

**The State Investment Corporation Limited**

**Financial Statements**

**30 June 2004**

**The State Investment Corporation Limited**  
Financial Statements  
30 June 2004

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

We have audited the financial statements of The State Investment Corporation Limited for the year ended 30 June 2004 set out on pages 3 to 30.

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinion we have formed.

### **Directors' responsibilities**

The directors are responsible for the preparation of financial statements which comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the Group and the 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 the 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 the Company other than in our capacities as auditors and tax advisors.

**Auditors' report to the shareholders of The State Investment Corporation Limited  
(continued)**

**Opinion**

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

In our opinion:

- proper accounting records have been kept by the Group and the Company as far as it 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 the Company as at 30 June 2004, and of the results of their operations and cash flows for the year then ended, and comply with the Companies Act 2001 and International Financial Reporting Standards.

**KPMG**

*Public Accountants*

Port Louis

Date:

# The State Investment Corporation Limited

## Consolidated Balance Sheet

at 30 June 2004

	Note	The Group		The Company	
		2004	2003	2004	2003
		Rs'000	Rs'000	Rs '000	Rs '000
<b>ASSETS</b>					
Property, plant and equipment	3	953,042	749,101	31,302	35,568
Intangible assets	4	412	370	412	370
Investment property	5	1,125,820	1,082,455	-	-
Long term investments	6	3,370,335	2,692,081	4,143,931	3,633,756
Investment in associates	7	532,355	432,172	-	-
Long term receivables	8	1,148,480	1,167,112	-	270
		-----	-----	-----	-----
		-	-	-	-
<b>Total non-current assets</b>		<b>7,130,444</b>	<b>6,123,291</b>	<b>4,175,645</b>	<b>3,669,964</b>
		-----	-----	-----	-----
		-	-	-	-
<b>Current assets</b>					
Current investments	6	659	5,116	582	2,116
Inventories	9	785,742	476,674	-	-
Trade and other receivables	10	742,595	622,055	314,231	183,272
Short term deposits		57,492	202,981	4,460	202,981
Cash and bank balances		382,426	395,917	23,939	11,255
		-----	-----	-----	-----
<b>Total current assets</b>		<b>1,968,914</b>	<b>1,702,743</b>	<b>343,212</b>	<b>399,624</b>
		-----	-----	-----	-----
<b>Total assets</b>		<b>9,099,358</b>	<b>7,826,034</b>	<b>4,518,857</b>	<b>4,069,588</b>
		=====	=====	=====	=====
<b>EQUITY</b>					
<b>Capital and reserves</b>					
Share capital	11	100,000	100,000	100,000	100,000
Investment revaluation reserve	11	2,789,408	2,142,291	2,701,045	2,257,993
Property revaluation reserve	11	79,998	79,998	-	-
Revenue reserve	11	1,417,402	1,241,346	1,430,061	1,309,127
		-----	-----	-----	-----
<b>Total equity</b>		<b>4,386,808</b>	<b>3,563,635</b>	<b>4,231,106</b>	<b>3,667,120</b>
		-----	-----	-----	-----
Capital grant		448	1,027	-	-
		-----	-----	-----	-----
<b>Minority interest</b>		<b>1,166,493</b>	<b>1,133,136</b>	<b>-</b>	<b>-</b>
		-----	-----	-----	-----

The notes on pages 9 to 30 form part of these financial statements.

# The State Investment Corporation Limited

## Consolidated Balance Sheet (continued)

at 30 June 2004

	Note	The Group		The Company	
		2004 Rs'000	2003 Rs'000	2004 Rs '000	2003 Rs '000
<b>Non-current liabilities</b>					
Interest bearing borrowings	12	<b>1,795,487</b>	1,615,033	<b>120,000</b>	-
Retirement benefit obligations	13	<b>271,839</b>	267,027	<b>1,330</b>	770
Deferred taxation	14	<b>329</b>	749	-	169
		-----	-----	-----	-----
<b>Total non-current liabilities</b>		<b>2,067,655</b>	1,882,809	<b>121,330</b>	939
		-----	-----	-----	-----
<b>Current liabilities</b>					
Bank overdraft		<b>187,685</b>	46,504	-	-
Trade and other payables	15	<b>851,822</b>	385,014	<b>133,318</b>	1,529
Taxation		<b>45,848</b>	33,890	<b>9,102</b>	-
Current portion of interest bearing borrowings	12	<b>392,599</b>	780,019	<b>24,001</b>	400,000
		-----	-----	-----	-----
<b>Total current liabilities</b>		<b>1,477,954</b>	1,245,427	<b>166,421</b>	401,529
		-----	-----	-----	-----
<b>Total liabilities</b>		<b>3,545,609</b>	3,128,236	<b>287,751</b>	402,468
		-----	-----	-----	-----
<b>Total equity, minority interest and liabilities</b>		<b>9,099,358</b>	7,826,034	<b>4,518,857</b>	4,069,588
		=====	=====	=====	=====

Approved by the Board on .....

.....  
*Director*

.....  
*Director*

The notes on pages 9 to 30 form part of these financial statements.

