

The State Investment Corporation Limited
Financial statements
30 June 2002

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DIRECTORS' REPORT

On behalf of the Directors of the State Investment Corporation Limited, I have great pleasure to submit the Corporation's Annual Report and the first Audited Consolidated Accounts of the Group for the year ended June 30, 2002 as well as the Audited Accounts of the Corporation.

I am happy to report that in 2002, the Group, through prudent financial management, continual formal application of Good Corporate Governance Principles throughout the Group and active Promotion of Best Management Practices, the Corporation and the Group has succeeded to return relatively creditable financial results for the year.

Financial Results

INCOME

For the year under review, income for the Corporation stood at Rs 238.5 million compared to Rs 174.5 million for 2001. The Group recorded Rs1.888 billion as turnover for 2002 and the Group's Total Revenue stood at Rs 2.114 billion. This high level of income reflects certain important decisions taken at the Corporation and Group level. This year again, the disposal of investments has been kept to a minimum and policies on dividend have been fair with a view to remove unnecessary pressures on our subsidiaries. We have seen a marked improvement in our financial performance as a result of major review of all operations, control and reporting functions.

PROFIT

The Corporation's Gross Profit for the financial year has reached a significant Rs 216.5 million. The Group's profit from operations reached Rs 616 million. The Corporation's profit before taxation stood at Rs 160.69 million as at 30th June 2002 and that for the Group stood at Rs 547.57 million.

INVESTMENTS

Long-term investments have been valued as at June 30th, 2002 so as to reflect their proper values in the accounts. Investments in quoted shares have been based on the latest listed share prices whereas other investments have been valued on the net assets, earnings basis or net realisable value; whichever is most appropriate. The net book value of assets for the financial year 2001/02 amounted to Rs 3.27 billion for the Corporation and Rs 7.56 billion for the Group.

CAPITAL AND RESERVES

In addition to its paid-up Capital of 100 million the Corporation has accumulated reserves amounting to Rs 2.77 billion bringing the total shareholders' funds to Rs 2.87 billion. The Group total shareholders funds amounted to Rs 3.14 billion.

EARNINGS PER SHARE

The earnings per share of the Corporation for 2001/02 is Rs 16.07 as compared to

Rs 11.29 for 2000/01.

DIVIDEND

During the year 2002, the Corporation paid an interim and final dividend amounting to Rs3.00 per share.

MAJOR EVENTS

In order for the State Investment Corporation Limited to be able to provide superior customer value, to protect its' shareholders' interests, while at the same time enhance the Corporation's and the Group's growth potential, it had to successfully re-engineer its business process. It also had to constantly review its strategic objectives so as to maintain its focus on a clearer direction. Our mission, our vision and our strategic objectives have been realigned to endow the Corporation with the resources, capabilities and flexibilities to play a leading role in the investment sector. This has been evidenced by the major role played by the Corporation in the re-opening of the First City Bank and the Mauritius Duty Free Paradise Ltd.

The executive management having been restructured, the Corporation is now better able to play a proactive, dynamic and transparent role; offering more visible presence and effective assistance to its subsidiaries and associated Companies with a result that the Group identity is being more actively promoted.

The involvement of Corporate Managers in the subsidiaries and associated Companies has proved to be very effective. During the year, the State Investment Corporation Limited has witnessed more synergies between the subsidiaries, more control on costs and more efficient utilisation of resources.

Strategic Objectives

The Corporation will continue to diversify its portfolio for increased efficiency of resources. Basically, the gist of the Corporation's competitive strategy is to substantially increase the contribution of the subsidiaries and the Companies under its management to the SIC Group's profit.

The State Investment Corporation Limited focus remains the enhancement of its return on investment, investment in key and strategic sectors, the development of Entrepreneurial Management, and the commitment to build up the subsidiaries into market leaders and the development and furtherance of Good Corporate Governance. These constitute the Company's strategic objectives and will continue to guide the us in positioning the State Investment Corporation Limited as a prominent player in the national economy.

The Group's achievements in 2002 have been possible only with the participation of one and all. The Human Resources Department have shown more committed participation in the creation of value for the stakeholders.

Non-Financial Results

The Company's achievements have also been credible and commendable in non-financial aspects. In fact, for the second year in a row, and that too for the first time ever in the history of the National Quality Award, we have won the Business Excellence Awards for Leadership and Human Resources Focus. The Group has won the National Quality Award for the second year through Domaine Les Pailles after having won the Award last year for Le Caudan Waterfront Casino. We are also investing efficiently and effectively in Training and Development throughout the Group.

Future Plan

Since its creation, the Corporation has contributed effectively in the development of the priority sectors of the economy over more than a decade. In its role of a proactive player, the Corporation will continue to reformulate its objectives and develop appropriate strategies. The priority sectors will be reviewed inline with Government stated policies to enable the Corporation to clearly identify investment opportunities.

For the coming year, the Corporation will strive to ensure efficiency in portfolio management processes and in investment appraisals. The major forthcoming projects include the Lake Point Project, the reconstruction of Casino de Maurice and the building of a new Casino in Grand Baie, development at Pamplemousses Gardens, the design of a master plan for Guibies and Domaine les Pailles. Information and Communication Technology projects will continue to be on the company's priority list. The SIC has already been highly involved in the setting up of the National Equity Fund and we are confident of managing this fund successfully.

Acknowledgement

As we are now on the fast track for success, we have to acknowledge the support of all our stakeholders. Our plan for the future and our achievements can only be attained by cooperation and teamwork.

I would like to take this opportunity to thank the management and staff of the Corporation and its subsidiaries for their commitment and contribution that have helped make the period under review yet another very successful year.

I would also like to extend my grateful thanks to my fellow Board Members for their wise counsel, support and guidance throughout the year. We here have a special thought for Mr. Beelasingh Dabee, one of our directors who passed away in March 2002. I place on record the collaboration and understanding of all the directors for participating actively in our increased number of meetings at Board Level and all the Committees set up along the lines of our Corporate Governance Model.

M. Baguant, C.S.K.
Chairman

Human Resource & Remuneration Committee Report

The Human Resource and Remuneration Committee under the Chairmanship of Sir Victor Glover has met on various occasions during the year under review. Major issues discussed and recommended to the Board include:-

1. Conditions of Employment at the State Investment Corporation Limited, including the Pay Structure.
2. Performance Management.
3. Profitability Bonus.
4. Performance Evaluation after Probationary Period.
5. Salary Alignments
6. Policy on Company Vehicles.

