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OVERVIEW



YEAR 2015

Main Achievements

- **Regular supply-** In line with our mission, we have ensured continuous availability of petroleum products, rice, flour and LPG in Mauritius and Rodrigues.
- **Improvement in quality of Long Grain White Rice-** Tremendous effort has been made so as to improve the quality of rice supplied with regard to the percentage of broken. (less than 2%)
- **Improvement in procurement process-** Due to improvement in procurement process, tender exercises for procurement of commodities have resulted in reduction in premium for LPG and favourable price for flour. Savings of US\$ 90 per Metric Ton or about Rs 400 million have resulted in lower subsidy requirement than budgeted.
- **Storage of commodities:** Drastic housekeeping measures have been implemented to improve storage of Long Grain White Rice and Basmati Rice and Flour. Warehouses have been equipped with nets and flaps have been placed on doors in order to prevent pigeons and birds entering hence improving hygienic conditions of storage of food commodities. In addition, 2 new electric forklifts have been purchased in order to provide better services to our customers.
- **Basmati Rice:** Requirements on quality of Basmati rice in terms of compliance to applicable Food Law Regulations have been made mandatory. Full adherence to Mauritian basmati standard MS177:2011; aflatoxin level and maximum pesticide residue level as per European Union regulations.
- **STC Head Office:** After more than 30 years of its existence, the Corporation has been able to enter into an agreement for the acquisition of a building to serve as its Head Office. The building which takes into consideration future developments at STC as well as the welfare of its employees to work in a modern environment, is situated in the region of Ebene. It is to be pointed out that since its creation, the Corporation has been renting office space as well as warehouses for its activities.

- **Dividend to Government:** During the year 2015, the Corporation has paid Rs 1 billion as dividend to Government. Moreover, for the year 2016 an amount of Rs 1.25 billion has been budgeted.
- **Transportation of Petroleum Products:** Since February 2015, STC has ensured the transportation of Petroleum Products from India through spot chartering of tankers. Thereafter, STC appointed a Consultant to prepare tender documents for a long term charter which resulted in the selection of two international shipping companies for the transportation of White Oils and Black Oils. Savings made on freight arranged by STC during the period February to December 2015 amounts to Rs 185 million.
- **Petroleum Pricing Mechanism:** STC has been pivotal in amending the Regulations governing the Petroleum Pricing Mechanism. With the new rules, the retail prices of Mogas and Gas Oil were brought down in November 2015.



STC at a Glance

The State Trading Corporation (STC) is a parastatal body wholly owned by the Government of Mauritius and reporting to the Ministry of Industry, Commerce and Consumer Protection. Established and regulated by the STC Act of 1982, its principal place of business is Lot 55, Business Zone, Cybercity, Ebene, Mauritius. STC is engaged in the importation of essential commodities such as petroleum products, liquefied petroleum gas, cement (until 2011), rice and flour and any such commodity as the Government may decide.

Integrated Reporting

Integrated Reporting promotes a more cohesive and efficient approach to corporate reporting and aims at improving the quality of information available to different stakeholders. The primary purpose of an integrated report is to explain to stakeholders how an organization creates value over time, including employees, customers and suppliers.

- **Reporting to stakeholders**

This report serves to cater to a diverse range of stakeholders with varied information needs. We provide a range of communication aimed at addressing our stakeholders' requirements. In assessing what is included in the report, we apply the materiality principle.

- **Scope and boundary**

The 2015 annual report covers the period 1 January to 31 December 2015. Any material events after this date and up to the Board's approval have also been included. The report discusses our operations.

Our annual financial statements are prepared in accordance with IFRS. While quantitative information relating to the Corporation is prepared according to IFRS, this report discloses material information that may extend beyond the financial reporting boundary.

- **Integrated thinking**

The guiding principles of Integrated thinking are : Stakeholders' Relationships; Materiality; Connectivity of Information; Conciseness; Reliability and Completeness; Consistency and Comparability. Integrated thinking needs to be "Forward Looking" - providing insights into the organisational strategy and how it relates to the organisation's ability to create value in the short, medium and long term and its use of and effects on the capitals.