## The State Investment Corporation Limited

### Consolidated Income Statement

for the year ended 30 June 2004

	Note	The Group		The Company	
		2004 Rs '000	2003 Rs '000	2004 Rs '000	2003 Rs '000
Revenue	16	<b>2,159,680</b>	1,904,418	-	-
Cost of sales		<b>(1,161,551)</b>	(947,162)	-	-
<b>Gross profit</b>		<b>998,129</b>	957,256	-	-
Dividend and interest income		<b>109,047</b>	87,505	<b>195,302</b>	181,947
Other income		<b>38,438</b>	128,303	<b>3,992</b>	5,825
Share of profit from associates		<b>99,167</b>	69,054	-	-
		<b>1,244,781</b>	1,242,118	<b>199,294</b>	187,772
Administrative expenses		<b>(422,154)</b>	(427,902)	<b>(26,493)</b>	(19,676)
Operating expenses		<b>(183,363)</b>	(155,907)	<b>(7,968)</b>	(7,740)
Loss on revaluation of investment		<b>(13,485)</b>	-	<b>(13,485)</b>	-
Gain on revaluation of investment property		<b>43,365</b>	-	-	-
		<b>(575,637)</b>	(583,809)	<b>(47,946)</b>	(27,416)
<b>Profit from operations</b>		<b>669,144</b>	658,309	<b>151,348</b>	160,356
Finance costs		<b>(24,534)</b>	(55,737)	<b>(21,218)</b>	(39,317)
Profit before taxation	17	<b>644,610</b>	602,572	<b>130,130</b>	121,039
Gaming tax		<b>(408,686)</b>	(402,253)	-	-
Income tax expense	18	<b>(10,118)</b>	(3,666)	<b>(9,202)</b>	-
Profit after taxation		<b>225,806</b>	196,653	<b>120,928</b>	121,039
Minority interest		<b>(49,750)</b>	(60,520)	-	-
Profit available to shareholders		<b>176,056</b>	136,133	<b>120,928</b>	121,039
Earnings per share (Rs)	19	<b>17.61</b>	13.61	<b>12.09</b>	12.10
Dividend per share – (Rs)	20	-	-	-	-

The notes on pages 9 to 30 form part of these financial statements.

## The State Investment Corporation Limited

### Statement of Changes in Equity

for the year ended 30 June 2004

#### The Group

	Share capital	Investment revaluation reserve	Property revaluation reserve	Revenue reserve	Total
	Rs '000	Rs '000	Rs '000	Rs '000	Rs '000
Balance at 1 July 2002	100,000	1,436,605	6,589	1,105,213	2,648,407
Profit for the year				136,133	136,133
Revaluation surplus	-	705,686	73,409	-	779,095
Balance as at 30 June 2003	100,000	2,142,291	79,998	1,241,346	3,563,635
Profit for the year	-	-	-	176,056	176,056
Revaluation surplus	-	647,117	-	-	647,117
<b>Balance at 30 June 2004</b>	<b>100,000</b>	<b>2,789,408</b>	<b>79,998</b>	<b>1,417,402</b>	<b>4,386,808</b>

#### The Company

	Share capital	Investment revaluation reserve	Revenue reserve	Total
	Rs '000	Rs '000	Rs '000	Rs '000
Balance at 1 July 2002	100,000	1,586,686	1,188,088	2,874,774
Profit for the year	-	-	121,039	121,039
Revaluation surplus	-	671,307	-	671,307
Balance at 30 June 2003	100,000	2,257,993	1,309,127	3,667,120
Profit for the year	-	-	120,928	120,928
Revaluation surplus	-	443,058	-	443,058
<b>Balance at 30 June 2004</b>	<b>100,000</b>	<b>2,701,051</b>	<b>1,430,055</b>	<b>4,231,106</b>

The notes on pages 9 to 30 form part of these financial statements.

