lottotech

ANNUAL REPORT **2015**

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trust

LOTTOTECH AT A GLANCE FOR 2015

JACKPOT WINNERS
22

Total n° of winners
More than 2.5 million

AMOUNT PAID TO WINNERS
Rs 834,306,114

CONSOLIDATED FUND
Rs 388,337,934

NATIONAL SOLIDARITY FUND
Rs 60,388,206

RETAILER COMMISSION
Rs 92,506,409

CORPORATE SOCIAL RESPONSIBILITY
Rs 4,742,913

TURNOVER

Rs 1,675,592,800

EARNINGS PER SHARE

0.12

NET PROFIT BEFORE TAX

Rs 51,087,013

NET PROFIT AFTER TAX

Rs 40,479,703

DIVIDEND PER SHARE

0.16


strength

Vision

To be the preferred gaming provider in Mauritius and the region

Mission

To create and enhance shareholders' value through regulated gaming operations offered in a socially responsible manner

OUR ENGAGEMENT

At Lottotech Ltd we understand the importance of public confidence in our organization and the people who provide our products and services. We are focused on building public trust through good corporate citizenship and taking our social responsibilities seriously throughout every part of our business. From the fair treatment of our employees, putting our players first, to honest and trustworthy relationships with service providers across the country, we live our values every day.

INTEGRITY

Acting transparently, fairly, professionally and in partnership with all of our stakeholders is essential to delivering the best value for the organization, while maximizing returns for the Government and our shareholders. The games we offer and the ways we conduct business are fair, honest and trustworthy.

RESPONSIBILITY

Social responsibility is fundamental to the way we develop our products and services. We operate in a responsible manner using our best effort to protect players and winners. Everything we do is done with consideration of its impact on and for the people and communities where we operate.

INNOVATION

Continual focus on innovation to implement best practices and creative solutions to ensure a high degree of relevance and to meet the challenges of the evolving gaming environment.

PASSION FOR RESULTS

Lottotech Ltd continuously delivers good work and business results and surpasses a defined standard of performance.

To achieve these results, the company is willing to take calculated risks.

CHAIRMAN'S STATEMENT

"Lottotech is a success story since the beginning"

A trusted brand

This past year Lottotech celebrated its 6th Anniversary.

The Lottotech story started as a success story which I, as Chairman, am proud to have been a part of since its inception.

Lottotech was created to operate the Mauritius National Lottery in a socially responsible and entertaining way. The fact that 70% of the adult population participates weekly in Loto with an average of Rs73 is testimony that the responsible gaming strategy has been successful. Underpinning this, is the trust that our customers have in our services and our own ethos. At this point, let me remind our stakeholders that Lottotech operates within the World Lottery Association's Responsible Gaming Framework. The WLA is the Global Professional Association of state lottery and gaming organizations regrouping more than 80 countries on 6 continents.

Participation rates demonstrate that Lottotech is the peoples' lottery. The successful listing of the Company on the Stock Exchange of Mauritius in 2014 clearly reinforced the public support for the Company. Once again, the public showed their trust in us. Over 11,000 shareholders invested in Lottotech. The Board of Directors and Management take responsibility for protecting and growing our shareholders' value very seriously.

Whilst public support for Lottotech remains strong, unfortunately its financial performance and value to the thousands of shareholders have been significantly and adversely affected by the budgetary measures announced in March 2015, which has banned advertising and the sale of the Quick Win games.

The Board of Directors and Management team acted immediately to minimize the impact on the Company and mitigate future risks. The Company restructured its operations within 60 days of the announced budgetary measures to reflect the new reality of its operations. The Board of Directors immediately engaged consultant PwC to validate the actual financial impact of the changes, namely the unsold inventory of Quick Win games and the severance allowance associated with the right sizing of the Company.

These independent reports have been submitted to the Gambling Regulatory Authority ("GRA") with a view to open discussion as to the one time compensation of write offs and severance in the short term. The second part of the discussion is the restoration of the value of the Company. The actions taken by Management are in line with the mandate received from the Board of Directors, to the effect that a solution must be reached in favour of the Company, regarding the prejudice it is suffering. However, to date, no reply has been received from the GRA despite reminders. Consequently, your Board unanimously resolved in March 2016 that it is time for appropriate legal action to be initiated against the GRA as advised by the company legal advisor.

In the meantime, the Management team is ensuring operations are stable and run with the utmost efficiency, integrity, transparency and responsibility. Under the direction of the Board of Directors, the team is also looking at the opportunity to expand its footprint outside Mauritius and transform its current operations to include a digital roadmap in order to enhance its services and meet the needs of future and current players. Nevertheless, I can reassure you that your Board's focus remains resolving the GRA issue in order to restore the company's initial projected profitability.

Lottotech has a strong track record and will do everything within its power to meet the commitment and responsibility to its shareholders. We firmly intend to continue making a difference in the community through our social responsibility projects, even though our contribution to the Consolidated Fund has inevitably decreased. Our Board and Management remain committed to creating value for our employees, stakeholders, shareholders and the country at large.

I would like to take this opportunity to thank the entire Lottotech team for its commitment to excellence and its resilience during this difficult year. I would also like to express my gratitude to our customers and our retail partners as they are at the heart of the Lottotech success story.


resilience

CEO'S STATEMENT

"It's through the resilience of Lottotech that we have been able to be profitable in 2015"

Resilience

This year was definitely a challenging year on all fronts. The budgetary measures that were introduced in March 2015 which banned advertising and the Quick Win category of products had a significant impact on the financial performance of the Company and as a result an impact on our shareholders, our players and retail partners and ultimately all Mauritians. With the support of the Board of Directors and our shareholders, the Management team responded swiftly and took all possible actions, thus ensuring that the Company remained profitable.

The entire Lottotech team has undertaken a review of what we do, how we create value and profits, where we are and where we see ourselves in 2019. While the Company is operating in an environment of uncertainty, there is a commitment to the development of realistic business opportunities within Mauritius and outside the country to enhance the long term health and value of the Company.

Performance

The financial performance of the company was negatively impacted by the loss of the Quick Win category of products as of June 30th, 2015 and the ban on advertising as of March 24th, 2015. The result was a 38% decrease in sales and retailer commissions, a 76% decrease in profit after tax and a 67% decrease in our CSR contribution. However, the quick response of the Lottotech team resulted in a rightsizing of the company to address this new reality. The changes resulted in a profit after tax of Rs 40 million in spite of the one–time costs of severance and write off of Quick Win inventory which totalled Rs 25 million. The contribution to the Consolidated Fund for good causes was Rs 388,337,934, a reduction of 37.5% compared to Rs 622 million in 2014.

Considerable resources were dedicated to the review of operations, strategy and future expansion. In the current context regional expansion and the introduction of new technology will be critical to create sustainable growth.

Driving Growth for the Future

The Company developed and adopted three strategic themes four years ago within a framework of responsible gaming: protect and grow its core lottery business; introduce other forms of games relating to the core lottery business and expand beyond the core.

Protect and Grow the Core Business

The strategy of a lot of players participating in the lottery spending a little has been successful over the past 6 years. Weekly spending is Rs 73 resulting in Mauritius having one of the lowest per capita spend in the world. On the other hand over 70% of the adult population participates. 22 millionaires were created in 2015 and a total of 2,526,416 Loto winners were paid Rs 763,524,140. Consumer research validates that Mauritians love their Loto game and indeed would prefer if they could participate in a draw twice a week as players in over 120 countries do responsibly.

Throughout 2016, the Company will upgrade its systems and software to ensure uninterrupted operations and provide the capacity to diversify its distribution channels and improve services to our customers. This is a significant 6-month project which involves moving the location of the primary and backup data centres; updating the software; replacing our servers, moving from a duplex system to a triplex system and installing software that enables our digital strategy.

We are working closely with our retail partners to ensure that we are offering effective communication and service to our players.

Around the Core Business

The Company continues to deploy its digital roadmap in order to grow its one to one relationships with players and enhance its customer services

Interactive and social gaming through personal devices continues to be the fastest growing category in gaming globally and is predicted to continue to do so. The regulations and the law are silent in Mauritius regarding online interactive gaming. Currently players in Mauritius are able to access unregulated forms of gaming through over 2000 online gaming sites in the grey market. This means the players are not protected and the revenue from these activities is leaving the country.

It is the intention of Lottotech to work closely with the Gambling Regulatory Authority to ensure that players in Mauritius are able to participate in safe, regulated gaming activities and ensure that the revenue stays in Mauritius to benefit the country. Lottotech's international experience lends itself to developing responsible regulations and gaming alternatives in the online interactive space.

Beyond the Core

The Company is currently examining opportunities outside Mauritius. The opportunities range from investments and/or offering management services in developing and established gaming countries. This is being done with the utmost due diligence and third party consultation under the oversight of the Board's Audit and Risk Committee. This is a significant initiative as it is distinct from the current lottery license in Mauritius and has the potential to add value to the Company in the long term. We will be able to leverage on our experience in emerging markets.

Our Partners

We are committed to continued growth in our current markets with our retail partners. We will continue to cultivate our relationships with strategic technology partners as we examine the opportunities to venture into new markets.

Our Systems and Processes

Lottotech Ltd remains committed to its responsible gaming strategy. In 2014, the Company achieved World Lottery Association Level 2 certification of its Responsible Gaming program and is currently seeking WLA Level 3 certification. The WLA responsible gaming certification is the global best practice

In 2013, the Company received the ISO27001:2005 certification which is the world highest standard for information security management systems. Furthermore, the Company has transitioned from ISO 27001:2005 to the new version ISO 27001:2013. Lottotech has successfully renewed its ISO 27001 certification the last 2 years, demonstrating our commitment to information security management system and practicing global best practices.

The Lottotech Charter stipulates IT Governance guidelines and principles which, enable Lottotech to use Information Technologies effectively and efficiently.

Our Customers

The customer is at the heart of Lottotech's strategy. Everything we do is with a customer focus and within a responsible gaming framework. We are grateful to our customers who are responsible for our success and for making a difference every time they play the lottery.

Our customers have raised over Rs 5.6 billion for good causes resulting in making Mauritius a better place to live.

Our People

The Lottotech team is our greatest asset. The expertise and experience they have acquired over the past 6 years in a business unique to the country will position us well going forward. We are committed to diversity in talent, competitive remuneration and personal development to strengthen our ability to enter into new markets.

This past year has pushed the Company to the limits in the challenges to ensure the Company remains profitable and continues to create value going into the future. The financial results of 2015 while severely impacted by the budgetary measures were still profitable even after the exceptional write offs. The team continues to explore all avenues that will lead to value creation. While the workforce has decreased by 31% in 2015 the commitment to highest standards and integrity in our operations has never been stronger. We are committed to investing in the development of our people and we will be diligent in seeking and providing opportunities for continuous learning. The right sizing of the operations has resulted in an increasingly agile team and a greater need for innovation and creative thinking and solutions

Board of Directors

The Chairman and the Board of Directors have provided the support and challenges to ensure that the Company responded swiftly and productively to the budgetary changes and we are very thankful for their continuing support and guidance.

PEFORMANCE REVIEW

Lottotech established a Balanced Scorecard at the beginning of the year which has a strong financial, stakeholders and employee engagement focus. Certain aspects of the financial Key Performance Indicators (KPI's) had to be adjusted taking into account the financial impact of the budgetary measures announced in March 2015. The Company consistently performed within the range of 95%-100% of its KPI's

KPIS : Lottotech Corporate Balanced Scorecard for 2015

Financials

PROVIDE SOCIALLY RESPONSIBLE SHAREHOLDER VALUE

Create and sustain shareholder value

- ✓ Sales
- ✓ Return To Society
- ✓ Return To Shareholder
- ✓ Administrative Cost as % of Sales
- ✓ Net Margin

Stakeholders (Players | Retailers)

ENHANCE IMAGE

CSR Focus

- ✓ Yearly Community Involvement/ Environment Initiatives
- ✓ Transition of ISO27001:2005 to ISO 27001:2013 certification
- IN PROGRESS Certification to WLA Level 3

RELEVANT EXPERIENCE

Player Satisfaction

- ✓ MAINTAIN PLAYER BASE AT RS 5MILLION JACKPOT

Relevant experience

DELIVER WITH QUALITY

Ensure Integrity

Risk Management

- ✓ Risks Mitigation Plans

ENABLE STRATEGY

Effective Leadership

- ✓ 100 % employees with completed performance appraisals KPI's

ENABLE STRATEGY

Employee Engagement

- ✓ Enhance Employee Commitment & Engagement


lottotech team
shareholders
partners
suppliers
regulator
communities
players
media

STAKEHOLDER ENGAGEMENT

Lottotech Team

Objectives

To ensure that Lottotech remains an employer of choice by providing a safe, positive, inspiring work environment.

