIC from having to intervene and use its own funds.

ISP will promptly inform SIC in writing on the details of the payment made under a claim and evidenced by necessary documentation.

Corporate guarantees amounting to Rs .609m, have been given by SIC since 2011 on behalf of the Government relating to the Investment Support Program, from which it is anticipated that no material loss will arise. In any case should any loss materialise, the loss will be borne by the Government of Mauritius.

28. RELATED PARTY TRANSACTIONS (CONT'D)

For the year December 31, 2019, the Company has recorded an impairment of Rs 10,114,338 relating to amounts owed by related parties (2018: Rs 12,355,444). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Transactions with Government of Mauritius.

There are various transactions and outstanding balances with the Government of Mauritius. The amounts involved and the terms and conditions are set out in the notes 11 and 17.

29. INVESTMENT SUPPORT PROGRAM (ISP)

In 2009, Government introduced the Mechanism for Transitional Support for the Private Sector (MTSP) under the Additional Stimulus Package (ASP) to assist firms facing difficulties in the context of the world's economic crisis by way of: equity support, liquidity/working capital including guarantee for bank support, asset purchase, swap or lease back for asset rich but cash poor enterprises.

In August 2010, the MTSP was renamed Economic Restructuring and Competitiveness Program (ERCP) which took over the role of MTSP.

Following the 2012 Budget Speech, the Vice Prime Minister and Minister of Finance and Economic Development announced the setting up of the National Resilience Fund (NRF), which created the Restructuring Working Group (RWG) to take over the role and responsibilities of ERCP.

GOM as such is not in a position to enter into agreement with individual beneficiaries. Therefore, the State Investment Corporation Ltd is assisting the enterprises affected by the financial slowdown, on behalf of MOFED, in terms of equity, debentures, loans and working capital. It has the responsibility for disbursing to the beneficiaries and receiving the repayment from the later. SIC also acts as Guarantor on behalf of the Government of Mauritius. Agreements are signed with financial institutions providing financial accomdation to their clients against SIC Guarantee.

As at date several schemes under the ISP programme (formerly under the RWG) have been introduced by the Government with SIC being entrusted with the management and implementation of the different schemes. The different schemes under the ISP programme are as follows:

- Leasing Equipment Modernisation Scheme(LEMS)
- SME Factoring Scheme
- Export Factoring Scheme
- Micro Entity Financing Scheme (Enterprises with turnover below Rs 10m)
- Micro Entity Financing Scheme (Enterprises with turnover between Rs 10m to Rs50m)
- Mid-Market Enterprises(MME) Financing Scheme (Enterprises with turnover between Rs 50m to Rs 2
- The MauBank SME Financing Scheme (Enterprises with turnover less than Rs 50m)
- The Enterprise Modernisation Scheme(EMS)
- Other Support measures
- DBM Factoring Scheme

31. SUBSEQUENT EVENTS (CONT'D)

(b) Corporate guarantee (cont'd)

In line with the above, under the Support Programme introduced by the Bank of Mauritius, the Board of Directors of the Company has approved the issuance of Corporate Guarantees to twelve commercial banks to meet cash flow and working capital requirements of economic operators which have been directly impacted by Covid-19 under:

1. Special Relief Amount of Rs 5.0 Billion and
2. Special Account of some Rs 4.3 Billion.

The exposure to The State Investment Corporation Ltd (SIC) revolves around Rs 5 Billion.

Based on information made available by commercial banks, the Company's exposure on the banking facility offered as at 31st July 2020 amounted to Rs 310M as Corporate Guarantees.

In addition to the Corporate Guarantees, SIC has approached the Bank of Mauritius for a Line of Credit of Rs 3.0Bn for Equity Participation for companies impacted by COVID19.

Except for the above, there have been no material events since the end of the reporting period which would require further disclosure or any adjustment to the financial statements for the year ended December 31, 2019.

32. ULTIMATE SHAREHOLDER

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