## The State Investment Corporation Limited

### Cash Flow Statement

for the year ended 30 June 2004

	The Group		The Company	
	2004 Rs '000	2003 Rs '000	2004 Rs '000	2003 Rs '000
<b>Cash flows from operating activities</b>				
Profit before taxation	644,610	602,572	130,130	121,039
<b>Adjustments:</b>				
Amortisation	262	92	262	92
Depreciation	75,909	71,455	5,077	4,469
Interest receivable	(23,487)	(40,672)	(79)	(21,304)
Interest payable	37,357	55,737	1,201	39,103
Dividend income	(82,608)	(46,833)	(107,120)	(160,641)
Share of profit from associates	(99,167)	(69,054)	-	-
Loss on disposal of investments	4,763	404	4,763	-
Loss on disposal of property, plant and equipment	13,384	927	-	-
Decrease/(increase) in value of current investments	4,457	(6,636)	(844)	(808)
Gain on exchange	(2,897)	(1,092)	-	-
Long term investment written off	21,016	536	21,016	536
Interest payable on finance lease	376	297	-	-
Amortisation of capital grant	(579)	(368)	-	-
Increase/(decrease) in retirement benefit obligations	4,812	6,451	560	(310)
	-----	-----	-----	-----
	598,208	573,816	54,966	(17,824)
Increase in inventories	(309,068)	(106,065)	-	-
Decrease in long term receivables	18,362	20,573	-	-
Increase in trade and other receivables	(200,676)	(24,668)	(225,129)	(49,593)
Increase/(decrease) in trade and other payables	473,077	(47,029)	142,248	541
	-----	-----	-----	-----
<b>Net cash flow from operating activities</b>	<b>579,903</b>	<b>416,627</b>	<b>(27,915)</b>	<b>(66,876)</b>
	-----	-----	-----	-----
<b>Dividend received from associates</b>	<b>80,081</b>	<b>50,961</b>	<b>-</b>	<b>-</b>
	-----	-----	-----	-----
<b>Taxation</b>				
Tax paid	(416,098)	(408,762)	-	-
	-----	-----	-----	-----
<b>Investing activities</b>				
Purchase of property, plant and equipment	(332,961)	(113,266)	(811)	(5,424)
Purchase of investments	(91,531)	(42,192)	(90,515)	(98,844)
Expenditure on intangible assets	(304)	(462)	(304)	(462)
Proceeds from sale of property, plant and equipment	35,576	2,181	-	-
Proceeds from sale of investments	3,562	38,045	3,562	5,601
Interest received	27,610	40,672	9,510	21,304
Dividend received	81,437	46,833	188,287	160,641
Dividend paid to minority	(19,404)	(20,687)	-	-
	-----	-----	-----	-----
<b>Net cash flow from investing activities</b>	<b>(296,015)</b>	<b>(48,876)</b>	<b>109,729</b>	<b>82,816</b>
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The notes on pages 9 to 30 form part of these financial statements.

## The State Investment Corporation Limited

### Cash Flow Statement (continued)

for the year ended 30 June 2004

	The Group		The Company	
	2004 Rs '000	2003 Rs '000	2004 Rs '000	2003 Rs '000
<b>Financing activities</b>				
Dividend paid	(2,976)	(6,033)	-	-
Interest paid	(37,357)	(55,737)	(10,767)	(39,103)
Interest on finance lease	(733)	(3,035)	-	-
Lease	13,444	-	-	-
Lease repayment	(3,633)	-	-	-
Loan received	593,288	275,766	150,000	-
Repayment of loan	(410,065)	(158,672)	(6,884)	-
Redemption of debentures	(400,000)	-	(400,000)	-
Capital grant	-	1,027	-	-
<b>Net cash flow from financing activities</b>	<b>(248,032)</b>	<b>53,316</b>	<b>(267,651)</b>	<b>(39,103)</b>
Net cash (outflow)/inflow	(300,161)	63,266	(185,837)	(23,163)
Cash and cash equivalents at 01 July	552,394	489,128	214,236	237,399
Cash and cash equivalents at 30 June	252,233	552,394	28,399	214,236
<b>Represented by:</b>				
Short term deposits	57,492	202,981	4,460	202,981
Cash and bank balances	382,426	395,917	23,939	11,255
Bank overdraft	(187,685)	(46,504)	-	-
	252,233	552,394	28,399	214,236

The notes on pages 9 to 30 form part of these financial statements.

## **The State Investment Corporation Limited**

### **Notes to and forming part of the financial statements**

*for the year ended 30 June 2004*

#### **1. General information**

##### *(a) Statutory information*

The State Investment Corporation Limited ('the Company') was incorporated as a private Company on 21<sup>st</sup> August 1984 and was converted into a public Company on 7<sup>th</sup> April 1992. The address of the registered office is 15<sup>th</sup> Floor of Air Mauritius Centre, John Kennedy Street, Port Louis. The consolidated financial statements of the Company for the year ended 30 June 2004 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

##### *(b) Business activity*

The State Investment Corporation acts as the investment arm of the Government of Mauritius and provides funds for the realisation of high-growth entrepreneurial ventures and assisting businesses to industry leadership position. It also invests in quoted and unquoted securities.

The objective of the Corporation is to provide funds, predominantly equity, for the realisation of projects in key economic sectors. Investment may be commercial, strategic or pioneering in nature. Commercial investments are selected on the basis of high financial and economic pay back rates. Strategic investments are important for the economic development of the country.

#### **2. Significant accounting policies**

##### *(a) Statement of compliance*

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

##### *(b) Basis of preparation*

The consolidated financial statements are presented in Mauritian Rupees, rounded to the nearest thousand. They are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments, investments held for trading, investments held as available for sale, investment property and freehold land and buildings included in property, plant and equipment.

Non-current assets and disposal Groups held for sale are stated at lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## **The State Investment Corporation Limited**

### **Notes to and forming part of the financial statements**

*for the year ended 30 June 2004*

#### **2. Significant accounting policies (continued)**

##### *(b) Basis of preparation (continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### *(c) Basis of consolidation*

###### *(i) Subsidiaries*

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

###### *(ii) Associates*

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

###### *(iii) Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the group's interest in the enterprise. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## The State Investment Corporation Limited

### Notes to and forming part of the financial statements

for the year ended 30 June 2004

#### 2. Significant accounting policies (continued)

##### (d) Property, plant and equipment

###### (i) Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes all costs directly attributable to bringing the asset to working condition for their intended use.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

###### (ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated at an amount equal to the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses.