"The more that integrated thinking is embedded into an organisation's activities, the more naturally will the connectivity of information flow into management reporting, analysis and decision-making. It also leads to better integration of the information systems that support internal and external reporting and communication, including preparation of the integrated report".

As an important player in imports and trading sector, we hope that this report will help the readers to better understand the importance of STC in the socio economic context of Mauritius.

- **Materiality**

This report chooses to focus on material developments and issues, and provides pertinent related financial and non-financial performance indicators that are relevant to a wide cross-section of stakeholders. We define a material development or issue as one that affects our ability to remain commercially viable and socially relevant to the communities in which we operate. The Audit Committee recommends the report for approval to the board. The Board and various subcommittees review the report to ensure all material matters have been identified and disclosed.

Our Strategic Plan for the next two years

Setting up of a modern warehouse for storage of food commodities and other products.

Increase of storage capacity of petroleum products.

Development of Mauritius into a bunkering port/Petroleum Hub.

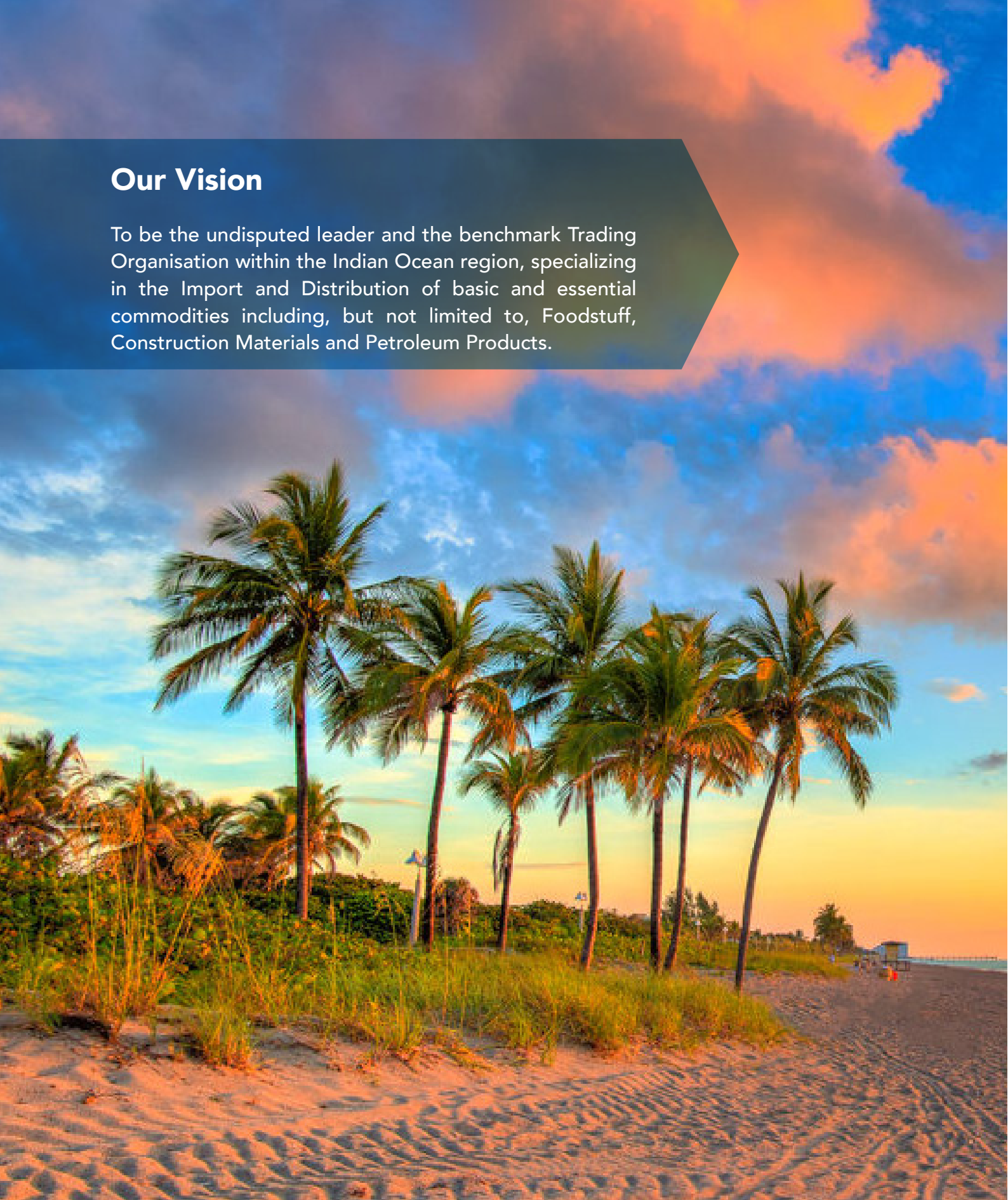
Reduce time/cost for unloading petroleum products.