The other members of the committee are Mr H. Ganoo, Mr R. Chellapermal, Mr. S. Gokhool and Mr A. Salauroo.

Investment Committee Report

Placed under the Chairmanship of Mr M. Baguant, C.S.K, who is also the Chairman of the Corporation, the Investment Committee met on several occasions during the year 2002. Among the major issues considered during the year, apart from examination of investment proposals are the following:-

1. Investment Objectives.
2. Investment Policies.
3. Investment Procedures.
4. Shareholders' Agreement in connection with SIC's investment.
5. Responsibility for Project Monitoring.
6. Investment Strategy and Portfolio Composition.
7. Investment Guidelines.

The other members of the Investment Committee are Mr S. Gokhool, Mr. R. Chellapermal, Mr R. Tin Sive, Mr H. Ganoo, Mr S. Lalloo and Sir Victor Glover GOSK.

Audit Committee Report

The Audit Committee is chaired by a non-Executive Director, Mr R. Tin Sive who reports directly to the Board. The other members of the Audit Committee are Mr R. Chellapermal, Mr S. Lalloo, and Mr S. Gokhool.

The Committee met on several occasions during the year under review. The Audit Committee is one of the major mechanisms for safeguarding shareholders' interests and therefore for promoting the principles of Good Corporate Governance.

The Main task of the Audit Committee has been to consider the Annual Accounts of the Corporation and the Group for the 2001/2002. It is to be highlighted that all accounts are considered by the Audit Committee first and then sent to the Board of Directors of the State Investment Corporation Limited. This is with a view to strengthen internal audit procedures.

MANAGING DIRECTOR'S REPORT

I have pleasure in submitting my report and the Audited Accounts of the Corporation and the Audited Consolidated Accounts for the year ended 30th June 2002.

The Corporation has recorded some very credible and commendable results during the year under review. The income level and the profits of the Corporation and the Group have reached figures never attained before.

However, at the level of the State Investment Corporation Limited, our greatest satisfaction remains the fact that we have been the first to introduce a Corporate Governance Model. We have been successful in improving our model; and developing it into a stakeholders' model. This explains an epic premiere in annual reports: a Corporate Governance Statement to publicly demonstrate our commitment to the protection of stakeholders' interests.

During the year under review, we have been busy promoting the Principles of Good Corporate Governance throughout the SIC Group. All the SIC Subsidiaries are now managed along the effective principles of Corporate Governance. The Best Management Practices that have immensely contributed for the attainment of good results for the Corporation will henceforth impact on our subsidiaries.

The figures speak for themselves in the audited accounts. Yet, we have also recorded commendable non-financial results. Two among our subsidiaries have won the National Quality Award. One of our main subsidiaries has been ISO 9001: 2000 Series Certified and two other subsidiaries will soon be audited for certification. It is also worth mentioning that for two consecutive years, and for the first time ever the SIC Group have won the Business Excellence Awards for Leadership and Human Resource Focus.

In so far as Training and Development is concerned, we have made considerable efforts towards Training, Development and Planning. We have also organised training for Directors in Corporate Governance. Senior Managers of the subsidiaries meet once a month to share their issues and experiences. At the level of the Corporation, the Corporate Manager meet on a weekly basis to share information about subsidiary companies and associated companies with a view to enhance the effectiveness of their contribution.

The State Investment Corporation Limited is now more than ever prepared to face the challenges ahead. The more so that we are developing models that others wish to emulate in all areas of management, such as portfolio management, treasury management, financial management, corporate services, business development, investment coordination, information technology management and human resource management.

Our belief in our people – our key resources – has contributed immensely in our major achievements. We will continue to treat our employees with respect and dignity. We will, as always, value, recognise and reward their contribution justly. Our future look brighter as we are convinced of the full support and unconditional commitment of all our employees.

I take this opportunity to acknowledge and thank all the managers and staff of the SIC Group for the undeniable support, visible contribution and unwavering commitment in making the year under review a very successful year.

I would also like to extend my gratitude and appreciation to our valued shareholders, our customers and our suppliers, as well as the Government of Mauritius and the State Agencies for their invaluable support. For their wise counsel, support, understanding and guidance throughout the year, I also extend my grateful thanks to my Chairman and fellow Board Members.

S. Gokhool
Managing Director

CORPORATE GOVERNANCE STATEMENT

The State Investment Corporation (“the Corporation”) is committed and fully supports the application of principles and best practices of Corporate Governance in the management of the Corporation’s financial performance, operations and general affairs. The Corporation further upholds these principles and practices as fundamental for the discharge of its responsibilities and for the protection and enhancement of shareholders’ value.

The Corporation had, throughout the year ended 30 June 2002, applied the principles and best practices as set out in its Corporate Governance Model, in the manner described as follows:

1. The Board of Directors

(a) PRINCIPAL RESPONSIBILITIES

The drive to implement the highest standard of corporate governance on the entire performance of the Corporation and its subsidiaries, is the full responsibility of the Board of Directors. Action has been taken and will continue to be taken to enhance the Board’s stewardship responsibilities over the following:

- The Corporation’s strategic plan for its overall performance
- The conduct and the management of the Corporation’s business.
- The identification of major operational and business risks and the improvement of risks management systems.
- Systematic succession planning to ensure appropriate appointments and replacements for the retirement of senior management, adequate and fair remuneration to ensure quality management, and sufficient training to maintain the highest caliber.
- An effective investor relations programme.
- Sufficient internal control and management information systems.

2. Composition of the Board

The Board of Directors of the Corporation comprises eight (8) members with a non-executive, independent Chairman, an Executive Director, and six(6) non-executive Directors, out of which three (3) are Independent non-executive Directors. Its composition represents a blend of knowledge, skills and expertise from both the private sector and the Government which are relevant to the corporation and its related business activities. The profile of individual Directors are shown in this annual report.

The roles of the Chairman and the Executive Director are distinct and separate. No one group of Directors or individual member dominated the board’s discussion or decision making. The independent Directors are actively involved in various Board Committees. They provide an independent assessment and views on proposals submitted by the Management and of the risk management and internal control systems established within the Corporation. The Board is mindful of its fiduciary duties under the law, and takes due consideration to ensure that all inter-

company transactions are dealt with appropriately and no undue risk is involved which would lead to a conflict of interest situation.