To be responsive to the needs of the team.

To ensure that the entire team understands the strategic goals of the company and understands how they align with those goals.

Engagements

A combination of face to face and broadcast communications: These include culture and engagement survey, mails and relevant training.

Over the past two years Lottotech has implemented formal job evaluation system in partnership with Hay Group. A performance management process has been put in place to ensure all members of the team understand how they are aligned with the departmental and corporate key performance inidicators.

Lottotech has strived to create a culture of continuous learning. Each member of the team is encouraged to have a personal growth development plan which is supported and supplemented by the Company's targeted development program.

Players

Objectives

Player satisfaction

Responsible gaming

Grow player database

Engagements

Interactions at retail outlets, social media, mailers, magazines, client support services, suveys and communication activities

Retailers

Objectives

Communicate accurate information to the players

Build effective lottery sellers

Enhance visibility of lottery products

Engagements

Commission scheme

Regular incentive programs

Quarterly retailer magazines

Service Support Department available 7 days a week

Sales support

Regulator

Lottotech has developed a positive relationship with the GRA. In addition to ensuring 100% compliance to the GRA Act 2007, Lottotech aspires to collaborate with the GRA in developing an overall responsible gaming strategy for Mauritius.

Objective

To maintain good relationship with the regulator and ensure compliance to the GRA Act 2007 with all legal and regulatory requirements

Engagements

Ongoing meetings and interactions with the regulator

Regular checks at retails and in house to ensure that practices meet the regulator's standards

Lottotech's certification – Responsible gaming – World Lottery Association

Shareholders

Objective

To provide relevant and timeous information to current and future shareholders

Engagements

Annual general meeting

Media Releases

Feedback through brokers and corporate website

Detailed information on all published documents to ensure full disclosure and relevant information

Compliance with SEM rules and regulations

Communities

Objectives

To create partnerships that will facilitate Lottotech's integrated social activities

Transparent social initiatives of Lottotech

To obtain relevant information from NGOs

Engagements

Lottotech team

Participation in CSR activities

Call for projects

Site visits at NGOs

Media

Objectives

To facilitate dissemination of relevant information to the public

To create awareness about our products and the company

To provide information to the players so that they can make informed choices

Engagements

Regular Communiqués

Press Conferences

Meetings with media

Suppliers

Objectives

To ensure business continuity and prevent any disruption in our operation

To be able to capitalize on unique benefits and become a 'customer of choice' for the supplier

To have first access to latest technological advances

To have greater support and value

To beneficiate from lower costs and better quality

Engagements

Open communication with the supplier

Regular assessment of the supplier

responsibility

TESTIMONIAL

Atelier de Formation Joie de Vivre "We now have hope"

In Chemin Grenier, Frances Towsend can sigh in relief. Her 50 children are in the Atelier de Formation Joie de Vivre, eager to learn and progress. "2015 was a tough year with financing dwindling. We started 2016 with some apprehension." Lottotech's support was timely and meant that the NGO could continue providing a free, healthy lunch to the children. This is a key element that contributes to the good results that the Atelier gets with the children. Most of the beneficiaries are school dropouts (CPE) or have never been to school for some of them. Frances Towsend explains: "Being able to eat properly means that the child is able to better concentrate on the class and on the learning. Very often, the free lunch is a great incentive for the children to come at the Atelier." She concludes:

"Here, they are able to get a new start in life and Lottotech is helping in our mission."

TESTIMONIAL

Centre d'Amitié "It was a miracle"

Bernadette Camoin, president of the Centre d'Amitié in Bambous, says it clear: "The Lottotech call announcing they were supporting us, was the miracle we had been hoping for since 2015."

This ONG caters for the education needs of nearly 80 children (kindergarten and pre-primary levels). 2015 had brought serious concerns about the financial health of the NGO. "We now feel encouraged to continue in our mission. There is new hope for us and our children." The Centre d'Amitié started in 1985 and offers also support services to needy families: food, administrative assistance to obtain legal aid or other aids, school materials etc. Today, the President is proud to share the success stories of some of her first children who went to the Centre d'Amitié: some are students at the University of Mauritius, others are working as policemen or nurse.

"I truly believe that God answered our prayers and we thank Lottotech from the bottom of our hearts."

CSR LOTTOTECH

At Lottotech, we believe that in today's economy we are not only accountable for profitability but we have an obligation towards our stakeholders; shareholders, players, employees and partners, to fulfill our social and environmental commitments. Our Corporate Social Responsibility (CSR) vision is to contribute to the sustainable development of our society by reinforcing the trust that people of Mauritius places in us, and making a real difference in our community. In 2015, Lottotech has supported various projects and funded over Rs 4, 7 Million:

PROJECT	Amount (Rs)
JIOI (CLUB MAURICE)	500,000
BPS HOME CARE	300,000
BELLE VERTE	7,000
TFES: LAURENT L'ENTETE	20,000
WIN	180,000
TFES: BRADLEY VINCENT	500,000
ANFEN	477,200
ASSOCIATION ENSAM	155,000
CENTRE D'AMITIE	385,000
LINK TO LIFE	100,000
ASSOCIATION LES ENFANTS D'ABORD, RODRIGUES	560,000
REVE ET ESPOIR	113,000
SOROPTIMIST INTERNATIONAL	135,000
PHYSICALLY HANDICAPPED WELFARE ASSOCIATION	100,000
KOLEKTIF RIVIER NWAR	200,000
ATELIER JOIE DE VIVRE	325,000
HOME CONSTRUCTION AT MOKA	400,000
OTHER COMMUNITY PROJECTS	
CHRISTMAS PARTY FOR CHILDREN	104,213
CHRISTMAS PARTY FOR ELDERLY	26,000
RADIO 1 - HOMELESS	57,500
DONATION FOR ORPHANS AND ELDERLY PEOPLE	30,000
ADOPT SHELTER LA COLOMBE	75,000

Responsible Gaming

Lottotech: a staunch promoter of Responsible Gaming

Lottotech operates within the World Lottery Association's framework for Responsible Gaming. WLA is the global authority on the lottery business dedicated. Doing the right thing for players and the broader community has made Corporate Social Responsibility, specifically the Responsible Gaming Principles and Framework, a priority for the WLA. The Responsible Gaming Framework (RGF) - which consists of four levels of achievement - is founded upon the Seven Responsible Gaming Principles. In 2014, Lottotech achieved Level 2 of its certification and is now working towards the Level 3. Until now, we have taken various initiatives to promote responsible gaming. Protection of Players is at the heart of our operation; therefore one of our initiatives was the campaign to encourage them to sign on back of their ticket. Should their gaming habits cause concern, they have access to a Hotline (4037179), including free psychologist services for first two sessions. We ensure that players are informed and that our Retailers and Employees are involved in Responsible Gaming training. To achieve Level 3 Certification, the Management will complete a prevalence study on the engagement of players and will implement specific Responsible Gaming programs.

RISK MANAGEMENT

Lottotech Ltd is committed to the highest standards of ethical behaviour. Strong independent oversight is in place at all levels. Numerous committees, which are integral to the organization's risk governance structure, allow executive management and the Board to evaluate the risks and to manage them effectively.

The risk management framework is designed to align the strategy and culture with the appropriate processes in place while encouraging the sense of entrepreneurship - helping management to take reasonable risks to fuel growth and improve business performance.

All identified risks are compiled in a risk register which acts as a vehicle for capturing all the assessment and decisions made in respect thereof. Regular meetings are carried out with Management to monitor and review the risks. Emerging risks are taken on board and existing risks are rated according to impact and likelihood. Risks identified are recorded in risk registers and risk heat maps. The risk register and risk heat maps are put forward to the Audit & Risk Committee for review, following which the Audit & Risk Committee may recommend to the Board for approval.

Lottotech's risk factors can be categorised as follows:

Internal Audit

The Internal Audit function provides independent assurance and objective assessment on the robustness of the Risk Management Framework and the appropriateness and effectiveness of internal control to the Audit & Risk Committee and the Board.

Lottotech Ltd has an internal audit function, which is carried out by a combination of in-house resources and outsourced assistance from an independent firm, namely Ernst & Young. The primary objective of Internal Audit is to deliver a reasonable level of assurance to those in charge of governance that systems of control as established by management are appropriate and are operating effectively. In other words, the main role of Internal Audit is to provide assurance that the business is managing its key risks effectively.

Ethics and Business Conduct

Lottotech Ltd is committed to abide by the highest standards of ethical and professional integrity, based on a fundamental belief that business should be carried out honestly, fairly and legally. Our Code of Conduct, which encompasses our ethical practices, anti-bribery rules, data protection and confidentiality norms amongst others, is intimated to employees as part of their employment conditions.

Safety & Health Policy

The Company provides a safe and healthy workplace. We are dedicated to maintaining a productive workplace by minimizing the risk of accidents, injury and exposure to health risks.

A monthly reporting system has been devised to account Occupation Safety and Health works and issues as well as employee communication has been facilitated. Our business objectives is to develop a safety and health culture at Lottotech and moreover our target is to have a clean report on Safety and Health issues.

Although Lottotech Ltd. does not imply risky work operations such as manual operations, dangerous chemicals among others, the company has given an utmost concern to OSH with a view to ensuring best practices.

When it comes to health and safety concerns, compliance with legal requirements represents a minimum. Where necessary and appropriate, we establish and comply with standards of our own, which may go beyond legal requirements. In seeking ways to protect health and safety, the issue of cost should not rule out consideration of any reasonable alternative.


giving foward

COMPANY INFORMATION

DIRECTORS:

Chian Yew Ah Teck

Cyril How Kin Sang

Chian Tat Ah Teck

Chian Luck Ah Teck

Banoomatee Veerasamy
(appointed on 12 June 2015)

Kavita Achameesing
(appointed on 12 June 2015)

Narghis Bundhun
(appointed on 22 May 2015)

Alex Burstein

Kune Foo Jean-Claude Lam Hung
(resigned on 7 August 2015)

Anwar Moollan
(resigned on 1 June 2015)

Robert Ip Min Wan

Ian Shepherd

Michelle Carinci

SECRETARY:

Gamma Corporate Services Ltd
Royal Road
Chapman Hill
Beau Bassin
Republic of Mauritius

REGISTERED OFFICE:

Royal Road
Chapman Hill
Beau Bassin
Republic of Mauritius

PRINCIPAL PLACE OF BUSINESS:

Ground Floor
HSBC Centre
18, CyberCity
Ebène
Republic of Mauritius

AUDITOR:

PricewaterhouseCoopers
18, CyberCity
Ebène
Réduit 72201
Republic of Mauritius

PRINCIPAL BANKER:

State Bank of Mauritius Ltd
SBM Tower
1, Queen Elizabeth II Avenue
Port Louis
Republic of Mauritius

LEGAL ADVISOR:

Sir Hamid Moollan QC
6th Floor, PCL Building
Sir William Newton Street
Port Louis
Republic of Mauritius

DIRECTORS' REPORT

The directors are pleased to present their annual report and the audited financial statements of Lottotech Ltd ("Company" or "Lottotech") for the year ended 31 December 2015.

PRINCIPAL ACTIVITY

The Company operates the Mauritius National Lottery on behalf of the Government of Mauritius.

Following a Request for Proposal issued by the State Investment Corporation Ltd in March 2008, the proposal of the Company, including its structured game plan, was accepted and the Company was selected in July 2008 as the preferred bidder for the implementation and operation of the Mauritius National Lottery. In April 2009, the Gambling Regulatory Authority (GRA) issued an exclusive license to Lottotech Ltd to operate the Mauritius National Lottery.

However, subsequently the GRA did not approve all the games as per the structured game plan. This has resulted in the Company instigating legal action in May 2012 against the GRA and the Ministry of Finance and Economic Development.

The litigation was resolved before the Mediation Division of the Supreme Court in October 2012, where by Lottotech was awarded a one-off compensation and a reduction in the contribution rate to the Consolidated Fund from 58.01% to 46.16% as from 1 July 2012 for not being able to launch new games in the initial years in accordance with the structured game plan submitted at the time of its proposal.