Explore alternatives to current tanker arrangements.

Explore LNG, Coal and petroleum products trading opportunities.

Our Vision

To be the undisputed leader and the benchmark Trading Organisation within the Indian Ocean region, specializing in the Import and Distribution of basic and essential commodities including, but not limited to, Foodstuff, Construction Materials and Petroleum Products.



Our Mission

- **Products / Services Aspect**
To ensure the continuous supply and provision of, but not limited to foodstuff, construction materials and petroleum products, competitively and backed with added value services based on STC Act 1982 with amendments.
- **Customer / Consumers Aspect**
As a socially responsible organisation, we shall efficiently and effectively distribute the basic and essential commodities that meet national needs and international trading challenges while continuously enhancing our trade relationship with customers and consumers.
- **Geography**
Our supply of basic and essential commodities shall mainly cover Mauritius and its Outer Islands but will seek export opportunities to neighbouring countries of the Indian Ocean region.
- **Technology**
To make full use of IT/ICT equipment means, methods and techniques to transform STC into an IT based operating organisation with a well-established International network and be a global trading platform.

Our Quality Policy

In line with the STC Act 1982, our organisation shall fully commit itself to the continuous supply of Foodstuffs, Construction Materials, Petroleum Products and any such commodities that shall meet the needs and expectations of the nation and the region.

Our Objectives

Under Section 4 of the STC Act 1982 and 1988, the objects of the Corporation are:-

- to negotiate the purchase of goods;
- to engage in the manufacture or processing of goods and to ensure their marketing;
- to import goods with a view to their marketing, distribution or supply by wholesale or retail;
- to export goods; and
- to engage in such other activities as may be authorized by the Minister.

Our Capitals

All organisations depend on various forms of capital for their success. The capitals are stocks of values that are increased, decreased or transformed through the activities and outputs of the organisations. At the STC, our capitals are:

Financial Capital

- Financial capital refers to the pool of funds that is available to an organization for use in the provision of services obtained through financing, such as debt, equity or generated through operations or investments.
- The main source of capital for STC is Retained Earnings and Lines of Credits from banks mainly for payments for purchase of Petroleum Products. These funds are managed by the Risk and Treasury Division for the smooth running of the organisation.



Human Capital

- Human capital consist of people’s competencies, capabilities and experience; ability to understand, develop and implement an organization’s strategy; and, loyalties and motivations for improving processes, goods and services, including their ability to lead, manage and collaborate.
- We motivate our employees and help to develop their career through training and development. We also provide adequate infrastructure and benefits to maximise our staffs’ contribution to our growth.
- We have regular engagement with unions to improve conditions of work and go beyond what law prescribes in certain fields.”



Social Capital

- Social capital involves institutions and relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being.
- As a parastatal body, our objective is to provide essential commodities such as Rice, Flour and Petroleum Products to the population without any interrupted supply.



Intellectual Capital

- Intellectual capital is the organizational, knowledge-based intangibles, including intellectual property, as well as tacit knowledge, systems, procedures and protocols.
- While working alongside with external consultants, we develop our knowledge which is applied to ensure the best possible performance and efficiency within our organisation.