###### (iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the income statement as an expense as incurred.

###### (iv) Depreciation

Depreciation is calculated to write off the cost of the assets on a straight line basis over the expected useful lives of such assets. Additions during the year bear a due proportion of the annual depreciation charge. The annual depreciation rates used for the purpose are as follows:

Land and buildings	-	2% - 5%
Plant, machinery and equipment	-	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.

Gains and losses on disposal of property, plant and equipment are determined by reference to their written down value and are included in determining operating profit.

## **The State Investment Corporation Limited**

### **Notes to and forming part of the financial statements**

*for the year ended 30 June 2004*

#### **2. Significant accounting policies (continued)**

##### *(e) Intangible assets*

###### *(i) Goodwill*

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses. In respect of associates the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

###### *(ii) Other intangible assets*

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

###### *(iii) Amortisation*

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Goodwill is amortised from the date of initial recognition, other intangible assets are amortised from the date they are available for sale. The estimated useful lives are as follows:

Goodwill	-	5 years
Computer software	-	5 years

Goodwill arising on acquisition has been fully amortised.

##### *(f) Investment property*

Investment property is stated at fair value determined annually by an independent registered valuer. Fair value is based on current prices in an active market for similar properties in the same location and condition. Any gain or loss arising from a change in fair value is recognised in the income statement.

##### *(g) Long term investments*

Investments are classified as available-for-sale. Investments are initially recognised at cost, including transactions cost.

Quoted investments are subsequently valued at fair value based on quoted bid prices. Unquoted investments are subsequently valued at net assets value, price earnings ratio, dividend yield as considered appropriate by the directors. Gains and losses arising from changes in the fair value of investments are recognised in equity.

## **The State Investment Corporation Limited**

### **Notes to and forming part of the financial statements**

*for the year ended 30 June 2004*

#### **2. Significant accounting policies (continued)**

##### *(h) Current investments*

Current investments are classified as held for trading and are stated at fair value, with any resulting gain or loss recognised in the income statement. Where the Group has the positive intent and ability to hold government bonds to maturity, they are stated at amortised cost less impairment losses.

##### *(h) Inventories*

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

##### *(i) Trade and other receivables*

Trade and other receivables are stated at their cost less impairment losses.

##### *(j) Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and in hand. Bank overdraft is included as a component of cash and cash equivalents for the purpose of the cash flow statement.

##### *(k) Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on effective interest basis.

##### *(l) Employee benefits - defined benefit plan*

(i) The Group participates in a defined benefit pension plan. The Group's net obligation in respect of defined benefit pension plan is calculated by estimating its proportionate share of the amount of future benefit that its employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine the present value, and its proportionate share of the fair value of any plan assets is deducted. The discount rate is the yield at balance sheet date. The calculation is performed by a qualified actuary using the projected unit credit method.

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

## **The State Investment Corporation Limited**

### **Notes to and forming part of the financial statements**

*for the year ended 30 June 2004*

#### **2. Significant accounting policies (continued)**

##### *(l) Employee benefits - defined benefit plan (continued)*

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

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

##### *(ii) Defined contribution plans*

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

##### *(iii) Other post retirement benefits*

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

##### *(m) Trade and other payables*

Trade and other payables are stated at their cost.

##### *(n) Impairment*

The carrying amounts of the Group's and the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash - generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement in the period in which the impairment is identified.

## **The State Investment Corporation Limited**

### **Notes to and forming part of the financial statements**

*for the year ended 30 June 2004*

#### **2. Significant accounting policies (continued)**

(o) *Related parties*

For the purposes of these financial statements, parties are considered to be related to the Group and/or the Company if they have the ability, directly or indirectly, to control the Group and/or the Company or exercise significant influence over the Group and/or the Company in making financial and operating decisions, or vice versa, or where the Group and/or the Company are subject to common control or common significant influence. Related parties may be individuals or other entities.

(p) *Provisions*

A provision is recognised in the balance sheet when the Group and the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(q) *Revenue recognition*

Revenue represents sale of goods, net of discounts, Value Added Tax, returns and allowances and is recognised in the income statement when significant risks and rewards of ownership have been transferred to the buyer. Revenue for services rendered are recognised at the time they are rendered to customers. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Interest income is recognised in the income statement as accrued.

Dividends are recognised as income on the dates the securities are first quoted “ex-dividend” to the extent that information thereon is reasonably available to the Group and the Company.

(r) *Net finance costs*

Net finance costs of the Group comprise interest expense, interest income and dividend income.

(s) *Taxation*

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

## The State Investment Corporation Limited

### Notes to and forming part of the financial statements for the year ended 30 June 2004

#### 2. Significant accounting policies (continued)

##### (s) Taxation (continued)

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

##### (t) Foreign currencies

Transactions in foreign currencies are translated to Mauritian Rupee at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date and gains or losses on translation are recognised in the income statement.