The Board retains full and effective control of the Corporation. This includes responsibility for determining the Corporation's strategy, and for approving short and medium-term plans, including demanding targets and budgets, for achieving the strategy. All major investments and other strategic decisions are reserved for the Board, which also has the responsibility for corporate governance matters, senior executive remuneration and succession planning for senior management. There is also a well-defined framework on the matters that require the Board's approval, endorsement or comments as contained in the Corporation's Corporate Governance Model, which is continually updated in line with current best global corporate practices.

The Corporation has a structured framework of policies and procedures, and internal guidelines. The efficacy of this governance structure and mechanism is monitored through the Board and the various Committees.

While the Board retains overall responsibility for the control of the Corporation, management is conducted by the Managing Director. The Managing Director, and non-executive Directors, as well as Corporate Managers in the senior management level form various committees namely the Management Committee, HR and Remuneration Committee, Risk Management Committee, Project Monitoring Committee, Investment Committee, Audit Committee and Corporate Secretarial Committee. Each committee has a detailed specification regarding its membership, purpose, terms of reference, functions and authorities, and they convene a meeting at a frequency of at least once a month to review operational decisions, strategic plans, monitor compliance, and consider matters that require the attention of the Board for information, direction and the necessary resolution.

The Directors are responsible to ensure that the financial statements prepared are drawn up in accordance with the provisions of the Companies Act 2001 and the Approved Accounting Standards in Mauritius. This is to ensure that the assessment of the Group's operations and prospects are presented in a balanced and easily understood manner. The annual audited accounts and the quarterly financial results are reviewed by the Audit Committee and approved by the Board of Directors before they are released.

In the adoption of the Best Practices in Corporate Governance, the Corporation has enhanced the management of its business by taking the following initiatives:

- I. Policies and procedures for the day to day operations are provided by guidelines mentioned in the manuals which state clearly the responsibilities.*
- II. Transparency in the award of contracts through monitoring by the Investment Committee and the Project Monitoring Committee, and close adherence to the policies and procedures stipulated in the manual.*
- III. Good business ethic and discipline by the employees with customers by adopting good work conduct and discipline.*
- IV. Monthly management and financial performance of the subsidiaries monitored by the Management Committee to focus on strategic issues, areas of concern and required actions for improvements to mitigate potential operational and financial risks.*

3. Supply of information

Timely and adequacy of information is a key factor to any effective formulation of strategies, policies and decision-making by the Board of Directors. Recognizing this fact, the Corporation provided the Directors not only direct access to the advice and services of the Corporation Secretary but also access to any executive in the senior management level, for any information pertaining to the affairs of the Corporation. Prior to each Board meeting, sufficient time is given to enable early perusal of the minutes, reports on Corporation performance, recommendations of Board Committees and information on current financial and corporate issues to enable the Directors to discharge their duties efficiently.

4. Directors' & Staff Remuneration

The HR and Remuneration Committee has now been established to facilitate the discharge of the Board's stewardship responsibility over Directors' remuneration and remuneration issues of corporate managers and staff, as well as issues pertaining to succession planning for the executives in senior management level.

5. Accountability and Audit

(a) FINANCIAL REPORTING

In presenting the annual financial statements and announcement of financial results to shareholders, the Directors take responsibility to present a balanced, clear and meaningful assessment of the Group's financial position and prospects in all their reports to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Directors' Report.

The Audit Committee assists by scrutinizing the information to be disclosed, to ensure accuracy and adequacy.

(b) INTERNAL CONTROLS

The Corporation as a Group has an Audit Committee. The committee conducts periodic audits and reviews on compliance issues and the internal control system.

The Corporation as a Group has continuously worked towards enhancing the internal control framework of its companies by ensuring that the Group's policies, guidelines, procedures and systems of internal controls are in place. The Group continues to monitor the effectiveness and adequacy of the internal controls by frequent revisions and update of internal controls in line with regulatory requirements and corporate and business environmental changes.

The Directors acknowledge overall responsibility for maintaining a system of internal controls, which provides reasonable assessment of effective operations, internal financial controls and compliance with laws and regulations, as well as with internal procedures and guidelines. Such a system is designed to manage, rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute assurance against material misstatement or loss.

In particular, the Corporation has identified the following key areas of risks which are subject to regular reporting and review by the Audit Committee and the Board. In addition to its review of the scope and results of the audit and the activities of the external and internal auditors, the Audit Committee's Terms of Reference include responsibility for overseeing internal controls, including operational and financial controls, business ethics, risk management and compliance. There is an ongoing process of identifying, evaluating and monitoring the risk and concern affecting the operations.

i. Financial Control

(a) FINANCIAL REPORTING

There is a comprehensive budgeting system with an annual budget approved by the Board. The results are reported monthly and compared with the budget in the Management Committee meetings. Forecasts are prepared regularly throughout.

(b) OPERATING UNITS CONTROLS

Financial controls and procedures are defined in policies and procedure manuals to be adhered by all relevant personnel, and are subject to Audit by the External Auditors.

(c) PORTFOLIO MANAGEMENT

We have put in place a well-defined and documented system for portfolio management that incorporates new state-of-art tools, modern processes and best practices in portfolio management.

(d) GOING CONCERN

The Directors have reviewed the Corporation's budget for 2003. After taking into account the cash flow implications of the plans, including proposed capital expenditure and operating costs, and after comparing these with the Corporation's committed borrowing facilities and projected gearing ratios, the Directors are satisfied that it is appropriate to produce the Group and Corporation accounts on a going concern basis.

ii. Business Conduct and Compliance

(a) QUALITY AND INTEGRITY OF PERSONNEL

The Corporation's policies on conducts are detailed in a Code of Conduct for support staff and the enforcement of discipline is being well highlighted in the Terms and Conditions of Employment of the State Investment Corporation Ltd.

(b) COMPLIANCE

SIC Corporate Services Ltd. as Secretary is assisting the Board in ensuring compliance with particular laws and regulations.

6. Relationship with Auditors

The Corporation has established a good working relationship with its auditors. The external auditors are independent and have continued to highlight their key findings to the Corporation with respect to the audit on the statutory financial statements. Meetings with the external auditors are carried out frequently.