Natural Capital

- Natural capital refers to all renewable and non-renewable environmental resources and processes that provide services to support the past, current or future prosperity of an organization. It includes air, water, land, minerals and forests, as well as biodiversity and eco-system health.
- The environmental impact has been taken into consideration while undertaking our activities. We import environmental friendly fuel that is Gas Oil 50PPM instead of 500 PPM and 2500 PPM for land transport use in order to reduce pollution in the environment. We also encourage the use of LPG instead of liquid fuel for vehicles. To encourage the use of renewable energy, we have installed a photovoltaic plant in our new building in Ebene.

Our Value Creation

Value created by an organization over time manifests itself in increases, decreases or transformations of the capitals caused by the organisation's business activities and outputs.

The value created by the STC benefits all our stakeholders including but not limited to our customers, employees, shareholders and suppliers.

Customers

- Our customers stand high in our processes. Therefore in almost all situations the customer needs come first. It is essential that we continue to innovate to be able to offer good products and value for money. In order to provide a satisfactory service we have regular contact with our customers through meetings and other means of communication. STC has contributed actively towards Government decisions in order to bring down the rental prices of Mogas and Gas Oil in November 2015. We continuously work towards improved hygienic condition of storage of food commodities.

Employees

- We believe that human capital is our most valuable resource. We are constantly working to promote conducive working environment along with necessary guidance to our personnel, so that their goals are aligned with the overall organizational goals and effectively sharing the responsibility for reaching the same objectives.

Suppliers

- We maintain
 - (a) a cooperative relationship with trust and willingness to strengthen engagement with both our local and international suppliers.
 - (b) a constant communication with our suppliers in order to ensure quality products and at the desired time.

Shareholders

- Value is created when we work hand in hand with the Government to meet the expectations of public and fulfil the country's basic needs. We want to be compliant with regulations and avoid disputes.

Our People

In compliance with OSHA 2005 and other legislations, the Corporation has developed an Occupational Safety and Health Policy for the protection and safety of its employees in particular for those posted at the warehouse. A risk assessment programme for all STC sites of work is carried out yearly, and remedial actions are taken promptly, wherever required. The right protective equipment are also provided to workers.

After more than 30 years of existence, the STC will move to its new office premises in Ebene. The new working environment is meant to enhance employees' satisfaction and comfort the feel good factor. As part of our strategic plan, Management looks forward to the construction of a modern warehouse with all amenities for storage of food commodities in line with the Food Act. Staff at the warehouse will be provided with similar facilities as those at the Head Office.

Our workforce will have to be aligned with the STC's culture, vision and objectives to meet new challenges.

In response to our prominent role in driving projects to contribute to the economic growth, we plan to expand opportunities for career development and also recruit additional human capital to strengthen our team.

Our Culture and Ethics

An Anti-Corruption Framework has been set up at the Corporation. STC is committed to maintain the highest level of integrity and has accordingly developed an Anti-Corruption Policy for the organization under the guidance of ICAC for the deterrence and detection of corruption.

Our Social Responsibilities

With a view to help consumers to purchase Long Grain White Rice and Wheat Flour at a competitive price, STC has a dedicated team to put these basic foodstuffs in small packets of 1 kg and 2.5 kg. The packed commodities are sold in Cooperative Fairs organised by the Ministry of Business, Enterprise and Cooperatives and also to retailers at their sales point and also delivered to shops and supermarkets throughout the island.

Our Risk Management System

An Enterprise Risk Management Framework is in place to manage risks in the Corporation. Risk Management is being done through direct reporting of Management to Audit Committee and the Board. A framework has been developed for the management of risks in the Corporation. Two main sources of risks are the Commodity Price Risks (Petroleum Products) and Foreign Exchange Risks.

A Risk register is maintained to cover all the aspects of risk in the organisation namely: Finance, Commercial, Human Resource, IT, Administration, Secretarial, Supplies, Sales and Treasury.

Our Environmental Concern

Following Government decision to introduce a more environmental friendly fuel and align to international standards, the STC, in close collaboration with the Ministry of Environment, has started importing Gas Oil with 500 ppm Sulphur instead of 2500 ppm as from August 2010.

In 2011, STC decided to further shift from Gas Oil 500 ppm to Gas Oil 50 ppm for land transport sector usage. The importation of this new grade Gas Oil has benefitted the country. The emission of carbon dioxide has been reduced thus having a greater reduction of corrosion and wear of engine systems.