#### 3. 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
<i>Cost or Valuation</i>						
At 1 July 2003	471,610	442,091	253,234	63,383	-	1,230,318
Asset written off	-	-	-	(444)	-	(444)
Additions	130,966	32,126	12,568	6,301	151,000	332,961
Disposal	(44,194)	(14,170)	(15,432)	(5,639)	-	(79,435)
Deficit on revaluation	-	(128,780)	-	-	-	(128,780)
<b>At 30 June 2004</b>	<b>558,382</b>	<b>331,267</b>	<b>250,370</b>	<b>63,601</b>	<b>151,000</b>	<b>1,354,620</b>
<i>Depreciation</i>						
At 1 July 2003	55,499	232,290	150,665	42,763	-	481,217
Charge for the year	10,260	37,137	18,925	9,587	-	75,909
Asset written off	(325)	-	(565)	(684)	-	(1,574)
Disposal	(5,205)	(13,603)	(11,894)	(4,478)	-	(35,180)
Adjustment on revaluation	-	(118,794)	-	-	-	(118,794)
<b>At 30 June 2004</b>	<b>60,229</b>	<b>137,030</b>	<b>157,131</b>	<b>47,188</b>	<b>-</b>	<b>401,578</b>
<i>Net book value</i>						
<b>At 30 June 2004</b>	<b>498,153</b>	<b>194,237</b>	<b>93,239</b>	<b>16,413</b>	<b>151,000</b>	<b>953,042</b>
At 30 June 2003	416,111	209,801	102,569	20,620	-	749,101

## The State Investment Corporation Limited

### Notes to and forming part of the financial statements

for the year ended 30 June 2004

#### 3. Property, plant and equipment (continued)

- (a) The land and buildings were revalued in June 2003 by Mr Noor Dilmohamed {Bsc (Appl) Val, Dip L.S., FAPI}, Certified Practising Valuer, at Rs 230,000,000 based on the open market value. The surplus on revaluation has been credited to revaluation reserve.

If the land and buildings were stated at historical cost, the carrying amounts would have been as follows:

	<b>2004</b>	2003
	<b>Rs'000</b>	Rs'000
Cost	<b>180,436</b>	177,536
Accumulated depreciation	<b>(25,456)</b>	(20,945)
Net book value	<b>154,980</b>	156,591

- (b) Cargo handling equipment to the net book value of Rs 119,552,827 at 30 June 2004 was revalued at Rs 109,567,070 at the same date.

- (c) Bank borrowings are secured on properties to the value of Rs 68,000,000.

- (d) The net book value of assets held under finance lease is as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	2003	<b>2004</b>	2003
	<b>Rs'000</b>	Rs'000	<b>Rs'000</b>	Rs'000
Plant and equipment	<b>16,995</b>	1,452	-	-
Motor vehicle	<b>3,774</b>	3,732	-	-
	<b>20,769</b>	5,184	-	-

## The State Investment Corporation Limited

### Notes to and forming part of the financial statements for the year ended 30 June 2004

#### 3. Property, plant and equipment (continued)

##### The Company

	Land and buildings	Office furniture and fittings	Motor vehicles	Total
	----- Rs'000	----- Rs'000	----- Rs'000	----- Rs'000
<i>Cost</i>				
At 1 July 2003	25,122	14,508	15,343	54,973
Additions	-	811	-	811
<b>At 30 June 2004</b>	<b>25,122</b>	<b>15,319</b>	<b>15,343</b>	<b>55,784</b>
<i>Depreciation</i>				
At 1 July 2003	4,017	8,534	6,854	19,405
Charge for the year	505	1,768	2,804	5,077
<b>At 30 June 2004</b>	<b>4,522</b>	<b>10,302</b>	<b>9,658</b>	<b>24,482</b>
<i>Net book value</i>				
<b>At 30 June 2004</b>	<b>20,600</b>	<b>5,017</b>	<b>5,685</b>	<b>31,302</b>
At 30 June 2003	21,105	5,974	8,489	35,568

#### 4. Intangible assets

	The Group Rs '000	The Company Rs '000
<i>Cost</i>		
At 1 July 2003	24,188	462
Additions	304	304
At 30 June 2004	24,492	766
<i>Amortisation</i>		
At 1 July 2003	23,818	92
Charge for the year	262	262
At 30 June 2004	24,080	354
<i>Net book value</i>		
<b>At 30 June 2004</b>	<b>412</b>	<b>412</b>
At 30 June 2003	370	370

## The State Investment Corporation Limited

### Notes to and forming part of the financial statements for the year ended 30 June 2004

#### 5. Investment property

	<b>The Group Rs '000</b>	<b>The Company Rs '000</b>
<i>Fair Value</i>		
At 1 July 2003	1,082,455	-
Surplus on revaluation	43,365	-
	-----	-----
<b>At 30 June 2004</b>	<b>1,125,820</b>	<b>-</b>
	=====	=====

A professional valuation of the Group's investment property was carried out based on open market value by Mr N. Dilmohamed, {Bsc (Appl) Val, Dip L.S., FAPI}, Certified Practising Valuer.