The activity of the Mauritius National Lottery, also called La Loterie Nationale, is regulated by the GRA Act 2007. The Company operates in a highly regulated environment. Currently, the Company offers one lotto game that has a weekly Saturday drawing.

On 3 March 2014, the Company was converted into a public company, and on 11 June 2014, it was listed on the Official Market of the Stock Exchange of Mauritius Ltd. The successful listing process created over 8,000 new Central Depository & Settlement Co Ltd (CDS) accounts on the Stock Exchange of Mauritius Ltd, with a total of 12,385 applications and a subscription ratio of 2.99 times. The new shareholders comprised of individual and institutional investors which included foreign investors.

RESULTS AND PERFORMANCE

This was the sixth year of operations for Lottotech Ltd.

In March 2015, the Government announced budgetary measures that banned advertising of the lottery effective 24 March 2015, and the prohibition of the Quick Win category of games effective 30 June 2015.

The Company took immediate action to right size the business to the new reality resulting in a reduction of 30% of employees and decrease in administration costs. The one-off costs relating to the employee severance and the write off of the Quick Win inventory was MUR26m.

The Board engaged PwC to evaluate the actual financial impact of the budgetary changes, and these independent reports were submitted to the GRA with a view to open discussions as to the one-time compensation for the severance and Quick Win inventory write off and to explore options that would restore value for all shareholders and stakeholders in the coming years.

The budgetary measures had a significant impact on all stakeholders and shareholders as follows when compared to the results of the year ended 31 December 2014:

- Sales decreased over 38%
- Contribution to the Consolidated Fund for good causes decreased by 37.5%
- Retailers Commissions decreased by 38.4%
- Profits decreased by 75.8%
- Share price decreased from MUR10.60 as at 31 December 2014 to MUR3.52 as of 31 December 2015
- CSR funding decreased by 67.4%

The Company's turnover for the year ended 31 December 2015 was MUR1,676m compared to 2014 results of MUR2,726m.

The Company made a profit after tax of MUR40m compared to 2014 results of profit after tax of MUR167m.

Profit after tax for the current year before one-off expenses is MUR66m (2014: MUR173m).

DIRECTORS' REPORT

Contribution to the Consolidated Fund in 2015 is MUR388m compared to the contribution in 2014 of MUR622m.

In spite of the impact of the budgetary measures, the Company continues to be profitable. Loto maintained its position as a flagship brand creating 22 millionaires in 2015 for a total of 149 since the start of operations in 2009. The Company continues to have high approval ratings and high participation rates with 72% of males and 61% of females playing on average MUR 73 weekly. The high participation rates and modest weekly spend aligns with the Company's responsible gaming strategy. After six years of operations, Mauritius ranks 105th globally in per capita sales again reflecting the responsible gaming strategy.

RETAILER NETWORK

The retailer network of the Company is over 700 retailers, comprising mainly of small family-owned businesses. Total commissions earned in 2015 were MUR92m, a drop of MUR58m compared to 2014. On average, our retailers earn an annual commission of more than MUR98,000 while the top 56% earn on average over MUR266,000 annually. Twenty retailers received sellers' commissions of MUR1m for selling the big jackpot winning tickets. There is one retailer for every 1,600 population.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company is a member of the World Lottery Association (WLA). The WLA is recognised as the global authority on the lottery business and upholds the highest ethical principles. There are terms and conditions that the Company must fulfil to be a member of the WLA, namely:

- The member organisation must be licensed or authorised to conduct lotteries and/or sports betting operations by a jurisdiction domiciled in a state recognised by the United Nations.
- Sales of games of chance and/or skill must account for the majority of the organisation's total annual gross revenues.
- The majority of the organisation's net revenues must be dedicated to the public good.
- The organisation's business practices must conform to the aims and objectives of the Association.
- The organisation must subscribe to the WLA Code of Conduct as approved by the membership or to an equivalent Code of Conduct adopted by a regional lottery association.

The Company received the WLA Responsible Gaming certification. Further, the ISO 27001 certification was renewed demonstrating the commitment to world class information security management.

For the year ended 31 December 2015, the CSR budget as per the legal requirements totalled MUR1.5m.

Several CSR projects were evaluated on the criteria of making a significant difference, aligning with the Company's branding of "La Chance Pour Tous", offering a long term impact and providing opportunities for employees of the Company to become involved. This year the Company focussed on alleviation of poverty and education. The CSR contribution as a result of the budgetary measures went from MUR4.7m to MUR1.5m.

CONSOLIDATED FUND & NATIONAL SOLIDARITY FUND

The Company contributed MUR388m to the Consolidated Fund of the Government of Mauritius during the year, which is a reduction of 37.5% compared to 2014 due to the budgetary measures. As per the GRA Act, any money paid into the Consolidated Fund is used to finance the implementation of projects relating to community development, the promotion of education, health, sports and culture and for reimbursement of public debt of the Government of Mauritius.

In addition, the National Solidarity Fund received over MUR60m representing unclaimed prizes during the period. The National Solidarity Fund is used to improve the lives of the most vulnerable Mauritian citizens.

FUTURE OUTLOOK

In spite of the current restrictions imposed by the GRA to withhold approval of new games and the recent budgetary measures, the Company continues to be profitable. The fundamentals of the Company's business remain strong. The Company could generate a substantially higher increase in sales once the restrictions are lifted whilst continuing to apply the responsible gaming principles adopted by the WLA. The Company continues to explore opportunities that will create value for its shareholders with its strategy of growing the core business while identifying other opportunities outside of its core business.

Throughout 2016, the Company will upgrade its systems and software to ensure continuing uninterrupted operations, and at the same time provide capacity to diversify its distribution channels and improve services to our customers.

Lottotech will continue to operate within its responsible gaming strategy and our international experience lends itself to working closely with the GRA to develop an overall responsible gaming strategy and gaming alternatives in the regulated market.

Authorised for issue by the Board of directors on 16 March 2016 and signed on its behalf by:

Michelle Carinci	Robert Ip Min Wan

DIRECTORS

STATEMENT OF COMPLIANCE

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

NAME OF PIE : Lottotech Ltd

REPORTING PERIOD : Financial Year ended 31 December 2015

We, the Directors of Lottotech Ltd, confirm that to the best of our knowledge that Lottotech Ltd has not complied with the hereunder sections of the Code, and reason for the non-compliance is given below:

• Section 2.8 – Remuneration of Directors

Due to the confidentiality of the information, no detailed breakdown of remuneration by director is given in the Corporate Governance Report.

• Section 2.10 – Board's and Directors' Appraisal

The Company did not carry out a formal Board and Directors' appraisal given that in the course of the year. But the Board is in the process of adopting a Board Appraisal procedure and the exercise shall be effected for the financial year 2016.

Signed By: The Chairman and One Director

Chian Yew Ah Teck
CHAIRMAN

Narghis Bundhun
DIRECTOR

Date: 16 March 2016

CORPORATE GOVERNANCE REPORT

(INCLUDING STATUTORY DISCLOSURES PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

CORPORATE GOVERNANCE REPORT (continued)

1. INTRODUCTORY NOTE

Lottotech Ltd ("Lottotech" or "Company") is a public listed company on 11 June 2014 and it is governed by a new constitution which was also adopted in 2014.

The Company remains the operator of the Mauritius National Lottery on behalf of the Government of Mauritius in April 2009, pursuant to the Gambling Regulatory Authority Act 2008, though with recent budgetary measures the Company now offers only Lotto draw as game.

Lottotech is still a member of the World Lottery Association ("WLA"), the global authority on lottery business.

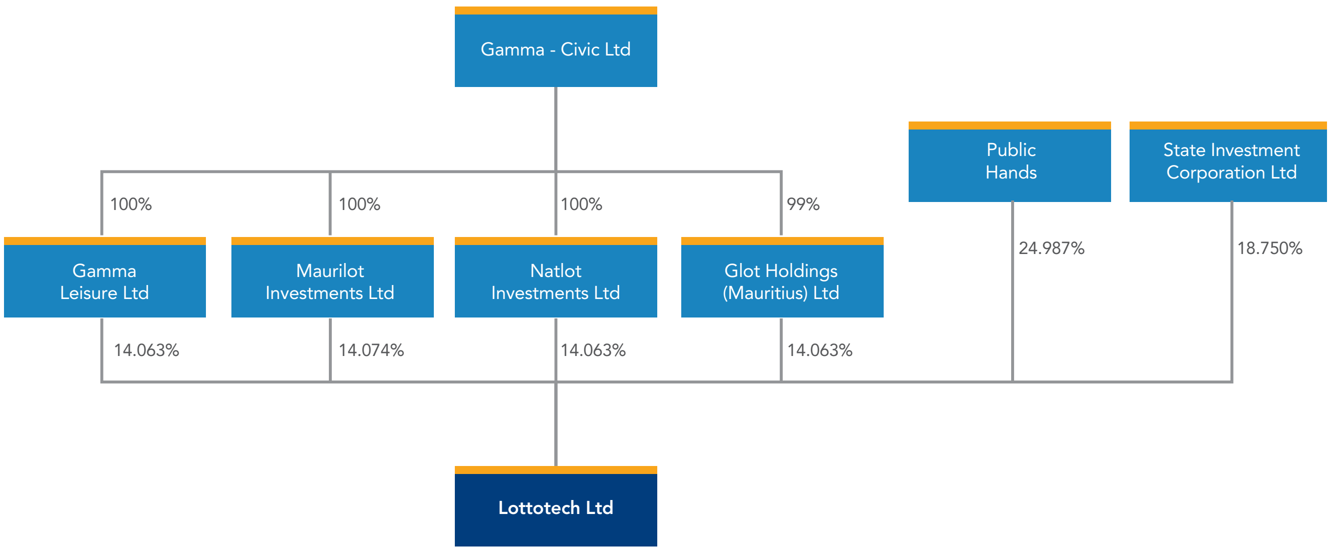
As provided in the Lottotech Charter, the Chairman is responsible for ensuring that the Company's governance framework permeates all levels of the Company.

The Company remains committed to true and fair financial disclosure for its shareholders and all stakeholders at large. Furthermore, the Company abides by the legal requirements of the Companies Act 2001 and the Financial Reporting Act 2004.

In this report, the Directors hereby state the extent to which Lottotech is complying with the Code and identifies the areas not complied with and give the reasons for the non-compliance.

2. SHAREHOLDING AND SHAREHOLDERS HOLDING MORE THAN 5%

The shareholding structure of Lottotech is as follows:



The shareholders holding more than 5% of the ordinary shares of the Company at 31 December 2015 were:

	% Shareholding
Gamma Leisure Ltd	14.063
Maurilot Investments Ltd	14.074
Natlot Investments Ltd	14.063
Glot Holdings (Mauritius) Ltd	14.063
State Investment Corporation Ltd	18.750

3. CONSTITUTION

The Company's Constitution is in line with the Companies Act 2001 and has no material clauses requiring disclosure.

A copy of the Company's Constitution is available at the registered office of the Company.

4. BOARD STRUCTURE

The Company's constitution provides that the Board shall be composed of a maximum number of twelve Directors to serve a term of office of three years, with a staggered rotation system to ensure the Board's renewal while retaining corporate memory.

The Board is composed of twelve Directors made up as follows:

- Non-Executive Directors : 8
- Executive Director : 1
- Independent Non-Executive Directors : 3

5. ROLE AND FUNCTION OF THE CHAIRMAN

One of the basic function of the Chairman of the Company is to preside over the meeting of Directors and Shareholders. He ensures the smooth functioning of the Board in a responsible and efficient manner. The Chairman provides leadership and establishes guiding principles for the Board.

For the period under review, no Board's or Directors' appraisal have been carried out. But the Board is considering a template of Board's Appraisal, and once approved, the exercise shall be conducted for the financial year 2016.

The Chairman's office with the assistance of the Company Secretary is in charge of the task of ensuring that proper induction is given to any new Directors appointed to the Board.

6. DIRECTORS' PROFILES

The profiles of the individual Directors are given below:

A. Chian Yew Ah Teck (also called Carl Ah Teck) – Non-Executive Director & Chairman

Carl holds a first class degree in Civil Engineering from Lancaster University and an MPhil. Degree in Soil Mechanics from the University of Cambridge. After university, he joined consulting firm Sir Alexander Gibb and Partners in Mauritius. He is a registered professional engineer. He has also attended several executive management programs at NUS/Stanford University, London Business School and INSEAD.

After 5 years with Sir Alexander Gibb and Partners, where he held various positions in both the design office and on site for major projects, he founded Gamma Construction Co Ltd in 1987 which has subsequently acquired Randabel & Sons Ltd (now known Gamma-Civic Ltd).