Moreover, the MID Fund (Maurice Ile Durable) will support efforts to protect the environment through recycling and encourage more efficient use of energy to increase reliance on renewable energy. This will build our energy independence whilst allowing us to do our share in the fight against global warming. The Fund will mobilize resources from taxes, Government subsidies, development partners, carbon credits and the private sector including airlines offsetting their carbon footprints.

STC has stopped using wooden pallets for stacking rice and flour and is now using plastic pallets as recommended by the Food Act, for hygienic reasons. Plastic pallets have a longer lifespan and require no maintenance.

Contribution for Oil Pollution

The State Trading Corporation, being the trading arm of the Government of Mauritius and the sole importer of Petroleum Products, makes an annual contribution to the International Oil Pollution Compensation (IOPC) Funds. This annual contribution is made by each Member State which has received total quantities of oil exceeding 150,000 Metric Tons in any calendar year, after sea transport in the ports and terminal installations in that State. Mauritius is a member state of the 1992 Fund of the IOPC Funds; three inter-governmental organisation which provide compensation for oil pollution damage resulting from spills of persistent oil from tankers.

The operation of the IOPC Funds is governed by the 1971, 1992 and supplementary Fund Conventions. In order to implement the conventions, the funds' governing bodies have adopted or approved a number of resolutions, regulations and other documents.

Mauritius forms part of both the 1992 Civil Liability Convention, and the 1992 Fund Convention. STC makes an annual contribution to IOPC Funds. For instance, if a pollution incident occurs involving a tanker, compensation is available to the Government of Mauritius or other authorities which have incurred costs for clean-up operations or preventive measures and to private bodies or individuals who have suffered damage as a result of the pollution.

Our Social, Ethical, Safety and Health issues

- In compliance with OSHA 2005 and other legislations, the STC has developed an Occupational Safety and Health Policy document in consultation with all parties concerned namely Trade Unions, the Health & Safety Officer and representatives of all divisions, a copy of which was circulated to all employees. The Health & Safety Policy Statement has also been displayed prominently at all sites of work.
- A risk assessment programme for all STC sites of work is carried out at least once every year and corrective actions are taken. For example, several actions have been taken to prevent pigeons entering the stores.
- Several employees have successfully completed a course in First Aid, provided by the St John Ambulance, Mauritius.

- The Corporation also ensures that the right protective equipment is provided to specific workers and officers (those working in stores, performing unstuffing tasks, Commercial Analysts, etc.) at the right time.
- The Corporation also provides a safe work place for its employees together with a medical scheme and an insurance cover.



OUR ACTIVITIES



Our Operating Activities

The Corporation has been entrusted with the responsibility of importing strategic commodities such as Long Grain White Rice, Wheat Flour, Petroleum Products and Liquefied Petroleum Gas (LPG). In line with the STC Act, which allows the Corporation to enter into any such activity as advised by the Minister, the Corporation also commercialises a small quantity of Basmati rice. Until 2011, STC was importing Cement for sale to the local industry.

In line with Government policy to provide basic necessities at affordable prices to the whole population, STC provides subsidy on Long Grain White Rice, Flour and LPG. Surplus realised on certain other products are utilized to absorb the subsidy cost. Any remaining surplus is paid as dividend to the Government, our sole shareholder. Dividend to the tune of Rs 1 billion has been paid to Government during the year.

Subsidy for the year in respect of Long Grain White Rice, Flour and LPG amounted to Rs 816.5 million.

The volume of commodities sold by the Corporation during 2015 were as follows:

Product	Metric Tons
Rice	21,541
Flour	101,490
LPG	72,460
Sugar (Rodrigues only)	212
Petroleum Products	1,127,902

Our Department in Rodrigues

The Corporation is responsible for the shipment of Rice, Flour and Sugar to Rodrigues. Thereafter, it ensures the storage and sales of these commodities to wholesalers and retailers. The Corporation is ensuring the smooth, adequate and continuous supply of these commodities with no disruption of stock which is about 1,000 Metric Tons of Rice, Flour and Sugar kept at any point in time.