Seilendra Gokhool
Managing Director

Auditors' report to the shareholders of The State Investment Corporation Limited

We have audited the financial statements on pages 16 to 35.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation of financial statements which comply with the Companies Act 2001 taking into account the Order dated 27 March 2002 made by the Registrar of Companies under Section 224(2) of the Companies Act 2001, authorising them to prepare and present the financial statements in relation to an accounting period commencing prior to 1 December 2001 in accordance with Mauritius Accounting and Auditing Standards Act 1989. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' RESPONSIBILITIES

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by directors in the preparation of financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations, which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

We have no relationship with, or interests in the group and company other than in our capacity as auditors and tax advisors.

Auditors' report to the shareholders of The State Investment Corporation Limited (cont'd)

Classification of expense in the income statement

In forming our opinion, we have considered the basis of classification of gaming tax in the financial statements, which is referred to in note 1 to the accounts.

OPINION

In our opinion:

- proper accounting records have been kept by the group and company as far as appears from our examination of those records; and
- the financial statements give a true and fair view of the financial position of the group and company as at 30 June 2002, and of the results of their operations and cash flows for the year then ended, and comply with the Companies Act 2001 taking into account the above-mentioned Order, and Mauritius Accounting Standards.

KPMG
Public Accountants

Port Louis

Date: 01 April 2003

The State Investment Corporation Limited

Balance sheet
at 30 June 2002

	Note	The Group		The Company	
		2002 Rs '000	2001 Rs '000 (Restated)	2002 Rs '000	2001 Rs '000 (Restated)
Assets					
Non-current assets					
Property, plant and equipment	2	2,212,443	2,189,262	34,613	31,244
Intangible assets	3	45,598	44,263	-	-
Long term investments	4	2,055,651	2,122,835	2,858,999	2,876,073
Long term receivables	5	1,312,055	1,311,520	270	253
Investment in associates	6	372,625	410,512	-	-
		-----	-----	-----	-----
		5,998,372	6,078,392	2,893,882	2,907,570
		-----	-----	-----	-----
Current assets					
Inventories	7	370,609	555,799	-	-
Current investments	4	12,051	50,460	12,051	18,371
Trade and other receivables	8	597,387	471,968	133,679	114,718
Short term deposits		150,978	159,500	146,220	159,500
Cash and bank balances		438,186	327,569	91,179	8,864
		-----	-----	-----	-----
		1,569,211	1,565,296	383,129	301,453
		-----	-----	-----	-----
Total assets		7,567,583	7,643,688	3,277,011	3,209,023
		=====	=====	=====	=====
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	9	100,000	100,000	100,000	100,000
Other reserves		1,443,194	1,510,080	1,586,686	1,650,077
Revenue reserves		1,597,725	1,536,441	1,188,088	1,057,376
		-----	-----	-----	-----
		3,140,919	3,146,521	2,874,774	2,807,453
		-----	-----	-----	-----
MINORITY INTEREST		1,084,340	1,085,751	-	-
		-----	-----	-----	-----
NON-CURRENT LIABILITIES					
INTEREST BEARING BORROWINGS	10	2,186,811	2,338,238	400,000	400,000
RETIREMENT BENEFIT OBLIGATIONS	11	260,576	240,067	1,080	1,010
DEFERRED TAXATION	12	815	878	169	169
		-----	-----	-----	-----
		2,448,202	2,579,183	401,249	401,179
		-----	-----	-----	-----
CURRENT LIABILITIES					
Bank overdraft		100,036	50,196	-	-
Trade and other payables	13	423,556	453,002	988	391
Taxation		30,675	32,198	-	-
Dividend payable		14,520	12,020	-	-
Current portion of interest bearing borrowings	10	325,335	284,817	-	-
		-----	-----	-----	-----
		894,122	832,233	988	391
		-----	-----	-----	-----
Total equity and liabilities		7,567,583	7,643,688	3,277,011	3,209,023
		=====	=====	=====	=====

Approved by the Board on

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Director

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Director

The notes on pages 21 to 35 form part of these accounts.

The State Investment Corporation Limited

Income statement
for the year ended 30 June 2002

	Note	2002 Rs '000	The Group 2001 Rs '000 (Restated)	2002 Rs '000	The Company 2001 Rs '000 (Restated)
Revenue	14	1,888,526	1,820,016	-	-
Cost of sales		(1,023,276)	(963,881)	-	-
		-----	-----	-----	-----
Gross profit		865,250	856,135		
Dividend and interest income		131,322	122,590	205,460	174,368
Other income		63,581	481,732	33,056	112
Share of profit from associates		30,537	24,583	-	-
		-----	-----	-----	-----
		1,090,690	1,485,040	238,516	174,480
		-----	-----	-----	-----
Administrative expenses		(338,843)	(323,194)	(16,293)	(16,988)
Operating expenses		(135,846)	(137,954)	(5,687)	(5,504)
		-----	-----	-----	-----
		(474,689)	(461,148)	(21,980)	(22,492)
		-----	-----	-----	-----
Profit from operations		616,001	1,023,892	216,536	151,988
Finance costs		(66,546)	(523,980)	(39,067)	(39,063)
		-----	-----	-----	-----
Profit before exceptional item		549,455	499,912	177,469	112,925
Exceptional item	15	(1,881)	(1,130)	(16,774)	-
		-----	-----	-----	-----
Profit before taxation	16	547,574	498,782	160,695	112,925
Gaming tax		(387,978)	(376,166)	-	-
Income tax expense	17	(4,109)	(3,237)	17	(15)
		-----	-----	-----	-----
Profit after taxation		155,487	119,379	160,712	112,910
Minority interest		(21,145)	(19,180)	-	-
		-----	-----	-----	-----
Profit available to shareholders		134,342	100,199	160,712	112,910
		=====	=====	=====	=====
Earnings per share (Rs)	18	13.43	10.02	16.07	11.29
		=====	=====	=====	=====
Dividends per share – (Rs)		3.00	3.00	3.00	3.00
		=====	=====	=====	=====

The notes on pages 21 to 35 form part of these accounts.