From 1987 to 2011, he was the Chief Executive of the Gamma Group before occupying the post of Chairman of Gamma-Civic Ltd since February 2011.

Directorship in listed companies: Two (Gamma-Civic Ltd & Morning Light Co Ltd)

B. Chian Luck Ah Teck (also called Patrice Ah Teck) – Non-Executive Director

Patrice holds a BA (Hons) Accounting and Finance from South Bank University. He worked as a Trainee Accountant with Nunn, Crick and Bussell in the UK, and in 1993 he joined the Gamma Group as Sales and Marketing Manager. He was appointed Sales and Marketing Director in 2000 and he has also occupied the post of Deputy Managing Director.

Directorship in listed companies: Two (Gamma-Civic Ltd & Morning Light Co Ltd)

CORPORATE GOVERNANCE REPORT (continued)

C. Chian Tat Ah Teck (also called Tommy Ah Teck) – Non-Executive Director

Tommy holds a BSc (Hons) Engineering from University of Westminster and an MPhil in Mechanical Engineering from Loughborough University of Technology. He worked as a Trainee Accountant with Griffin & Partners, Chartered Accountants in London, UK. He occupied the post of Managing Director of Gamma-Civic Ltd from 1987 to January 2011. He was appointed as CEO of Gamma-Civic Ltd as from February 2011.

Directorship in listed companies: Two (Gamma-Civic Ltd & Morning Light Co Ltd)

D. Paul Cyril How Kin Sang (also called Cyril How Kin Sang) – Non-Executive Director

Cyril studied accountancy at The University of West London and is a member of the Institute of Chartered Accountants in England & Wales. From 1985 to 1988, he trained and worked as a Chartered Accountant in the UK with a number of accounting firms including KPMG. He joined Gamma in 1989 and has occupied several posts within the Group, including Group Finance Director and is involved in the business development of the Group. He has also occupied the post of Managing Director of Gamma-Civic Ltd. He is one of the Supervisory Directors of Lottotech and is involved in the business development of the Group.

Directorship in listed companies: Two (Gamma-Civic Ltd & Morning Light Co Ltd)

E. Kune Foo Jean-Claude Lam Hung (also called Jean-Claude Lam Hung) – Non-Executive Director

Jean-Claude is a Fellow of the Institute of Chartered Accountants in England and Wales. He was awarded the Edward Billington Scholarship to read BA (Hons) Business Studies at Liverpool John Moores University. He graduated with a first class honours degree. From 1998 to 2009, he trained and qualified as a Chartered Accountant with Ernst & Young (London) before assuming senior manager and director roles at Deloitte (London) and BDO (London) respectively. In November 2009, he became a partner at Mazars LLP (London). He has also been the Group CFO of Gamma-Civic Ltd.

Directorship in listed companies: Two (Gamma-Civic Ltd & Morning Light Co Ltd)

F. Alex Steven Burstein (also called Alex Burstein) – Non-Executive Director

Alex holds a BSc Electrical Engineering from Carnegie-Mellon University in Pittsburgh, Pennsylvania. He worked at GTECH, the world leader in gaming technology including application software, firmware, communications processing, and central systems software, where he held top management posts. In 1998, he left GTECH and started his own company whereby he acted as a consultant and an advisor to a number of lottery companies around the world.

Directorship in listed companies: None

G. Michelle Jane Carinci (also called Michelle Carinci) – Executive Director & Chief Executive Officer

Michelle, a Canadian national, has proven leadership in operations and innovation both locally and internationally, with over 35 years of experience in the gaming industry. Prior to joining Lottotech, Michelle held the position of CEO at Atlantic Lottery Corporation, which under her leadership was recognised three times as one of Canada's Top 100 Employers. As President and CEO of the Atlantic Lottery Corporation, she developed and implemented a corporate social responsibility framework which strives to promote integrity, transparency and responsibility. Prior to joining Atlantic Lottery Corporation, she was President of Gamescape, a wholly-owned subsidiary of GTECH and a Corporate Vice President in charge of marketing and customer relations at GTECH.

She has also been recognised four times as one of the top 50 CEOs in Atlantic Canada and is an inductee into the Lottery Hall of Fame class of 2006. Michelle is also a strong promoter of responsible gaming having been one of the founding members of the Responsibility

Program on behalf of the WLA. Michelle also aided in the creation of responsible gambling principles and its associated frameworks and standards which were unanimously approved by 140 organisations worldwide.

Directorship in listed companies: None

H. Ian Ronald Bruce Shepherd (also called Ian Shepherd) – Independent Non-Executive Director

Ian is a graduate of the Royal Military Academy Sandhurst (UK) and has a Master of Business Administration and a certificate in coaching from Henley Business School. Ian is retired and sits on the boards of several private media companies, incorporated in South Africa, namely Striata.com, Fleishman Hillard SA, Trialogue Pty Ltd, The Performance Hub Pty Ltd and Community and Individual Development Trust.

Ian has held a number of senior management roles namely Chairman at Grey Advertising (South Africa), Chief Executive at Connectivity and CIDA Learning, CIDA Investment Trust and Grey Advertising (South Africa), Regional Director at Grey Africa Network, Managing Director at Shepherd Advertising, BBDO (South Africa), BBDO Research (South Africa) and Market Research Africa (Zimbabwe), and Sales and Marketing Director at Schweppes Central Africa.

Directorship in listed companies: None

I. Robert Chowvee Ip Min Wan (also called Robert Ip Min Wan) – Independent Non-Executive Director

Robert is the Managing Director of Ip Min Wan Ltd and a Fellow of the Institute of Chartered Accountants in England and Wales. He holds a B.Com. (Hons) degree in Business Studies from the University of Edinburgh. He was a senior manager in Deloitte in London where he has accumulated more than 8 years of financial services audit and assurance experience.

In June 2008, he joined the Board of Mauritian Eagle Insurance Company Ltd, a listed company, and he chairs its Audit and Risk Committee. He was also appointed as an Independent Director of Mauritian Eagle Leasing Company Ltd, and he retired from the company in September 2014 following rotation of the Directors. He also chaired its Audit and Risk Committee. He is also an independent director of COVIFRA and Holiday Village Management Services Ltd.

Directorship in listed companies: Two (Mauritian Eagle Insurance Company Ltd and COVIFRA)

J. Mrs Narghis Bundhun – Independent Non-Executive Director

Narghis studied law at Université de la Réunion, and did her Bar at the Council of Legal Education in Mauritius in 1988. She was called to the Bar in 1989. She further holds a Diploma in International Commercial Arbitration and has attended several training programme on mediation and arbitration. Narghis is a member of the Electoral Supervisory Commission and the Electoral Boundaries Commission. She also has teaching experience as a lecturer at the Mauritius Council of Legal Education and Council of Vocational and Legal studies and the University of Mauritius. She was the first woman to chair the Mauritius Bar Council in 2000.

Directorship in listed companies: None

K. Ms Kavita Kumari Achameesing– Non-Executive Director

Ms Kavita Kumari Achameesing (also known as Jyoti Achameesing) holds an MSc in Investment Promotion & Economic Development from Edinburgh Napier University, Scotland, since 2013, after having completed her BA (Hons) Financial Services in 2003. She also holds a Diploma in Management and Marketing from the UK Institute of Commercial Management. Ms Achameesing is currently the Senior Administrative Finance Officer (SAFO) at the SIC.

Directorship in listed companies: None

L. Mrs Banoomatee Veerasamy – Non-Executive Director

Banoomatee Veerasamy studied law at the University of London, UK. She is a fellow of the Institute of Chartered Secretaries & Administrators. Besides, she holds BA (Hons) in Administration and a certificate in Financial Management & Banking from the University of Strathclyde in Glasgow. She has joined the State Investment Corporation Ltd in year 1985 where she held various positions. Since 2015, she is now the Acting Managing Director.

Directorship in listed companies: None

7. BOARD ATTENDANCE

For the period under review, the Board of Directors met 6 times and the attendance of the Directors at these meetings was as follows:

Directors	Attendance
Chian Yew Ah Teck	5 of 6
Alex Burstein	6 of 6
Chian Luck Ah Teck	6 of 6
Chian Tat Ah Teck	5 of 6
Jean-Claude Lam Hung[1]	4 of 6
Cyril How Kin Sang*	6 of 6
Ian Shepherd	6 of 6
Michelle Carinci	6 of 6
Anwar Moollan[2]	3 of 3
Robert Ip Min Wan	5 of 6
Banoomatee Veerasamy[3]	1 of 3
Kavita Achameesing[4]	3 of 3
Narghis Bundhun[5]	3 of 3

1. Jean Claude Lam Hung resigned on 07.08.2015
2. Anwar Moollan resigned on 01.06.2015
3. Banoomatee Veerasamy was appointed on 12 June 2015
4. Kavita Achameesing was appointed on 12 June 2015
5. Narghis Bundhun was appointed on 22 May 2015

8. ROLE OF THE COMPANY SECRETARY

As an officer of the Company, the Company Secretary is accountable to the Board through the Chairman in the performance of its duties and responsibilities, as defined in the Companies Act 2001, as well as for the Group corporate governance processes.

For the period under review, Gamma Corporate Services Ltd is the Company Secretary for the Company. Gamma Corporate Services Ltd is fully qualified as per the requirements of the Companies Act 2001. In addition to its duties and responsibilities as provided under the law, the Company Secretary assists the Chairman in ensuring that sound governance practices permeate throughout the Company. Further the Company Secretary acts as the Compliance Officer for corporate governance principles, regulatory and statutory requirements.

9. COMMON DIRECTORS

The names of the common Directors within the holding structure at 31 December 2015 are as follows:

	Chian Yew Ah Teck	Chian Luck Ah Teck	Chian Tat Ah Teckk	Cyril How Kin Sang
Gamma-Civic Ltd	*	*	*	*
Lottotech Ltd	*	*	*	*
Gamma Leisure Ltd	*	*	*	*
Maurilot Investments Ltd	*	*	*	*
Natlot Investments Ltd	*	*	*	*
Glot Holdings (Mauritius) Ltd	*	*	*	*

10. SENIOR MANAGEMENT TEAM

The Company is led by a Chief Executive Officer ("CEO"), appointed by the Board of Lottotech Ltd as the Key Employee of the Company. The CEO is assisted by a Chief Operating Officer ("COO"), who acts as a deputy to the CEO.

Hereunder is the profile of the Senior Management Team, which is composed of the CEO, the COO, the Financial Controller, the Chief Technology Officer, the Security Manager and the Compliance and Risk Manager.

PROFILE OF THE SENIOR MANAGERS:

Michelle Carinci – Chief Executive Officer

Please refer to Michelle's profile under the 'Directors' Profiles' section of this report.

Moorghen Veeramootoo – Chief Operating Officer

Moorghen holds a BSc European Studies & Technology and a Master degree in Marketing from Coventry University in the UK. He is also a holder of a Diplome Universitaire en Technologie from the Institut Universitaire de Technologie of Avignon in France. He has previously occupied the post of Marketing and Sales Manager and Business Unit Manager at Gamma from 2004 to 2009. He has also worked as Marketing Manager at Happy World Foods Ltd (now Innodis Ltd) from 1999 to 2004 and Cread & Co. Ltd in 1999. He joined Lottotech in 2009 and has occupied the post of Deputy General Manager and presently holds the post of Chief Operating Officer.

Ansuya Seewooruthun – Financial Controller

Ansuya has a Bachelor of Commerce in Accounting and Finance from the University of Mauritius. She also completed the ACCA qualification and is currently doing a Master in Business Administration with the University of Bradford, UK. She has more than 10 years of experience in accounting and finance in both local and international organisations. She joined Lottotech in December 2010 and is presently the Financial Controller of Lottotech.

Harikrishna Ramsamy – Chief Technology Officer

Harikrishna has a Master in Business Administration from Heriot Watt University. He has over 20 years' experience in the IT profession and was appointed as Chief Technology Officer at Lottotech in 2011. He is responsible for the planning and execution of IT initiatives that support the Company's objectives. He also oversees and ensures the smooth and efficient running of the on-line lottery sales and IT services.

Richard Papie – Security Manager

Richard joined Lottotech in 2009 and has over 24 years of experience within the security profession. He worked as a police officer for 7 years, and held the position of security manager across a number of industries. Richard joined Lottotech in 2009 and he oversees, investigates and liaises with the relevant legal and enforcement authorities to authenticate any winning tickets that may be in dispute.