	<b>The Group Rs '000</b>	<b>The Company Rs '000</b>
(a) Rental income from the investment property	-	-
	=====	=====
(b) Operating expenses arising on the investment property in the period:		
	<b>The Group Rs '000</b>	<b>The Company Rs '000</b>
- that did not generate rental income during the year	2,682	-
	=====	=====

#### 6. Investments

##### *Long term investments*

##### **The Group**

	<b>Quoted ----- Rs'000</b>	<b>Unquoted ----- Rs'000</b>	<b>Total ----- Rs'000</b>
<b>At 30 June 2004</b>	<b>686,939</b>	<b>2,683,396</b>	<b>3,370,335</b>
	=====	=====	=====
At 30 June 2003	537,515	2,154,566	2,692,081
	=====	=====	=====

## The State Investment Corporation Limited

Notes to and forming part of the financial statements  
for the year ended 30 June 2004

### 6. Investments (continued)

The Company	Subsidiaries	Quoted	Unquoted	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At 30 June 2004	1,354,693	685,763	2,103,475	4,143,931
At 30 June 2003	1,349,450	541,847	1,742,459	3,633,756

#### Current investments

	The Group		The Company	
	2004 Rs '000	2003 Rs '000	2004 Rs '000	2003 Rs '000
Market value				
At 30 June	659	5,116	582	2,116

#### Subsidiaries

All subsidiaries and effectively held 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
Rodrigues Boatyard Ltd	Ordinary	100
Lakepoint Limited	Ordinary	90
Gamelink Ltd	Ordinary	80
State Investment Finance Corporation Limited	Ordinary	80
Prime Real Estate Limited	Ordinary	80
Mauritius Jute and Textiles Industries Limited	Ordinary	75
Guibies Properties Ltd	Ordinary	72
Guibies Holding Ltd	Ordinary	72
Compagnie Mauricienne Hippodromes Ltée	Ordinary	72
Le Val Development Limited	Ordinary	70
Domaine Les Pailles Ltée	Ordinary	67
National Housing Development Company Limited	Ordinary	60
Cargo Handling Corporation Limited	Ordinary	54
Sitrac Limited	Ordinary	53
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 2004

#### 6. Investments (continued)

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
Development Bank of Mauritius Ltd	Ordinary	15
Med Point Limited	Ordinary	15
Bychemex Limited	Ordinary	14
Mauritius Housing Company Limited	Ordinary	13
State Insurance Company of Mauritius Limited	Ordinary	12
Marina Village Hotel Ltd	Ordinary	12
First Republic Fund	Ordinary	11

#### 7. 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
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
National Equity Fund	Ordinary	25
State Informatics 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 2004

#### 8. Long term receivables

	The Group		The Company	
	2004 Rs '000	2003 Rs '000	2004 Rs '000	2003 Rs '000
Mortgage debtors	827,692	681,538	-	-
Amount due by government on foreign loans taken for infrastructure	-	38,657	-	-
Exchange differences on foreign loans	85,597	200,147	-	-
Amount due from Mauritius Housing Company Ltd	170,114	181,514	-	-
Car Loan	2,900	2,809	-	-
	<b>1,086,303</b>	<b>1,104,665</b>	<b>-</b>	<b>-</b>
<i>Deferred tax asset</i>				
At 01 July	62,447	59,005	270	270
Movement during the year (see note 18)	(270)	3,442	(270)	-
<b>At 30 June</b>	<b>62,177</b>	<b>62,447</b>	<b>-</b>	<b>270</b>
	<b>1,148,480</b>	<b>1,167,112</b>	<b>-</b>	<b>270</b>

#### 9. Inventories

	The Group		The Company	
	2004 Rs '000	2003 Rs '000	2004 Rs '000	2003 Rs '000
Raw materials and consumables	31,566	19,048	-	-
Finished goods	4,913	2,517	-	-
Spare parts	3,245	3,056	-	-
Work in progress	742,649	448,533	-	-
Beverages and foodstuffs	3,369	1,665	-	-
Sundries	-	1,855	-	-
	<b>785,742</b>	<b>476,674</b>	<b>-</b>	<b>-</b>

Inventories are stated at cost.

## The State Investment Corporation Limited

### Notes to and forming part of the financial statements

for the year ended 30 June 2004

#### 10. Trade and other receivables

	The Group		The Company	
	2004 Rs '000	2003 Rs '000	2004 Rs '000	2003 Rs '000
Trade receivables	208,159	188,895	106,760	97,599
Other receivables	480,087	301,372	99,719	35,285
Prepayments	54,349	131,788	253	190
Loans to related companies	-	-	107,499	50,198
	-----	-----	-----	-----
	<b>742,595</b>	622,055	<b>314,231</b>	183,272
	=====	=====	=====	=====

#### 11. Share capital

	2004 Rs '000	2003 Rs '000
<i>Authorised, issued and fully paid</i>		
10,000,010 Ordinary shares of Rs 10 each	100,000	100,000
	=====	=====

#### Other Reserves

Other reserves include:

##### (i) *Investment revaluation reserve*

Investment revaluation reserve relates to the fair valuation of quoted and unquoted investments.

##### (ii) *Property revaluation reserve*

Property revaluation reserve relates to the revaluation of the Group's buildings, freehold land, roads and improvements to land.

##### (iii) *Revenue reserve*

Revenue reserve relates to profit and loss carried forward at year end.