The State Investment Corporation Limited
Cash flow statement
for the year ended 30 June 2002

	The Group		The Company	
	2002 Rs	2001 Rs '000 (Restated)	2002 Rs '000	2001 Rs '000 (Restated)
Cash flows from operating activities				
Net profit before taxation and exceptional item	549,455	499,912	177,469	112,925
Adjustments:				
Amortisation	6,328	17,398	-	61
Depreciation	86,198	38,608	3,856	3,060
Interest receivable	(36,869)	(37,847)	(18,074)	(15,508)
Interest payable	63,763	523,863	39,000	38,946
Dividend income	(94,214)	(84,743)	-	-
Share of profit from associates	(30,537)	(24,583)	-	-
Profit on disposal of investments	(30,963)	(461,684)	(30,963)	(112)
(Profit)/loss on disposal of fixed assets	(4,282)	976	(280)	(39)
Decrease in value of current investments	2,845	2,270	2,845	2,270
Increase in deferred loss	-	(2,839)	-	-
Long term investment written off	7,487	-	7,415	-
Interest payable on finance lease	1,395	1,199	-	-
Increase/(decrease) in retirement benefit obligations	20,509	(234)	70	(60)
Exceptional item	(1,881)	(1,130)	(16,774)	-
	539,234	471,166	164,564	141,543
Decrease/(increase) in stocks	185,190	(1,200)	-	-
Increase in long term receivable	(1,280)	(74,932)	-	-
(Increase)/decrease in accounts receivable	(125,419)	43,115	(18,961)	(2,171)
(Decrease)/increase in accounts payable	(29,446)	(284,207)	597	(365)
(Increase)/decrease in deferred expenditure	(40,755)	371,201	-	-
Net cashflow from operating activities	527,524	525,143	146,200	139,007
Dividend received from associates	100,697	22,082	-	-
Taxation				
Tax paid	(395,488)	(390,013)	-	-
	232,733	157,212	146,200	139,007
Investing activities				
Purchase of property, plant and equipment	(110,642)	(39,219)	(7,395)	(3,839)
Purchase of investments	(63,658)	(50,387)	(63,623)	(52,452)
Expenditure on intangible assets	(7,663)	(18,902)	-	-
Proceeds from sale of fixed assets	5,545	4,060	450	587
Proceeds from sale of investments	90,980	2,461,684	44,329	390
Interest received	36,869	37,847	18,074	10,134
Dividend received	94,214	84,743	-	-
Dividend paid to minority	(22,556)	(17,840)	-	-
Net cashflow from investing activities	23,089	2,461,986	(8,165)	(45,180)

The State Investment Corporation Limited
Cash flow statement (Cont'd)
for the year ended 30 June 2002

	The Group		The Company	
	2002 Rs	2001 Rs '000	2002 Rs '000	2001 Rs '000
Financing activities				
Dividend paid	(27,500)	(83,700)	(30,000)	(30,000)
Interest paid	(63,763)	(523,863)	(39,000)	(38,946)
Interest on finance lease	(1,395)	(1,199)	-	-
Loan received	160,003	82,052	-	-
Repayment of loan	(270,912)	(38,537)	-	-
Redemption of debentures	-	(2,000,000)	-	-
	-----	-----	-----	-----
Net cash flow from financing activities	(203,567)	(2,565,247)	(69,000)	(68,946)
	-----	-----	-----	-----
Net cash inflow	52,255	53,951	69,035	24,881
Cash and cash equivalents at 01 July 2001	436,873	382,922	168,364	143,483
	-----	-----	-----	-----
Cash and cash equivalents at 30 June 2002	489,128	436,873	237,399	168,364
	=====	=====	=====	=====
Represented by:				
Short term deposits	150,978	159,500	146,220	159,500
Cash and bank balances	438,186	327,569	105,186	14,685
Bank overdraft	(100,036)	(50,196)	(14,007)	(5,821)
	-----	-----	-----	-----
	489,128	436,873	237,399	168,364
	=====	=====	=====	=====

The State Investment Corporation Limited

Statement of changes in equity
for the year ended 30 June 2002

The Group

	Share Capital Rs '000	Other Reserves Rs '000	Revenue Reserves Rs '000	Total Rs '000
At 01 July 2000	100,000	1,884,309	1,576,619	3,560,928
Effect of adopting MAS 25	-	-	(155,230)	(155,230)
Deferred taxation effect on adopting MAS 25	-	-	268	268
As restated	100,000	1,884,309	1,421,657	3,405,966
Profit for the year	-	-	100,199	100,199
Dividend payable	-	-	(30,000)	(30,000)
Revaluation loss	-	(144,680)	-	(144,680)
Transfers from other reserves to revenue reserves	-	(84,869)	84,869	-
Balance as at 30 June 2001	100,000	1,654,760	1,576,725	3,331,485
Effect of adopting IAS 38	-	-	(21,362)	(21,362)
Prior year adjustment	-	(144,680)	(18,922)	(163,602)
As restated	100,000	1,510,080	1,536,441	3,146,521
Profit for the year	-	-	134,342	134,342
Dividend payable	-	-	(30,000)	(30,000)
Revaluation loss	-	(63,391)	-	(63,391)
Transfer from other reserves to revenue reserves	-	(3,495)	3,495	-
Dividend received from associates	-	-	(45,581)	(45,581)
Loss on acquisition of new associates	-	-	(3,237)	(3,237)
Minority loss in subsidiaries	-	-	2,265	2,265
Balance at 30 June 2002	100,000	1,443,194	1,597,725	3,140,919

The Company

	Share Capital Rs '000	Other Reserves Rs '000	Revenue Reserves Rs '000	Total Rs '000
Balance at 1 July 2000	100,000	1,727,829	975,268	2,803,097
Effect of adopting MAS 25	-	-	(1,070)	(1,070)
Deferred tax effect on adopting MAS 25	-	-	268	268
As restated	100,000	1,727,829	974,466	2,802,295
Profit for the year	-	-	112,910	112,910
Dividends	-	-	(30,000)	(30,000)
Revaluation loss	-	(77,752)	-	(77,752)
Balance at 30 June 2001	100,000	1,650,077	1,057,376	2,807,453
Profit for the year	-	-	160,712	160,712
Dividends	-	-	(30,000)	(30,000)
Revaluation loss	-	(63,391)	-	(63,391)
Balance at 30 June 2002	100,000	1,586,686	1,188,088	2,874,774

The State Investment Corporation Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2002

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Mauritius Accounting Standards and under the historical cost convention as modified to recognise the revaluation of long term investments.

Basis of consolidation

The group accounts include The State Investment Corporation Limited and its subsidiaries. Intra group transactions are eliminated on consolidation and all sales and resulting figures relate to external transactions only.

Gaming tax is charged in accordance with the Gaming Act 1973 at the rate of 50% of gaming wins and deducted from revenue in the individual accounts of five subsidiaries operating casinos. For consolidation purposes, the directors are of the opinion that this item be classified after 'profit before taxation' in the group accounts for the following reasons:

the casinos revenue represent 36.7% of the group's total income; and
these subsidiaries represent only 15.1% (5 out of 33 subsidiaries and associate companies consolidated) of the group portfolio.

Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight line basis over their estimated useful economic lives. The annual depreciation rates are as follows:

Land and buildings	-	2% - 5%
Plant and machinery	-	10% - 33.33%
Office furniture and fittings	-	10% - 20%
Motor vehicles	-	20% - 25%

No depreciation has been charged on land and development work in progress.

Amortisation

Intangible fixed assets are amortised over a period of four years.

Long term investments

Investments in quoted shares are based on the market prices prevailing at year end or according to the trading session immediately proceeding the year end whereas other investments are valued on net assets, earnings basis and net realisable value as considered appropriate by the directors. Income from investments is included in the income statement of the accounting year in which it is receivable.

Investment in associates

Investment in associates has been accounted for using equity method of accounting.

The State Investment Corporation Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2002

1. Accounting policies (cont'd)

Current investments

Current investments consist of investments which are readily realisable and are intended to be held on a short term basis. Current investments are valued at the lower of cost and market value.

Income from investments is included in the income statement of the accounting year in which it is receivable.

Finance lease

Leased assets are included in property, plant and equipment at cost and outstanding instalments are included in creditors. The finance element of payment is charged to the income statement.

Retirement benefits obligations – defined benefit pension plan

The present value of funded obligations is recognised in the balance sheet as a non-current liability after adjusting for the fair value of plan assets, any unrecognised actuarial gains and losses, any unrecognised past service cost. The valuation of the funded obligations will be carried out annually by a firm of actuaries. The current service cost and any recognised past service cost are included as an expense together with the associated interest cost, net of expected return on plan assets.

State plan

Contributions to the National Pension Scheme are expensed to the income statement in the period in which they fall due.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred. Deferred taxation is provided using the liability method, for all temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Foreign currencies

Transactions in foreign currencies are recorded at the rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken in the income statement account.

The State Investment Corporation Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2002

1. Accounting policies (cont'd)

Revenue recognition

The Group

Revenue from sale of goods is recognised in the income statement when significant risks and rewards of ownership have been transferred to the buyer. Revenue from sale of services is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. Dividends, interests and other income from subsidiaries are eliminated on consolidation.

The Company

Revenue earned by the company is recognised on the following bases:

Dividend income – when the shareholder's right to receive payment is established;

Interest income – as it accrues unless collectivity is in doubt.

2. Property, plant and equipment

The Group

	Land and Buildings	Plant and Machinery	Office Furniture and Fittings	Motor Vehicles	Development Work in Progress	Total
	Rs '000	Rs'000	Rs'000	Rs'000	Rs '000	Rs'000
Cost						
At 1 July 2001	1,742,466	395,416	219,048	56,619	183,569	2,597,118
Additions	60,293	10,770	29,984	9,595	-	110,642
Disposal	(25)	(1,092)	(8,557)	(6,273)	-	(15,947)
Transfer	-	(12)	12	-	-	-
At 30 June 2002	1,802,734	405,082	240,487	59,941	183,569	2,691,813
Depreciation						
At 1 July 2001	54,748	163,390	157,603	32,115	-	407,856
Charge for the year	11,408	35,704	28,790	10,296	-	86,198
Disposal	(11)	(972)	(7,885)	(5,816)	-	(14,684)
Transfers	-	(12)	12	-	-	-
At 30 June 2002	66,145	198,110	178,520	36,595	-	479,370
Net book value						
At 30 June 2002	1,736,589	206,972	61,967	23,346	183,569	2,212,443
At 30 June 2001	1,687,718	232,026	61,445	24,504	183,569	2,189,262

Included in motor vehicles are motor cars purchased under finance lease and costing Rs 12,495,749 and with a net book value of Rs 7,370,198.

The State Investment Corporation Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2002

2. Property, plant and equipment

The Company

	Land and Buildings	Office Furniture and Fittings	Motor Vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Cost				
At 1 July 2001	25,122	9,989	8,525	43,636
Additions	-	3,746	3,649	7,395
Disposal	-	(260)	(1,222)	(1,482)
At 30 June 2002	25,122	13,475	10,952	49,549
Depreciation				
At 1 July 2001	3,013	5,568	3,811	12,392
Charge for the year	502	1,295	2,059	3,856
Disposal	-	(151)	(1,161)	(1,312)
At 30 June 2002	3,515	6,712	4,709	14,936
Net book value				
At 30 June 2002	21,607	6,763	6,243	34,613
At 30 June 2001	22,109	4,421	4,714	31,244

The State Investment Corporation Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2002

3.	Intangible assets	The Group Rs '000	The Company Rs '000
	Cost		
	At 1 July 2001	83,023	241
	Effect of adopting IAS 38	(21,362)	
		-----	-----
	As restated	61,661	241
	Additional expenses	7,663	-
		-----	-----
	At 30 June 2002	69,324	241
		-----	-----
	Amortisation		
	At 1 July 2001	17,398	241
	Charge for the year	6,328	-
		-----	-----
	At 30 June 2002	23,726	241
		-----	-----
	Net book value		
	At 30 June 2002	45,598	-
		=====	=====
	At 30 June 2001	44,263	-
		=====	=====

4. Investments

Long term investments

The Group

	Quoted ----- Rs'000	Unquoted ----- Rs'000	Total ----- Rs'000
Valuation			
At 1 July 2001	465,200	1,802,315	2,267,515
Prior year adjustment	-	(144,680)	(144,680)
	-----	-----	-----
As restated	465,200	1,657,635	2,122,835
Additions	-	12,362	12,362
Disposals	-	(8,668)	(8,668)
	-----	-----	-----
	465,200	1,661,329	2,126,529
Loss on revaluation	(26,427)	(36,964)	(63,391)
Investment written off	-	(7,487)	(7,487)
	-----	-----	-----
At 30 June 2002	438,773	1,616,878	2,055,651
	=====	=====	=====

The State Investment Corporation Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2002

4. Investments (cont'd)

The Company

	Subsidiaries	Quoted	Unquoted	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Valuation				
At 1 July 2001	919,639	474,964	1,481,470	2,876,073
Additions	13,975	-	49,415	63,390
Disposal	-	-	(9,658)	(9,658)
	933,614	474,964	1,521,227	2,929,805
Surplus/(deficit) on revaluation transferred to other reserves	(51,761)	(26,427)	14,797	(63,391)
Investment written off	-	-	(7,415)	(7,415)
At 30 June 2002	881,853	448,537	1,528,609	2,858,999

Subsidiaries

All subsidiaries were incorporated in Mauritius.