Sivalingum Candassamy – Compliance and Risk Manager

Sivalingum holds an MSc in Computer Security and Forensics and a Master in Business Administration from the University of Technology Mauritius. He joined Lottotech in 2009 and is in charge of the risk and compliance aspects of Lottotech's operations. He assists management in identifying key risks to the business and ensures that appropriate controls are in place to mitigate these to an acceptable level.

11. BOARD COMMITTEES

The Board has two committees which assists it to efficiently advance the business of the Board and to facilitate efficient decision making of the Board, namely the Audit and Risk Committee and the Corporate Governance Committee.

The Audit and Risk Committee also fulfils the functions of a Risk Committee, while the Corporate Governance Committee fulfils the functions of Remuneration Committee and Nomination Committee.

The Board has appointed an additional Committee, namely the Supervisory Committee of the Board.

Audit and Risk Committee

The Audit Committee assists the Board for reporting financial information, for appropriate application and amendment of accounting policies, for the identification and management of risk, for the implementation of internal control systems and for internal audit, statutory and regulatory compliance of the Company. The Committee provides a forum for effective communication between the Board and the external and internal auditors.

The Audit and Risk Committee holds quarterly meetings to examine the quarterly financial statements and the audited financial statements, as well as reports from the auditors.

The Audit and Risk Committee is composed of the following Directors:

Committee Members	Role
Robert Ip Min Wan	Non-Executive Director & Chairman
Ian Shepherd	Non-Executive Director
Jean-Claude Lam Hung	Non-Executive Director
Kavita Achameesing	Non-Executive Director

For the period under review, the Audit and Risk Committee met 4 times and the attendance of the members at these meetings was as follows:

Committee Members	Attendance
Robert Ip Min Wan	4 of 4
Ian Shepherd	4 of 4
Jean - Claude Lam Hung[1]	3 of 3
Kavita Achameesing[2]	1 of 1

Note:

1. Jean - Claude Lam Hung resigned on 07 August 2015
2. Kavita Achameesing was appointed on 31 July 2015

Corporate Governance Committee

The Corporate Governance Committee acts as a mechanism for making recommendations to the Board on all corporate governance matters relevant to the Company to ensure that the Board remains effective and complies with the "Code" and prevailing corporate governance principles.

The Committee is also responsible for the remuneration and nomination matters. The remuneration philosophy is geared towards rewarding efforts and merits for individual and joint contribution to the Company's results, whilst having also due regards to market conditions, the interest of the shareholders and to the financial well-being of the Company.

The Corporate Governance Committee is composed of the hereunder Directors:
January 2015 – July 2015

Committee Members	Role
Chian Tat Ah Teck	Non-Executive Director & Chairman
Robert Ip Min Wan	Independent Non-Executive Director
Cyril How Kin Sang	Non- Executive Director

The Corporate Governance Committee met once during the financial year under review.

Committee Members	Attendance
Chian Tat Ah Teck	1 of 1
Robert Ip Min Wan	-
Cyril How Kin Sang	1 of 1

On 31 July 2015, the composition of the Corporate Governance Committee has been reviewed and the new members have been appointed as follows:

Committee Members	Role
Narghis Bundhun	Independent Non-Executive Director & Chairman
Chian Tat Ah Teck	Non-Executive Director
Cyril How Kin Sang	Non-Executive Director
Robert Ip Min Wan	Independent Non-Executive Director
Banoomatee Veerasamy	Non-Executive Director

Supervisory Committee

The Board has assigned the Supervisory Committee the responsibility of assisting, monitoring and supervising the CEO and Management in the day to day management and operations of the Company, on behalf of the Board, and its performance. In the discharge of its responsibility, members of Supervisory Committee interacts with the CEO and Management.

The Supervisory Committee of the Board is composed as follows:

Committee Members	Role
Cyril How Kin Sang	Non-Executive Director & Chairman
Alex Burstein	Non-Executive Director
Jean - Claude Lam Hung	Non-Executive Director
Chian Luck Ah Teck	Non-Executive Director

For the year under review, the Committee met 5 times and the attendance was as follows:

Committee Members	Attendance
Chian Luck Ah Teck	5 of 5
Cyril How Kin Sang	5 of 5
Jean - Claude Lam Hung[1]	5 of 5
Alex Burstein	5 of 5

Note:

1. Jean - Claude Lam Hung resigned on 7 August 2015

12. CODE OF CONDUCT

The Company's Code of Professional and Ethical Conduct ("Code of Conduct") provides guidance to all Directors and employees of Lottotech Ltd, of their duty and obligation to conduct themselves and their business affairs in accordance with the highest standards of business ethics.

13. SAFETY, HEALTH AND ENVIRONMENT

The Company complies with the Occupational Safety and Health Act 2005 and other applicable legislative and regulatory frameworks. It is committed to sustainable development and ensures that its operations are conducted in ways that minimize their impact on the environment and on society at large.

14. DIRECTORS' REMUNERATION AND BENEFITS

The Company's Charter provides for the remunerations payable to the Independent Non - Executive Directors, as well as the reimbursement of their expenses, in line with a Remuneration policy, duly approved by the Shareholders in a non-binding vote.

There may be special reward, if approved by the Board, to individual Board members following specific assignment to such members.

Remuneration and benefits received and receivable by the Directors from the Company are as follows:

Remuneration and benefits paid by the Company	MUR
Directors	10,937,965

Note: The Directors' remuneration is disclosed in aggregate in view of the confidentiality of the information.

15. DIRECTORS' SHARE INTERESTS

As at 31 December 2015, the Directors' share interests in the Company were:

Directors	**Numer of shares**	
	Direct	Indirect
Chian Yew Ah Teck	147,840	33,015,181
Chian Tat Ah Teck	-	33,063,307
Chian Luck Ah Teck	147,840	33,000,146
Cyril How Kin Sang	147,840	35,151,059
Ian Shepherd	-	-
Robert Ip Min Wan	-	-
Alex Burstein	-	-
Michelle Carinci	38,796	14,434
Banoomatee Veerasamy	1500	-
Kavita Achameesing	-	-
Narghis Bundhun	-	-

16. DIRECTORS' DEALINGS IN SHARES OF THE COMPANY

As part of the Company's statutory quarterly reporting process to the Stock Exchange of Mauritius Ltd and the Financial Services Commission, the Company Secretary would request the Directors to confirm their shareholding and any dealings which they may have effected in the Company's shares, with reference to Code of Securities Transactions by Directors.

The Directors are thus fully aware of the principles of the Model of Code of Securities Transactions by Directors, as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules.

During the period under review, there were no share dealings by any of the Directors holding shares in the Company, as per above table.

17. DIRECTORS' SERVICE CONTRACTS

The Directors have no service contracts with the Company.

18. DIVIDEND POLICY

The Company's Dividend Policy is that the Company shall distribute a minimum of 75% of its annual net profit after tax as dividend, except as otherwise resolved by the shareholders by way of Ordinary Resolution, subject to the Company meeting the Solvency Test.

As a general rule, it is expected that the Company will declare an interim dividend in or around August and a final dividend in or around March following the year-end.

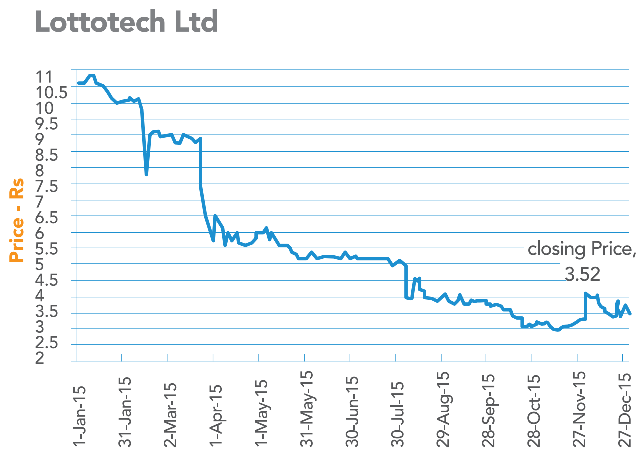
19. SHAREHOLDERS' AGREEMENT

Gamma-Civic Ltd through its intermediate holding companies entered into a shareholders' agreement with the State Investment Corporation for Lottotech to implement and operate the Mauritius National Lottery and SIC became a shareholder of Lottotech for obtention of the licence to operate the Mauritius National Lottery and to operate same.

20. SHARE OPTION SCHEME

There is no share option scheme within the Company.

21. SHARE PRICE GRAPH



22. MANAGEMENT AGREEMENTS

The Company has a management agreement with A.S. Burstein Management Ltd ("ASB"), a subsidiary of Gamma-Civic Ltd, to offer it specific services related to the technical business operation of the Company. Furthermore, Gamma-Civic Ltd has a management agreement with ASB for the same services.

23. AUDITORS' REMUNERATION

For the period under review, the auditors' fees paid by the Company are as per table below:

	MUR
Audit fees	590,000
Tax fees	75,000
Business Advisory Fees	1,000,000
Agreed Upon Procedures	150,000

24. RELATED PARTY TRANSACTIONS

Please refer to Note 16 of the Financial Statements.

25. CONTRACT OF SIGNIFICANCE

The Company has no contract of significance with either a Director or a controlling shareholder, except for that disclosed in section 17.

26. RISK MANAGEMENT, INTERNAL CONTROLS AND INTERNAL AUDIT

For the year under review, following its business risk management exercise, potential risks which the Company may encounter and its mitigating measures, have laid out. The potential risks are:

- Financial;
- Business interruption;
- Reputational;
- Legal & regulatory;
- Human resource; and
- Strategic.

Further the Company has in place a Risk Management Framework based on the following principles:

- There is a clearly defined approach for risk management setting out its strategy and objectives and the approaches and processes that the Company adopts to achieve them;
- There is a clearly defined process to identify, assess and mitigate the significant risks to the achievement of business objectives; and
- There is an on-going process to monitor the risk profile and identifying and responding to significant issues and events.

The Risk Management report is reviewed by the Audit Committee and subsequently a report is presented to the Board.

Further details on financial risks in relation to financial instruments for the Company are outlined in Note 3 of the Financial Statements.

Consultant Ernst and Young is the Company's internal auditor, and its function covers the examination and evaluation of the adequacy and effectiveness of the Company's governance, risk management process, system of internal control structure, and the quality of performance in carrying out assigned responsibilities.

The internal audit plan for the year, which is prepared in collaboration by Management and the internal auditor, is reviewed by the Audit and Risk Committee and presented to the Board for approval, ensuring that all significant areas of the Company's activities are duly covered.

27. INTEREST REGISTER

The Company has an Interest Register and for the period under review there is an entry recorded in the Register.

28. STATEMENT OF REMUNERATION PHILOSOPHY

The Company has no written statement of remuneration philosophy but it nevertheless aims to offer fair and competitive compensation packages.

29. CORPORATE SOCIAL RESPONSIBILITY

Lottotech contributes significantly to the Consolidated Fund of the Government of Mauritius. As the Gambling Regulatory Act 2008, any money paid into the Consolidated Fund is used to finance the implementation of projects relating to community development, the promotion of education, health, sports and culture and for reimbursement of public debt of Government.

30. DONATIONS

The Company did not make any donation for the period under review.

31. ENVIRONMENTAL POLICY

The Company is committed to reducing its environmental impact and continually improving the environmental performance as an integral and fundamental part of the Company's business strategy and operating methods.

The Company Charter has provided for an Environment Policy.

32. CALENDAR OF EVENTS

For the financial year under review the Board held the following statutory Board meetings:

Meeting	Date	Events
Statutory Reporting	March 2015	Publication of audited results for the year ended 31 December 2014
	May 2015	Publication of quarter results ended 31 March 2015
	August 2015	Publication of half year's results ended 30 June 2015
	November 2015	Publication of nine months' results ended 30 September 2015

33. STATEMENT OF DIRECTORS' RESPONSIBILITIES

As per the requirement of The Companies Act 2001, the Directors ensure that the financial statements for each financial year, are prepared and presented in a fair manner the financial position and financial performance of the Company.