## The State Investment Corporation Limited

### Notes to and forming part of the financial statements

for the year ended 30 June 2004

#### 12. (a) Interest bearing borrowings

	The Group		The Company	
	2004 Rs '000	2003 Rs '000	2004 Rs '000	2003 Rs '000
<i>Repayable by instalments</i>				
Bank loan falling due after one year	2,170,866	1,970,395	144,001	-
Finance lease {see note 12(b)}	17,220	7,410	-	-
9.75% debentures	-	400,000	-	400,000
Others	-	17,247	-	-
	<b>2,188,086</b>	<b>2,395,052</b>	<b>144,001</b>	<b>400,000</b>
Less: amount repayable within one year				
Bank loan	(387,210)	(359,574)	(24,001)	-
Finance lease {see note 12(b)}	(5,389)	(3,198)	-	-
9.75% debentures	-	(400,000)	-	(400,000)
Others	-	(17,247)	-	-
	<b>(392,599)</b>	<b>(780,019)</b>	<b>(24,001)</b>	<b>(400,000)</b>
Amount repayable after one year but within 5 years	<b>1,795,487</b>	<b>1,615,033</b>	<b>120,000</b>	<b>-</b>

The bank borrowings are secured over certain of the land and buildings of the Group (note 3). In addition, borrowings to the value of Rs 290,115,639 are guaranteed by Government.

#### (b) Obligations under Finance Lease

	The Group		The Company	
	2004 Rs '000	2003 Rs '000	2004 Rs '000	2003 Rs '000
<i>Within one year:</i>				
Minimum lease payable	6,727	4,042	-	-
Finance charges allocated to future periods	(1,338)	(844)	-	-
	<b>5,389</b>	<b>3,198</b>	<b>-</b>	<b>-</b>
<i>After one year and within five years:</i>				
Minimum lease payable	11,831	4,772	-	-
Finance charges allocated to future periods	-	(560)	-	-
	<b>11,831</b>	<b>4,212</b>	<b>-</b>	<b>-</b>
	<b>17,220</b>	<b>7,410</b>	<b>-</b>	<b>-</b>

## The State Investment Corporation Limited

### Notes to and forming part of the financial statements

for the year ended 30 June 2004

#### 13. 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 Group		The Company	
	2004 Rs '000	2003 Rs '000	2004 Rs '000	2003 Rs '000
<i>Amount recognised in the balance sheet</i>				
Pension plan	271,839	267,027	1,330	770
Present value of funded obligations	614,270	439,588	24,600	20,870
Present value of unfunded obligations	4,729	37,599	-	-
Fair value of plan assets	(230,300)	(173,210)	(22,210)	(19,290)
Unrecognised transitional liability	388,699	303,977	2,390	1,580
Unrecognised actuarial gain	(116,860)	(36,950)	(1060)	(810)
Net liability in balance sheet	271,839	267,027	1,330	770
<i>Amount recognised in the income statement</i>				
Current service cost	25,860	23,668	1,010	640
Interest cost	42,460	39,656	2,190	1,440
Expected return	(19,790)	(16,070)	(2,150)	(1,880)
Curtailment or settlement loss	21,430	1,850	1,020	580
Total included in staff costs	69,960	49,104	2,070	780
<i>Movement in the liability recognised in the balance sheet</i>				
At 1 July	267,027	260,576	770	1,080
Total expenses as above	69,960	49,104	2,070	780
Less contribution paid	(65,148)	(42,653)	(1,510)	(1,090)
Net liability at 30 June	271,839	267,027	1,330	770
Actual return	10,410	8,100	-	-
	%	%	%	%
Discount rate	11.00	10.50-11.50	10.50	10.50
Expected return on plan assets	11.25	7.00 -11.50	11.00	11.00
Expected salary escalation	8.50	7.50 - 9.50	7.50	7.50
Future pension increases	6.00	6.00 - 7.50	7.50	7.50

## The State Investment Corporation Limited

### Notes to and forming part of the financial statements for the year ended 30 June 2004

#### 14. Deferred taxation

	The Group		The Company	
	2004 Rs '000	2003 Rs '000	2004 Rs '000	2003 Rs '000
At 1 July	749	815	169	169
Movement during the year (see note 18)	(420)	(66)	(169)	-
At 30 June	329	749	-	169

#### *Deferred tax assets*

Deferred tax assets have not been recognised in respect of tax losses carried forward as the directors consider that it is uncertain in the foreseeable future that taxable profits will be available against which the losses can be utilised.

#### 15. Trade and other payables

	The Group		The Company	
	2004 Rs '000	2003 Rs '000	2004 Rs '000	2003 Rs '000
Trade creditors	62,397	74,886	-	-
Other creditors	312,825	74,305	-	-
Dividend payable	5,511	8,487	-	-
Accruals	471,089	227,336	133,318	1,529
	851,822	385,014	133,318	1,529

#### 16. Revenue

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

	The Group		The Company	
	2004 Rs '000	2003 Rs '000	2004 Rs '000	2003 Rs '000
Sale of goods	404,260	424,771	-	-
Sale of services	1,755,420	1,479,647	-	-
	2,159,680	1,904,418	-	-