	Class of shares	% Holding
	-----	-----
SIC Management Services Company Limited	Ordinary	100
Capital Asset Management Limited	Ordinary	100
SIC Corporate Services Limited	Ordinary	100
Lakepoint Limited	Ordinary	100
State Investment Finance Corporation Limited	Ordinary	80
Prime Real Estate Limited	Ordinary	80
Mauritius Jute and Textiles Industries Limited	Ordinary	75
Le Val Development Limited	Ordinary	70
National Housing Development Company Limited	Ordinary	60
Cargo Handling Corporation Limited	Ordinary	54
Sitrac Limited	Ordinary	53
Belle Mare Plage Casino Limited	Ordinary	53
National Lottery Limited	Ordinary	51
Beach Casinos Limited	Ordinary	51
Casino de Maurice Limited	Ordinary	51
Sun Casinos Limited	Ordinary	51
Le Grand Casino Du Domaine Limited	Ordinary	51
Le Caudan Waterfront Casino Limited	Ordinary	51

The State Investment Corporation Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2002

4. Investments (cont'd)

	The Group		The Company	
	2002	2001	2002	2001
	Rs '000	Rs '000	Rs '000	Rs '000
Cost/market value				
At 1 July 2001	50,460	18,243	18,371	18,243
Additions	233	34,766	233	2,677
Disposal	(33,823)	(279)	(3,708)	(279)
Diminution in value	(4,819)	(2,270)	(2,845)	(2,270)
	-----	-----	-----	-----
At 30 June 2002	12,051	50,460	12,051	18,371
	=====	=====	=====	=====

Companies in which the corporation holds more than 10% of the issued share capital are:

	Class of shares	% Holding
	-----	-----
Air Mauritius Holdings Limited	Ordinary	15
Mauritius Oil Storage Co Ltd	Ordinary	15
Casino Limited	Ordinary	15
DBM Limited	Ordinary	15
Med Point Limited	Ordinary	15
Bychemex Limited	Ordinary	14
Cement Trading Corporation Limited	Ordinary	13
Mauritius Housing Company Limited	Ordinary	13
State Insurance Company of Mauritius Limited	Ordinary	12
Marina Village Hotel	Ordinary	12
First Republic Fund	Ordinary	11
Ciments de l'Océan Indien	Ordinary	11

The State Investment Corporation Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2002

5. Long term receivables

	The Group		The Company	
	2002 Rs '000	2001 Rs'000	2002 Rs '000	2001 Rs '000
Mortgage debtors	632,151	507,426	-	-
Amount due by government on foreign loans taken for infrastructure	77,304	115,951	-	-
Exchange differences on foreign loans	347,863	409,750	-	-
Amount due from Mauritius Housing Company Ltd	250,286	277,013	-	-
Car Loan	1,256	-	-	-
	-----	-----	-----	-----
	1,308,860	1,310,140	-	-
	-----	-----	-----	-----
Deferred taxation asset				
At 01 July 2001	1,380	(1,815)	253	-
Effect of adopting MAS 25	-	268	-	268
Movement during the year (see note 17)	1,815	2,927	17	(15)
	-----	-----	-----	-----
At 30 June 2002	3,195	1,380	270	253
	-----	-----	-----	-----
	1,312,055	1,311,520	270	253
	=====	=====	=====	=====

6. Investment in associates

	Class of shares	% Holding
	-----	-----
Rodrigues Venture Capital and leasing Fund Ltd	Ordinary	50
SME Credit Guarantee Fund Ltd	Ordinary	50
SME Equity Participation Fund Ltd	Ordinary	50
SME Fund Management Co Ltd	Ordinary	49
Ajanta Pharma (Mauritius) Ltd	Ordinary	48
Editions de l'Océan Indien Limitée	Ordinary	48
Mauritius Shopping Paradise Limited	Ordinary	43
Port Louis Fund Ltd	Ordinary	37
The Bagged Sugar Storage and Distribution Co Ltd	Ordinary	37
Mauritius Printing Specialists Co Limited	Ordinary	30
Pointe Coton Resort Hotels Co Limited	Ordinary	28
Splendid Housing Co Ltd	Ordinary	25
The National Mutual Fund Limited	Ordinary	25
State Informatics Limited	Ordinary	20
New Airport Catering Unit Limited	Ordinary	20
Rodrigues Educational Development Co Limited	Ordinary	20
Mauritius Duty Free Paradise Co Ltd	Ordinary	20

The State Investment Corporation Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2002

7. Inventories

	The Group		The Company	
	2002 Rs '000	2001 Rs '000	2002 Rs '000	2001 Rs '000
Raw materials and consumables	12,804	13,468	-	-
Finished goods	5,033	5,662	-	-
Spare parts	870	1,030	-	-
Work in progress	341,033	526,408	-	-
Beverages and foodstuffs	2,519	1,647	-	-
Sundries	8,350	7,584	-	-
	-----	-----	-----	-----
	370,609	555,799	-	-
	=====	=====	=====	=====

8. Trade and other receivables

	The Group		The Company	
	2002 Rs '000	2001 Rs '000	2002 Rs '000	2001 Rs '000
Trade receivables	180,041	263,244	85,985	63,756
Other receivables	297,507	162,904	16,783	12,938
Prepayments	119,839	45,820	183	168
Loans to related companies	-	-	30,728	37,856
	-----	-----	-----	-----
	597,387	471,968	133,679	114,718
	=====	=====	=====	=====

9. Share capital

	The Group		The Company	
	2002 Rs '000	2001 Rs'000	2002 Rs'000	2001 Rs'000
Authorised ,issued and fully paid 10,000,010 Ordinary shares of Rs 10 each	100,000	100,000	100,000	100,000
	=====	=====	=====	=====

The State Investment Corporation Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2002

10. Interest bearing borrowings

	The Group		The Company	
	2002	2001	2002	2001
	Rs '000	Rs '000	Rs '000	Rs '000
Repayable by instalments				
Bank loan falling due after one year but within 5 years	2,101,605	2,213,311	-	-
Finance lease 9.75% debentures (redeemable in 2003)	10,541	9,744	-	-
	400,000	400,000	400,000	400,000
	-----	-----	-----	-----
	2,512,146	2,623,055	400,000	400,000
Less: amount repayable within one year				
Bank loan	(322,457)	(282,810)	-	-
Finance lease	(2,878)	(2,007)	-	-
	-----	-----	-----	-----
	2,186,811	2,338,238	400,000	400,000
	=====	=====	=====	=====

11. Retirement benefit obligations

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.