In preparing those financial statements, the Directors ensure that:

a. A suitable selection of accounting policies is carried out and that the selection is applied consistently;

b. Judgments and estimates made are reasonable and prudent;

c. It is clearly stated as to whether the International Financial Reporting Standards (IFRS) have been followed and complied with, subject to any material departures disclosed and explained in the financial statements;

d. Proper accounting records which disclose with reasonable internal accuracy at any time the financial position of the Company, are kept;

e. The assets of the Company is safeguarded by maintaining internal accounting and administrative control systems and procedures, and risk management;

f. Reasonable steps are taken for the prevention of fraud and other irregularities; and

g. The financial statements are prepared on the going concern basis, unless it is not appropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001 and International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board acknowledges that the responsibility of the external auditors is to report on these financial statements.

On behalf of the Board

DIRECTOR	DIRECTOR
Narghis Bundhun	Cyril How Kin Sang

Date: 16 March 2016

SECRETARY'S REPORT

LOTTOTECH LTD

under Section 166(d) of the Companies Act 2001

We confirm that, based on records and information made available to us by the directors and shareholders of the Company, the Company has filed with the Registrar of Companies, for the year ended 31 December 2015, all such returns as are required of the Company under the Mauritian Companies Act 2001.

Gamma Corporate Services Ltd
SECRETARY

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LOTTOTECH LTD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Lottotech Ltd (the "Company") on pages 50 to 76 which comprise the statement of financial position at 31 December 2015 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements on pages 50 to 76 give a true and fair view of the financial position of the Company at 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LOTTOTECH LTD (continued)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Mauritian Companies Act 2001

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) (we have no relationship with or interests in the Company other than in our capacity as auditor, as tax advisor and business advisor;

(b) we have obtained all the information and explan tions we have required; and

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

FINANCIAL REPORTING ACT 2004

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the "Code") as disclosed in the annual report on pages 35 to 46 and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report on pages 35 to 46 is consistent with the requirements of the Code.

Other Matter

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

PricewaterhouseCoopers	Michael Ho Wan Kau, licensed by FRC

16 March 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 MUR	2014 MUR
Gross ticket sales	4	**1,675,592,800**	2,725,700,210
Prizes	4	**(834,306,114)**	(1,378,619,403)
Consolidated Fund		**(388,337,934)**	(621,812,500)
Net income	4	**452,948,752**	725,268,307
Retailers' and other commissions		**(92,506,409)**	(150,069,496)
Gaming systems and data communication costs		**(149,633,827)**	(174,065,283)
Gross profit		**210,808,516**	401,133,528
Administrative expenses		**(161,106,119)**	(211,554,140)
Operating profit	5	**49,702,397**	189,579,388
Finance income	6	**1,426,182**	7,413,171
Finance costs	6	**(41,566)**	(217,296)
Net finance income	6	**1,384,616**	7,195,875
Profit before income tax		**51,087,013**	196,775,263
Income tax expense	8	**(10,607,310)**	(29,813,502)
Profit for the year[1]		**40,479,703**	166,961,761
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefit obligations – net of tax	17,18	**1,298,950**	(219,950)
Total comprehensive income for the year		**41,778,653**	166,741,811
Basic and diluted earnings per share	9	**0.12**	0.49

1 Profit for the year before one-off expenses	**66,075,617**	172,937,761
Listing expenses, net of incentive fees and tax	**-**	(5,976,000)
Inventory write-off, net of incentive fees and tax	**(19,496,348)**	-
Severance allowance, net of incentive fees and tax	**(6,099,566)**	-
Profit for the year	**40,479,703**	166,961,761

STATEMENT OF FINANCIAL POSITION – AS AT 31 DECEMBER 2015

	Note	2015 MUR	2014 MUR
Assets			
Non-current assets			
Property, plant and equipment	10	**145,977,517**	202,379,471
Current assets			
Inventories	11	**1,853,250**	18,008,288
Trade and other receivables	12	**24,839,971**	32,192,456
Cash and cash equivalents		**123,142,408**	199,194,170
		149,835,629	249,394,914
Total assets		**295,813,146**	451,774,385
Equity and liabilities			
Capital and reserves			
Stated capital	13	**100,000,000**	100,000,000
Retained earnings		**42,205,376**	54,826,723
Total equity		**142,205,376**	154,826,723
Non-current liabilities			
Deferred income tax liabilities	17	**4,757,756**	8,593,507
Post-employment benefits	18	**1,606,000**	2,520,000
		6,363,756	11,113,507
Current liabilities			
Finance lease obligations	14	**-**	874,948
Trade and other payables	15	**144,744,699**	279,320,984
Current income tax liabilities	8	**2,499,315**	5,638,223
		147,244,014	285,834,155
Total liabilities		**153,607,770**	296,947,662
Total equity and liabilities		**295,813,146**	451,774,385

Authorised for issue by the Board of directors on and signed on its behalf by:

Michelle Carinci
Director

Robert Ip Min Wan
Director

16 March 2016

The notes on pages 54 to 76 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Stated capital MUR	Retained earnings MUR	Total equity MUR
At 01 January 2014		100,000,000	284,912	100,284,912
Profit for the year		-	166,961,761	166,961,761
Other comprehensive income for the year		-	(219,950)	(219,950)
Total comprehensive income for the year		-	166,741,811	166,741,811
Dividends	19	-	(112,200,000)	(112,200,000)
At 31 December 2014		100,000,000	54,826,723	154,826,723
At 01 January 2015		100,000,000	54,826,723	154,826,723
Profit for the year		-	40,479,703	40,479,703
Other comprehensive income for the year		-	1,298,950	1,298,950
Total comprehensive income for the year		-	41,778,653	41,778,653
Dividends	19	-	(54,400,000)	(54,400,000)
At 31 December 2015		**100,000,000**	**42,205,376**	**142,205,376**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 MUR	2014 MUR
Cash flows from operating activities			
Profit before income tax		**51,087,013**	196,775,263
Adjustments for:			
Depreciation on property, plant and equipment	10	**58,480,945**	59,299,929
Provision/(reversal) for impairment of receivables	12	**1,500,000**	(2,500,000)
(Gain)/loss on disposal of property, plant and equipment		**(464,681)**	227,220
Provision/(reversal) for post-employment benefits	18	**651,000**	(1,886,000)
Inventory provision/write-down	11	**26,099,529**	3,617,326
Interest expense	6	**41,566**	217,296
Interest income	6	**(1,426,182)**	(7,413,171)
Operating profit before working capital changes		**135,969,190**	248,337,863
Increase in inventories	11	**(9,944,490)**	(7,282,866)
Decrease in trade and other receivables	12	**5,852,485**	81,888,883
Decrease in trade and other payables	15	**(134,576,285)**	(110,551,605)
Cash (used in)/generated from operations		**(2,699,100)**	212,392,275
Interest paid	6	**(41,566)**	(217,296)
Interest received	6	**1,426,182**	7,413,171
Income tax paid		**(17,848,020)**	(33,801,152)
Net cash (used in)/from operating activities		**(19,162,504)**	185,786,998
Cash flows from investing activities			
Purchase of property, plant and equipment	10	**(2,289,310)**	(32,952,759)
Proceeds from sale of property, plant and equipment		**675,000**	807,000
Net cash used in investing activities		**(1,614,310)**	(32,145,759)
Cash flows from financing activities			
Finance lease principal payments		**(874,948)**	(1,279,963)
Dividends paid	19	**(54,400,000)**	(152,200,000)
Net cash used in financing activities		**(55,274,948)**	(153,479,963)
Net (decrease)/ increase in cash and cash equivalents		**(76,051,762)**	161,276
Cash and cash equivalents at beginning of year		**199,194,170**	199,032,894
Cash and cash equivalents at end of year		**123,142,408**	199,194,170

The notes on pages 54 to 76 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (continued)

1. GENERAL INFORMATION

The Company is incorporated and domiciled in the Republic of Mauritius as a public company. Its registered office is situated at Royal Road, Chapman Hill, Beau Bassin, Republic of Mauritius.

The Company is the Operator of the Mauritius National Lottery.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements, which have been consistently applied to all years presented, unless otherwise stated, are set out below:

2.1 Basis of preparation

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, and are presented in Mauritian Rupees ('MUR').

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

Significant accounting judgements and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Post-employment benefits

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

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

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

Changes in accounting policies and disclosures

(i) New and amended standards adopted by the Company

Numerous new standards, amendments and interpretations to existing standards have been issued and are effective for the current year but are not significant/relevant to the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) New and amended standards not yet effective

Certain standards, amendments have been issued and are not mandatory for accounting periods ending 31 December 2015.

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

IFRS 9 'Financial Instruments'

IFRS 15 'Revenue from contracts with customers'

IFRS 16 'Leases'

The Company is still evaluating the effects of these new and amended standards issued but not yet effective on the presentation of the financial statements.

2.2 Gross ticket sales

Gross ticket sales comprise the wages placed on lottery tickets and scratch cards.

Revenue arises across a portfolio of games that includes a draw-based game and scratch cards. For the draw-based game, income is recognised on a draw-by-draw basis, at the point at which the draw takes place. Where players wager in advance, the income is deferred and only recognised in the statement of profit or loss and other comprehensive income once the draw has taken place.

Revenue from scratch cards is recognised at the point of sale by retailers.

2.3 Prizes

The draw-based game is operated under a prize pool mechanism under which a predetermined percentage of the ticket sales is allocated to prizes. To the extent that the actual prizes won on the draw vary from the predetermined percentage, the relevant prize is carried forward under a rollover to subsequent draws. The liability for prizes is recognised at the time of the draw in line with the predetermined percentage for that game.

Scratch cards prizes are recognised as a percentage of ticket sales in line with the theoretical prize payout for that game.

If prizes remain unclaimed for (i) 184 days from the date of the draw-based game and (ii) 90 days from the close of a scratch card game, the unclaimed prizes are transferred from the prize liability account to the National Solidarity Fund.

2.4 Consolidated Fund

The Consolidated Fund is a fund managed by the Government of Mauritius.

The amount charged to the statement of profit or loss and other comprehensive income represents a percentage arising from gross ticket and scratch card sales net of prize monies.

2.5 Retailers' and other commissions

The Company pays commissions to third party retailers who act as agents of the Company under a standard commission structure, fixed at a percentage of total sales. In addition, validation commission is paid on prizes. A similar commission structure is applicable for the Field Sales and Technical Representatives in Rodrigues.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment

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

Depreciation is calculated on the straight line method to allocate their costs to their residual values over their estimated useful lives as follows:

Leasehold improvements	3 – 10 years
Equipment	3 – 10 years
Furniture and fittings	8 years
Motor vehicles	6 – 7 years

Depreciation is provided in full in the month of addition and in respect of assets written off and disposed, up to the month of write off and disposal. Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in profit or loss.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level from which there are separately identifiable cash flows.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.
The asset's residual values and useful lives are reviewed and adjusted if necessary, at end of each reporting period.

Property, plant and equipment held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

2.7 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the first-in, first-out ("FIFO") method. The cost includes cost of instant cards, ticket rolls, bet slips, insurance, freight, customs duty and any other direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. If a Quick Win game does not perform to expectations, the stock of cards is written off as and when deemed appropriate.

2.8 Trade receivables

Trade receivables are amounts due from retailers for tickets sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Trade receivables (continued)

Significant financial difficulties of the retailer, probability that the retailer will enter into bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.10 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.11 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer).

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax and Corporate Social Responsibility ("CSR") tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted by the end of the reporting period. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

The principal temporary differences arise from accelerated capital allowances and provision for post-employment benefits, provision for bad debts, unrealised exchange differences on revenue items and accumulated tax losses.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The directors apply judgment to determine whether sufficient future taxable profit will be available after considering, amongst others, factors such as cash flows and budgets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Current and deferred income tax (continued)

Deferred income tax assets and liabilities are offset when the deferred income tax assets and liabilities relate to the income taxes levied by the same taxation authority on either the same taxable entity or different entities where there is no intention to settle the balances on a net basis.

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.14 Employee benefits

(a) Post-employment benefits

Employees are entitled to a gratuity payment on retirement under the terms of the Employment Rights Act 2008.

The net present value of post-employment benefits payable under the Employment Rights Act 2008 is calculated by a qualified actuary and is provided for.

The obligations arising from this item is not funded. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit or loss.

(b) Short-term employee benefits

Other employee benefits include wages, salaries, social security contributions and travelling. These costs are charged to the statement of profit or loss and other comprehensive income when incurred.

Employee entitlement to annual leave and other benefits are recognised when they accrue to the employees. Provisions are made for the estimated liability for annual leave and other benefits as a result of services rendered by employees up to the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Employee benefits (continued)

(c) Defined contribution

The Company operates a defined contribution pension plan for certain qualifying employees. The assets of the plan are held separately from those of the Company in funds under the control of an independent management committee. Where employees leave the plan prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions. Any residual gratuities under the Employment Rights Act 2008 for the qualifying employees after allowing for permitted deductions in respect of the pension plan are included in the post-employment benefits in respect of The Employment Rights Act 2008.