## The State Investment Corporation Limited

### Notes to and forming part of the financial statements

for the year ended 30 June 2004

#### 17. Profit before taxation

	The Group		The Company	
	2004 Rs '000	2003 Rs '000	2004 Rs '000	2003 Rs '000
<i>Profit before taxation is stated after charging:-</i>				
Amortisation	262	92	262	92
Depreciation	75,909	71,455	5,077	4,469
Interest payable on borrowings	37,745	56,054	20,333	39,103
Loss on sale of property, plant and equipment	13,384	927	-	-
Loss on disposal on investments	4,763	404	-	-
Staff costs	281,331	273,451	11,177	11,624
	=====	=====	=====	=====
<i>and after crediting:-</i>				
Dividend income	82,608	46,833	107,120	160,641
Interest income	23,487	40,672	79	21,304
Net foreign exchange gain	2,897	1,092	-	1,028
Other income	38,438	128,303	3,992	5,825
	=====	=====	=====	=====
Average number of staff employed	2,990	3,047	24	25
	=====	=====	=====	=====

## The State Investment Corporation Limited

### Notes to and forming part of the financial statements for the year ended 30 June 2004

#### 18. Income tax expense

	The Group		The Company	
	2004 Rs '000	2003 Rs '000	2004 Rs '000	2003 Rs '000
Current tax charge	1,728	7,169	-	-
Prior years underprovision of income tax	8,540	5	9,101	-
Deferred taxation liability (see note 14)	(420)	(66)	(169)	-
Deferred taxation asset (see note 8)	270	(3,442)	270	-
<b>Income tax in income statement</b>	<b>10,118</b>	<b>3,666</b>	<b>9,202</b>	<b>-</b>
<i>Tax reconciliation</i>				
Profit before taxation but after Gaming Tax as per income statement	235,924	200,319	120,928	121,039
Income tax at 15% - 25%	44,610	50,079	30,232	30,259
Non-deductible expenses	35,797	15,419	5,190	1,832
Tax incentives not recognised in income statement	(9,916)	(27,495)	(1,190)	(1,186)
Exempt income	(49,988)	(27,154)	(47,277)	(31,669)
Loss carried forward	8,235	-	13,045	764
Loss utilised	(24,702)	(3,680)	-	-
Under provision of income tax in previous years	8,540	5	9,101	-
Change in Tax Rate	192	-	-	-
Deferred taxation liability	(2,650)	(66)	(169)	-
Deferred taxation asset	-	(3,442)	270	-
<b>Income tax in income statement</b>	<b>10,118</b>	<b>3,666</b>	<b>9,202</b>	<b>-</b>

#### 19. Earnings per share

	The Group		The Company	
	2004 Rs '000	2003 Rs '000	2004 Rs'000	2003 Rs'000
<i>Earnings per share is based on:</i>				
Profit for the year	176,056	136,133	120,928	121,039
Equity share in issue (Number)	10,000,010	10,000,010	10,000,010	10,000,010

#### 20. Dividend per share

Subsequent to the year end, a dividend of Rs 3.60 per share has been proposed for the year under review.

## **The State Investment Corporation Limited**

### **Notes to and forming part of the financial statements**

*for the year ended 30 June 2004*

#### **21. Financial instruments and associated risks**

##### **Fair value**

Investments are carried at fair value. The carrying amounts of the Group's and the Company's other financial assets and liabilities approximate their fair values.

##### **Associated risks**

The Group's and the company's activities expose them to various types of risk in the normal course of their business. The following summary is not intended to be comprehensive summary of all risks.

##### *Foreign exchange risk*

The Group and Company are exposed to foreign exchange risk arising from currency exposures. The Group and Company have no defined policy for hedging against foreign exchange risk.

##### *Credit risk*

The Group's and the Company's credit risk are primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's and the Company's management based on prior experience and the current economic environment.

##### *Interest rate risk*

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's only significant interest bearing financial assets and liabilities are cash at bank and bank overdraft and borrowings. Interest income and expense may fluctuate in amount, in particular due to changes in interest rates.

##### *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, securities, the available of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group and the Company aim at maintaining flexibility in funding by keeping committed credit lines available.

#### **22. Related party transactions**

As the Company and the Group are state-controlled enterprises, they have taken advantage of the exemption of IAS 24 with respect to disclosure of transactions with other state-controlled enterprises qualifying as related parties.

## The State Investment Corporation Limited

### Notes to and forming part of the financial statements

for the year ended 30 June 2004

#### 23. Contingencies

At 30 June 2004 contingencies outstanding or pending against the Group and the Company for which no provision has been made in the accounts are as follows:-

	<b>The Group</b>	<b>The Company</b>
	<b>Rs '000</b>	<b>Rs '000</b>
	<b>52,426</b>	-
	=====	=====

#### 24. Capital commitments

	<b>The Group</b>		<b>The Company</b>	
	<b>2004</b>	2003	<b>2004</b>	2003
	<b>Rs '000</b>	Rs '000	<b>Rs'000</b>	Rs'000
<i>Expenditure contracted for but not incurred</i>	<b>227,453</b>	16,763	-	-
	=====	=====	=====	=====
<i>Expenditure approved but not contracted for</i>	<b>366,000</b>	383,000	-	-
	=====	=====	=====	=====

In addition to the above, the Company has approved investment in National Equity Fund for an additional amount of Rs 221 million.