The State Investment Corporation Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2002

11. Retirement benefit obligations (cont'd)	The Group		The Company	
	2002 Rs '000	2001 Rs '000	2002 Rs '000	2001 Rs '000
Amount recognised in the balance sheet				
Pension plan	260,576	240,067	1,080	1,010
Present value of funded obligations	325,873	269,190	13,810	16,570
Present value of unfunded obligations	35,959	67,437	-	-
Fair value of plan assets	(122,496)	(102,350)	(16,700)	(15,560)
Unrecognised transitional liability/(asset)	239,336	234,277	(2,890)	1,010
Unrecognised actuarial gain	21,240	5,790	3,970	-
Net liability in balance sheet	260,576	240,067	1,080	1,010
Amount recognised in the income statement				
Current service cost	17,287	19,117	720	650
Interest cost	31,724	26,615	1,740	1,610
Expected return	(10,970)	(9,970)	(1,740)	(1,630)
Curtailment or settlement loss	446	-	-	-
Total included in staff costs	38,487	35,762	720	630
Movement in the liability recognised in the balance sheet				
At 1 July 2001	240,067	57,361	1,010	-
Effect of adopting MAS 25	-	155,230	-	1,070
As restated	240,067	212,591	1,010	1,070
Total expenses as above	38,487	35,762	720	630
Less contribution paid	(17,978)	(8,286)	(650)	(690)
Net liability at 30 June 2002	260,576	240,067	1,080	1,010
Actual return	5,574	4,310	-	-
	%	%	%	%
Discount rate	11.00	11.00	10.50	10.50
Expected return on plan assets	11.25	11.25	11.00	11.00
Expected salary escalation	8.50	8.50	7.50	7.50
Future pension increases	6.00	6.00	7.50	7.50

The State Investment Corporation Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2002

12. Deferred taxation

	The Group		The Company	
	2002	2001	2002	2001
	Rs '000	Rs '000	Rs '000	Rs '000
At 1 July 2001	878	1,040	169	169
Underprovision in last year (see note 17)	-	5	-	-
Movement during the year (see note 17)	(63)	(167)	-	-
	-----	-----	-----	-----
At 30 June 2002	815	878	169	169
	=====	=====	=====	=====

13. Trade and other payables

	The Group		The Company	
	2002	2001	2002	2001
	Rs '000	Rs '000	Rs '000	Rs '000
Trade creditors	39,787	87,475	-	-
Other creditors	140,361	88,720	-	-
Accruals	243,408	276,807	988	391
	-----	-----	-----	-----
	423,556	453,002	988	391
	=====	=====	=====	=====

14. Revenue

Revenue represents amounts invoiced with respect to goods sold and services rendered during the year excluding value added tax and discounts.

15. Exceptional item

This item includes the net effect of:

Salary arrears;
Capital construction;
Social plan benefit written back;
Retirement benefit;
Management fees;
Investment and loan receivables write off.

The State Investment Corporation Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2002

16. Profit before taxation

	The Group		The Company	
	2002 Rs '000	2001 Rs '000	2002 Rs '000	2001 Rs '000
Profit before taxation is stated after charging:-				
Amortisation	6,328	17,398	-	61
Depreciation	86,198	38,608	3,856	3,060
Interest payable on borrowings	66,546	523,863	39,000	38,946
Loss on sale of fixed assets	-	976	-	-
Staff costs	230,677	213,976	6,077	4,839
	=====	=====	=====	=====
and after crediting:-				
Dividend income	94,214	84,743	186,383	158,860
Interest income	37,108	37,847	18,074	15,508
Profit on sale of investments	30,963	461,684	30,963	112
Profit on sale of fixed assets	4,282	-	280	39
Other income	32,618	20,048	2,093	-
	=====	=====	=====	=====
Average number of staff employed	3,090	2,908	23	16
	=====	=====	=====	=====

The State Investment Corporation Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2002

17. Income tax expense

	The Group		The Company	
	2002 Rs '000	2001 Rs '000	2002 Rs '000	2001 Rs '000 (Restated)
Current tax charge	5,847	6,322	-	-
Underprovision of income tax	140	4	-	-
Underprovision of deferred taxation (see note 12)	-	5	-	-
Deferred taxation (see note 12)	(63)	(167)	-	-
Deferred taxation asset (see note 5)	(1,815)	(2,927)	(17)	15
	-----	-----	-----	-----
Income tax in income statement	4,109	3,237	(17)	15
	=====	=====	=====	=====
Tax reconciliation				
Profit before taxation as per income statement	159,596	122,616	160,695	112,925
	=====	=====	=====	=====
Income tax at 15% - 25%	39,732	30,627	40,173	28,216
Non-deductible expenses	25,322	122,960	6,579	1,595
Tax incentives not recognised in income statement	(20,190)	(15,210)	(911)	(670)
Exempt income	(55,032)	(151,414)	(54,505)	(35,629)
Loss carried forward	16,734	19,785	8,664	6,488
Loss utilised	(719)	(426)	-	-
Under provision of income tax	140	4	-	-
Underprovision of deferred taxation	-	5	-	-
Deferred taxation	(63)	(167)	-	-
Deferred taxation asset	(1,815)	(2,927)	(17)	15
	-----	-----	-----	-----
	4,109	3,237	(17)	15
	=====	=====	=====	=====

The State Investment Corporation Limited

Notes to and forming part of the financial statements
for the year ended 30 June 2002

18. Earnings per share

	2002	The Group	The Company	2001
	Rs '000	2001	2002	Rs'000
		Rs'000	Rs'000	(Restated)
Earnings per share is based on:				
Profit for the year	134,342	100,199	160,712	112, 910
	=====	=====	=====	=====
Equity share in issue (Number)	10,000,010	10,000,010	10,000,010	10,000,010
	=====	=====	=====	=====

Contingencies

At 30 June 2002 contingencies outstanding or pending against the company for which no provision has been made in the accounts amounted to Rs 4,591,000.

20. Precision

The figures are stated to the nearest thousand of Mauritian Rupees.