(d) Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(e) Profit-sharing and bonus plans

The Company recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.15 Finance leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

The Company leases certain property, plant and equipment. Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the lease property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in non-current liabilities. The interest element of the finance charge is charged to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the assets useful life and the lease term.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Financial Instruments

Classification

The Company classifies its financial assets as 'loans and receivables'. The classification depends on the purpose for which the financial assets were acquired. The directors determine the classification of its financial assets at initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

(b) Recognition and measurement

Loans and receivables are carried at amortised cost using the effective interest method.

(c) Offsetting financial instruments

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

2.17 Segment information

Segmental reporting is based on the internal reports regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess their performance. The operating segment is the gaming segment.

3. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, including market risk (foreign exchange risk and interest rate risk); credit risk and liquidity risk. A description of the significant risk factors is given below together with the risk management policies applicable.

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

Risk management is carried out by management under policies approved by the Board of Directors.

Financial instruments by category

	2015	2014
	MUR	MUR
	Loans and receivables	Loans and receivables
Financial assets		
Trade and other receivables	**22,029,107**	26,047,755
Cash and cash equivalents	**123,142,408**	199,194,170
	145,171,515	225,241,925

3. FINANCIAL RISK MANAGEMENT (continued)

Financial instruments by category (continued)

	2015 MUR	2014 MUR
	Financial liabilities at amortised cost	Financial liabilities at amortised cost
Financial liabilities		
Borrowings	**-**	874,948
Trade and other payables	**144,744,699**	279,320,984
	144,744,699	280,195,932

Market Risk

(i) Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Company carries its operations locally and therefore is not exposed to foreign exchange risk except for transactions with suppliers and bank accounts denominated in foreign currency, which are mainly United States dollars ("USD"). As such, the Company is exposed to the exchange rate movement of the Mauritian rupee against the United States dollars.

The currency profile of the Company's financial assets and liabilities which are denominated in foreign currency is summarised as follows:

	2015 Financial assets MUR	**2015 Financial liabilities MUR**	2014 Financial assets MUR	2014 Financial liabilities MUR
Mauritian rupee	**115,017,117**	**144,744,699**	214,466,784	280,195,932
United States dollar	**27,767,792**	**-**	8,448,946	-
Euro	**2,386,606**	**-**	2,326,195	-
	145,171,515	**144,744,699**	225,241,925	280,195,932

Prepayments amounting to **MUR2,810,864** (2014 – MUR6,144,701) have not been included in the financial assets and liabilities.

At 31 December 2015, if the Mauritian rupee ("MUR") had weakened/strengthened by 5% against the United States dollar ("USD") with all other variables held constant, pre-tax profit for the period would have increased/decreased by **MUR1,388,390** (2014 – MUR422,447), mainly as a result of currency differences on translation of USD denominated trade payables and bank balances.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

Market Risk (continued)

(i) Currency risk (continued)

At 31 December 2015, if the Mauritian rupee ("MUR") had weakened/strengthened by 5% against the EURO ("EUR") with all other variables held constant, pre-tax profit for the period would have increased/decreased by **MUR119,330** (2014 – MUR116,310), mainly as a result of currency differences on translation of EUR denominated trade payables and bank balances.

The Company has not engaged in any hedging transactions to mitigate its risks relating to exchange rate fluctuations.

The directors believe that a 5% shift in foreign exchange rate is an appropriate basis for the sensitivity analysis.

(ii) Interest rate risk

The Company's income and operating cashflows may be affected by changes in market interest rates.The Company's policy is to maximise returns on interest – bearing assets.

The cash and cash equivalents, bank loans and overdraft balance carry interest at variable rates and therefore expose the Company to interest rate risk.

At 31 December 2015, if interest rate on cash and cash equivalents, bank loans and overdraft balance had been 50 basis points higher/lower with all other variables held constant, the pre-tax profit for the period would be **MUR615,712** higher/lower (2014 – MUR991,596) mainly as a result of higher/lower interest income earned on bank balances.

(iii) Credit risk

Credit risk is managed on Company-wide basis. Credit risk arises from cash and cash equivalents as well as credit exposures to retailers, including outstanding receivables.

For cash and cash equivalents, the Company manages its credit risk by banking with reputable financial institutions. The directors assess the credit quality of the retailer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

The maximum exposure with respect to credit risk arise from default of the counter party with a maximum exposure equal to the carrying amount of the Company's financial assets. Management is of view that credit risk exposure is low at 31 December 2015.

The directors believe that the Company has no significant concentration of credit risk and services are rendered to retailers with an appropriate credit history.

The aged analysis of trade receivables is disclosed in Note 12.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close our market positions.

The table below analyses the Company's financial liabilities into relevant maturing groupings based on the remaining period at the reporting date to maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

Market Risk (continued)

(iv) Liquidity risk (continued)

As at 31 December 2015	At call MUR	Less than one year MUR	Between 1 to 5 years MUR	Total MUR
Liabilites				
Borrowings	-	-	-	-
Trade and other payables	-	144,744,699	-	144,744,699
	-	144,744,699	-	144,744,699

As at 31 December 2014	At call MUR	Less than one year MUR	Between 1 to 5 years MUR	Total MUR
Liabilities				
Borrowings	-	874,948	-	874,948
Trade and other payables	-	279,320,984	-	279,320,984
	-	280,195,932	-	280,195,932

(v) Fair values

The carrying amounts of trade and other receivables, cash in hand and at bank, borrowings and trade and other payables approximate their fair values.

(vi) Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going-concern in order to provide returns for shareholders and benefits for other shareholders and to maintain an optimal capital structure to reduce the cost of capital. Capital is represented by the total equity.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (continued)

4. NET INCOME

	2015 MUR	2014 MUR
Gross ticket sales	**1,675,592,800**	2,725,700,210
Draw-based game	**1,535,457,520**	2,242,234,920
Scratch cards	**140,135,280**	483,465,290
Prizes	**(834,306,114)**	(1,378,619,403)
Consolidated Fund	**(388,337,934)**	(621,812,500)
	452,948,752	725,268,307

5. OPERATING PROFIT

The following items have been charged in arriving at the operating profit:

	2015 MUR	2014 MUR
Staff costs (Note 7)	**80,132,255**	76,543,446
Management fee (Note 16 (i))	**23,671,649**	63,338,715
Rent and utilities	**16,102,173**	20,494,633
Marketing administrative expenses	**-**	6,900,223
Legal and professional fees	**10,714,573**	7,748,534
Listing expenses	**-**	8,000,000
Software licence and other information technology cost	**8,084,195**	9,145,338
Motor vehicle expenses	**4,900,440**	5,843,388
Municipal fees and licences	**4,275,292**	3,999,450
Insurance costs	**1,128,663**	956,188
Provision/(reversal) of provision for impairment of receivables	**1,500,000**	(2,500,000)
Other expenses	**8,781,881**	10,389,225
Fees payable to auditor for:		
Audit services	**590,000**	590,000
Other services	**1,225,000**	105,000

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (continued)

6. NET FINANCE INCOME

	2015 MUR	2014 MUR
Interest expense on:		
Bank overdraft	**(26,386)**	(125,134)
Leases	**(15,180)**	(92,162)
	(41,566)	(217,296)
Interest income on:		
Bank balances	**1,426,182**	7,413,171
	1,384,616	7,195,875

7. STAFF COSTS

	2015 MUR	2014 MUR
Wages and salaries	**68,088,223**	74,437,485
Staff welfare benefits	**158,653**	318,553
Defined contribution costs	**3,212,145**	3,673,408
Post-employment benefits	**651,000**	(1,886,000)
Severance allowance	**8,022,234**	-
	80,132,255	76,543,446

8. INCOME TAX

The Company is liable to income tax on its profits, as adjusted for income tax purposes, at the rate of 17% (2014 – 17%). The 17% tax rate consists of 15% corporate income tax and 2% Corporate Social Responsibility ("CSR").

(a) Charge for the year

	2015 MUR	2014 MUR
Based on profit for the year, as adjusted for tax purposes	**13,142,010**	37,121,917
Over provision of deferred tax assets in previous year (Note 17)	**127,766**	5,576,847
Deferred income tax credit (Note 17)	**(4,229,567)**	(1,615,449)
Overlap profit	**-**	(10,667,542)
CSR	**1,567,101**	(602,271)
Income tax expense	**10,607,310**	29,813,502

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (continued)

8. INCOME TAX (continued)

(b) Current income tax liabilities

Income tax liabilities are **MUR2,499,315** in 2015 (2014 – MUR5,638,223).

A reconciliation between the actual rate of income tax charge of **MUR10,607,310** (2014 – MUR29,813,502) and the tax calculated at the applicable income tax rate of **17%** (2014 – 17%) is as follows:

	2015 MUR	2014 MUR
Profit before income tax	**51,087,013**	196,775,263
Tax on the profit at 17% (2014 – 17%)	**8,684,792**	33,451,795
Non-tax deductible expense	**227,651**	2,054,673
Over provision of deferred tax asset in prior year (Note 17)	**127,766**	5,576,847
Overlap profit	**-**	(10,667,542)
CSR	**1,567,101**	(602,271)
Effective income tax charge	**10,607,310**	29,813,502

9. EARNINGS PER SHARE

	2015	2014
Profit attributable to shareholders (MUR)	**40,479,703**	166,961,761
Number of shares entitled to dividends	**340,000,000**	340,000,000
Basic and diluted earnings per share (MUR)	**0.12**	0.49

There are no dilutive instruments.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (continued)

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement MUR	Equipment MUR	Furniture and fittings MUR	Motor vehicles MUR	Total MUR
Cost:					
At 01 January 2014	76,308,312	324,456,683	15,459,187	16,560,764	432,784,946
Additions	1,042,533	29,750,988	789,238	1,370,000	32,952,759
Disposals	-	(377,955)	-	(970,000)	(1,347,955)
At 31 December 2014	77,350,845	353,829,716	16,248,425	16,960,764	464,389,750
Additions	**-**	**2,221,910**	**67,400**	**-**	**2,289,310**
Disposals	**-**	**-**	**-**	**(2,683,000)**	**(2,683,000)**
At 31 December 2015	**77,350,845**	**356,051,626**	**16,315,825**	**14,277,764**	**463,996,060**
Accumulated depreciation:					
At 01 January 2014	53,095,433	135,138,587	9,180,637	5,609,428	203,024,085
Charge for the year	10,998,908	42,973,720	1,653,303	3,673,998	59,299,929
Disposals	-	(18,897)	-	(294,838)	(313,735)
At 31 December 2014	64,094,341	178,093,410	10,833,940	8,988,588	262,010,279
Charge for the year	**6,805,611**	**45,417,567**	**1,674,647**	**4,583,120**	**58,480,945**
Disposals	**-**	**-**	**-**	**(2,472,681)**	**(2,472,681)**
At 31 December 2015	**70,899,952**	**223,510,977**	**12,508,587**	**11,099,027**	**318,018,543**
Net carrying amount					
At 31 December 2015	**6,450,893**	**132,540,649**	**3,807,238**	**3,178,737**	**145,977,517**
At 31 December 2014	13,256,504	175,736,306	5,414,485	7,972,176	202,379,471

Depreciation expense of **MUR58,480,945** (2014 – MUR59,299,929) has been charged in Gaming systems and data telecommunication costs.

Included in the net book value of property, plant and equipment are nil motor vehicles (2014 – 5) held under finance lease amounting to **MURNil** (2014 – MUR2,986,103).

11. INVENTORIES

	2015 MUR	2014 MUR
Cost:		
Instant cards	**-**	20,208,744
Ticket rolls, bet slips and others	**1,853,250**	1,416,870
Inventory provision	**-**	(3,617,326)
	1,853,250	18,008,288

Inventory consumed during the year amounted to **MUR30,779,661** (2014 – MUR24,755,153), which includes an exceptional inventory write-off of **MUR26,099,529** due to the ban on instant cards effective 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (continued)

12. TRADE AND OTHER RECEIVABLES

	2015 **MUR**	2014 MUR
Trade receivables	**8,273,991**	13,218,296
Provision for impairment of receivables	**(2,162,474)**	(662,474)
	6,111,517	12,555,822
Receivable from shareholders (Note 16(ii))	**3,366,457**	3,348,046
Receivables from related parties (Note 16(ii))	**11,430,412**	9,467,152
Prepayments and deposits	**3,931,585**	6,821,436
	24,839,971	32,192,456

The fair value of trade and other receivables approximates its carrying amounts as the effect of discounting is not significant. All trade and other receivables are due within one year of the end of the reporting period.

At 31 December 2015, trade receivables of **MUR6,111,517** (2014 – MUR12,555,822) were considered as neither past due nor impaired. These receivables relate to retailers who have a history of prompt settlement and who were still within the credit limit allowed to them.

At 31 December 2015, receivables from shareholders of **MUR3,366,457** (2014 – MUR3,348,046) and receivables from related parties of **MUR11,430,412** (2014 – MUR9,467,152) were considered as neither past due nor impaired.

At 31 December 2015, trade receivables of **MUR2,162,474** (2014 – MUR662,474) were impaired. The ageing analysis of these trade receivables is as follows:

	2015 **MUR**	2014 MUR
Over 5 days	**2,162,474**	662,474
	2,162,474	662,474

The movement in provision for impairment of trade and other receivables are as follows:

	2015 **MUR**	2014 MUR
At 01 January	**662,474**	3,162,474
Increase/(decrease) in provision	**1,500,000**	(2,500,000)
At 31 December	**2,162,474**	662,474

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (continued)

12. TRADE AND OTHER RECEIVABLES (continued)

The provision for impaired receivables has been included in the statement of profit or loss and other comprehensive income. Amounts charged to the provision account are generally written off when there are no expectations of recovery.

All items within trade and other receivables are denominated in Mauritian Rupee and no collaterals are held against trade and other receivables at the end of the reporting period.

13. STATED CAPITAL

	2015	**2015**	2014	2014
	Number	**MUR**	Number	MUR
Issued and fully paid:				
Ordinary shares of no par value each	**340,000,000**	**100,000,000**	340,000,000	100,000,000

On 3 March 2014, the shareholders of Lottotech Ltd approved a share split whereby each of the 100,000 ordinary shares in issue would be divided into 3,400 ordinary shares. The stated capital of Lottotech Ltd post share split is therefore 340,000,000 ordinary shares. The share split was effective as from 14 March 2014.

14. FINANCE LEASE OBLIGATIONS

The obligations under finance lease relate to motor vehicles with lease term between five and six years. The Company has the option to purchase the leased assets for a nominal amount at the conclusion of the lease agreements.

The obligations under finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default. The rates of interest are of a fixed nature. The fair value of obligations under finance leases approximates their carrying amount.

	2015	2014
	MUR	MUR
Amount falling due:		
Not later than 1 year	-	900,933
Future finance charges on finance leases	-	(25,985)
Present values of finance lease liabilities	-	874,948

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (continued)

15. TRADE AND OTHER PAYABLES

	2015 MUR	2014 MUR
Trade payables and accruals	**21,912,796**	12,098,426
Amounts due to related parties (Note 16(ii))	**7,783,393**	36,973,370
Prize liability and reserve fund	**49,119,964**	117,176,674
Unclaimed prize	**3,648,669**	7,359,189
Consolidated Fund	**62,279,877**	105,713,325
	144,744,699	279,320,984

16. RELATED PARTY TRANSACTIONS

The directors consider Gamma-Civic Ltd, a company incorporated and domiciled in the Republic of Mauritius, as the parent and ultimate controlling party.

(i) Transactions carried out with related parties:

	2015 MUR	2014 MUR
Management fee charged by a fellow subsidiary of Gamma-Civic Ltd (Note 5)	**23,671,649**	63,338,715
Rent and utilities charged by fellow subsidiaries of Gamma-Civic Ltd	**12,036,814**	14,863,950
Rent charged by Gamma-Civic Ltd	**154,100**	174,611
Purchase of property, plant and equipment from a fellow subsidiary of Gamma-Civic Ltd	**-**	7,231,260
Purchase of services from fellow subsidiaries of Gamma-Civic Ltd	**296,215**	60,277
	36,158,778	85,668,813

(ii) Year-end balances arising from transactions with related parties

	2015 MUR	2014 MUR
Amounts receivable from related parties (Note 12):		
Fellow subsidiary	**236,951**	236,951
Ultimate parent	**11,193,461**	9,230,201
	11,430,412	9,467,152
Shareholders	**3,366,457**	3,348,046
	14,796,869	12,815,198

16. RELATED PARTY TRANSACTIONS (continued)

(ii) Year-end balances arising from transactions with related parties (continued)

The amounts receivable from related parties are unsecured, interest free and repayable on demand.

The receivables from related parties pertain to amounts paid by the Company on behalf of the related parties for the purchase of lottery equipment, software and professional services.

	2015	2014
	MUR	MUR
Amounts due to related parties (Note 15):		
Fellow subsidiaries	**7,758,093**	36,973,370
Ultimate parent	**25,300**	-
	7,783,393	36,973,370

The amounts payable to related parties are unsecured, interest free and repayable on demand.

An amount of **MUR13,981,417** was held by the Company on trust for Gamma Leisure Ltd, Maurilot Investments Ltd, Natlot Investments, Glot Holdings (Mauritius) Ltd and State Investment Corporation at 31 December 2015 (2014 : MUR14,004,360).

(iii) Key management compensation

Key management personnel include directors. The compensation paid or payable to key management personnel for employee services is shown below:

	2015	2014
	MUR	MUR
Salaries and other short-term employee benefits	**24,132,584**	29,912,162
Termination benefits	**1,633,166**	-
	25,765,750	29,912,162

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (continued)

17. DEFERRED INCOME TAX LIABILITIES

The gross movement on the deferred income tax account is as follows:

	2015 MUR	2014 MUR
At 01 January	**8,593,507**	4,677,159
(Credit)/ charge to profit or loss (Note 8)	**(4,101,801)**	3,961,398
Charge/(credit) to other comprehensive income	**266,050**	(45,050)
At 31 December	**4,757,756**	8,593,507

	2015 MUR	2014 MUR
Movement in deferred tax:		
Over provision of deferred tax assets in prior year	**127,766**	5,576,847
Deferred income tax credit	**(3,963,517)**	(1,660,499)
	(3,835,751)	3,916,348

17. DEFERRED INCOME TAX LIABILITIES (continued)

The movement in deferred income tax liabilities/(assets) is as follows:-

31 December 2015	**Accelerated capital allowances**	**Post-employment benefits**	**Provision for doubtful debts**	**Provision for inventory obsolescence**	**Total**
	MUR	**MUR**	**MUR**	**MUR**	**MUR**
At 01 January 2015	**9,585,424**	**(264,351)**	**(112,621)**	**(614,945)**	**8,593,507**
Charge/(Credit) to income statement (Note 8)	**(4,345,115)**	**(110,670)**	**(255,000)**	**481,218**	**(4,229,567)**
Credit to other comprehensive income	**-**	**266,050**	**-**	**-**	**266,050**
Overprovision of deferred tax liabilities in prior year (Note 8)	**158,089**	**(164,050)**	**-**	**133,727**	**127,766**
At 31 December 2015	**5,398,398**	**(273,021)**	**(367,621)**	**-**	**4,757,756**

31 December 2014	**Accelerated capital allowances**	**Post-employment benefits**	**Provision for doubtful debts**	**Provision for inventory obsolescence**	**Total**
	MUR	**MUR**	**MUR**	**MUR**	**MUR**
At 01 January 2014	5,754,701	(539,921)	(537,621)	-	4,677,159
Charge/(Credit) to income statement (Note 8)	(1,746,124)	230,520	425,000	(614,945)	(1,705,549)
Credit to other comprehensive income	-	45,050	-	-	45,050
Overprovision of deferred tax liabilities in prior year (Note 8)	5,576,847	-	-	-	5,576,847
At 31 December 2014	9,585,424	(264,351)	(112,621)	(614,945)	8,593,507

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (continued)

18. POST-EMPLOYMENT BENEFITS

The Company participates in a multi-employer defined contribution (DC) pension plan to which it contributes 6%, 8% or 10% of its eligible employees' salaries depending on age. These contributions amounted to **MUR3,212,145** for the year ended 31 December 2015 (2014 – MUR3,673,408).

In addition, the Company has recognised a net defined benefit liability of **MUR1,606,000** in its Statement of Financial Position as at 31 December 2015 (2014: MUR2,520,000) in respect of any additional retirement gratuities that are expected to be paid out of the Company's cashflow to its employees under the Employment Rights Act (ERA) 2008.

The Company is subject to an unfunded defined benefit plan for the employees. The plan exposes the Company to normal risks described below:

Longevity risk (where the plan is funded and an annuity is paid over life expectancy): The plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan liability.

Interest risk: A decrease in the bond interest rate will increase the plan liability; however, this may be partially offset by an increase in the return on the plan's debt investments and a decrease in inflationary pressures on salary and pension increases.

Salary risk: The plan liability is calculated by reference to the future projected salaries of plan participants. As such, an increase in the salary of the plan participants above the assumed rate will increase the plan liability whereas an increase below the assumed rate will decrease the liability.

The Company had a residual obligation imposed by ERA 2008 on top of its defined contribution (DC) plan. It is therefore particularly exposed to investment under-performance of the DC plan.

There has been no plan amendment, curtailment or settlement during the year.

The amount recognised in the statement of financial position is as follows:

	2015	2014
	MUR	MUR
Amounts recognised in profit or loss		
Current service cost	**435,000**	861,000
Past service cost	**26,000**	(2,949,000)
Interest cost	**190,000**	202,000
	651,000	(1,886,000)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2015 (continued)

18. POST-EMPLOYMENT BENEFITS (continued)

The past service cost of 2014 consists mainly of the release of provisions in respect of certain directors.

	2015 MUR	2014 MUR
Liability experience (gain)/loss	**(1,546,000)**	265,000
Liability gain due to change in financial assumptions	**(19,000)**	-
	(1,565,000)	265,000

	2015 MUR	2014 MUR
Movements in liability recognised in statement of financial position		
At start of year	**2,520,000**	4,141,000
Amounts recognised in profit or loss	**651,000**	(1,886,000)
Amounts recognised in other comprehensive income	**(1,565,000)**	265,000
At end of year	**1,606,000**	2,520,000
Principal actuarial assumptions at end of year		
Discount rate	**7.0%**	7.5%
Rate of salary increases	**6.0%**	6.5%
Rate of pension increases	**2.0%**	2.5%
Average retirement age (ARA)	**60 years**	60 years
Sensitivity Analysis on Defined Benefit Obligation at End of Period		
- Increase due to 1% decrease in discount rate	**1,218**	2,255
- Decrease due to 1% increase in discount rate	**854**	1,384

The above sensitivity analysis has been carried out by recalculating the present value of obligation at end of period after increasing or decreasing the discount rate while leaving all other assumptions unchanged. Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

Future cashflows

- The funding policy is to pay benefits out of the reporting entity's cashflow as and when due.

	2015	2014
- Expected employer contribution for the next year	**Nil**	Nil
- Weighted average duration of the defined benefit obligation	**22 years**	23 years

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2015 (continued)

18. POST-EMPLOYMENT BENEFITS (continued)

	2015 MUR	2014 MUR
Reconciliation of the present value of defined benefit obligation		
Present value of obligation at start of year	**2,520,000**	4,141,000
Current service cost	**435,000**	861,000
Interest cost	**190,000**	202,000
Past service cost	**26,000**	(2,949,000)
Liability experience (gain)/loss	**(1,546,000)**	265,000
Liability gain due to change in financial assumptions	**(19,000)**	-
Present value of obligation at end of year	**1,606,000**	2,520,000

19. DIVIDENDS

The Company declared and paid dividends of **MUR54,400,000** in the year ended 31 December 2015 (2014 – declared dividends of MUR112,200,000 and paid MUR152,200,000).

20. COMMITMENTS

The company leases its offices under non-cancellable operating lease agreements. The lease terms are for 5 years.

The future aggregate minimum lease payments under the non-cancellable operating leases are as follows:

	2015 MUR	2014 MUR
Not later than one year	**5,075,580**	12,487,712
Later than 1 year and no later than 5 years	**14,201,064**	-
Total	**19,276,644**	12,487,712

21. SEGMENT INFORMATION

The Company has only one reportable operating segment based on its business activities, which is the Gaming segment. As such, the required disclosures for the years ended 31 December 2015 and 31 December 2014 are already included in the financial statements.

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