During the year 2015, 35 consignments were shipped to Rodrigues by MV Mauritius Trochetia and MV Anna as follows.

Product	Metric Tons
Rice	4,877
Flour	2,141
Sugar	200

The department in Rodrigues is manned by 13 staff both from Mauritius as well as personnel recruited from Rodrigues. In addition, a team of 62 casual unloaders is contracted for unstuffing and stacking of goods.

As is the case for Mauritius, the retail prices of Rice and Flour are subsidised and the shortfall is funded by STC. Furthermore, in order to keep the retail prices of these two essential commodities at par with those in Mauritius, the Prime Minister's Office refunds STC all expenses incurred for the shipment of Rice and Flour to Rodrigues through the Rodrigues Subsidy Management Fund.

The warehouse located in the port area, is leased from the Mauritius Port Authority. STC has its own building at Camp du Roi which is used as office as well as residence for Mauritian officers posted in Rodrigues.



Procurement of Goods and Services

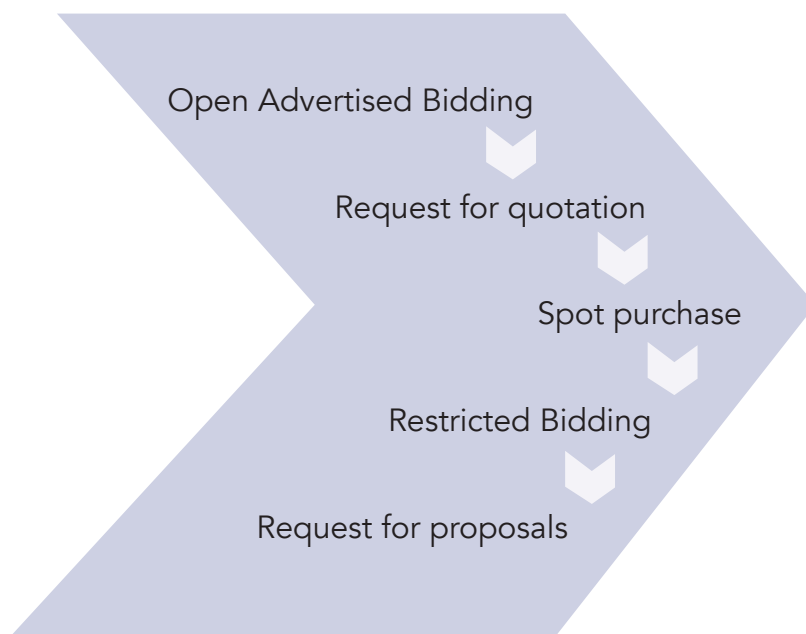
STC is exempted from the provisions of the Public Procurement Act, by Government Notice No 68 of 29 June 2009, in respect of procurement of goods destined for resale. The exemption applies equally to services incidental to the purchase or the distribution of such goods.

Nevertheless, there is full commitment to exercise sound procurement policies and practices based on open and fair procedures. The principles of fair competition are fully adhered to while inciting market forces to play in the favour of the ultimate customers' expectations of value for money.

Procurement of most of the goods and services are subject to open bidding processes. The bidding documents can be downloaded on-line. However, the bidding terms and conditions are subject to the prevailing market conditions, such as availability of supplies, degree of price stability, quantity required, and degree of urgency.

Methods of procurement

For the procurement of goods and services, the Corporation has recourse to the following methods of procurement:



Our Products

Rice

- **Long Grain White Rice**

The annual sales volume of Long Grain White Rice is about 20,000 Metric Tons (including about 4,800 Metric Tons for Rodrigues) As the selling price of Long Grain White Rice is controlled by Government and fixed at a level lower than its cost, the resulting shortfalls are met from contribution for subsidy in the price structures of Mogas and Gas Oil.



- **Basmati Rice**

The domestic market being fully dependent on rice importation, the persisting volatility in international prices of Basmati Rice tend to impact on our local rice market. Reported facts on the local Basmati market in the last few years revealed that prices of Basmati Rice have been steadily rising and no consistency was noted in the quality of the rice under specific brands.

In 2013, STC was mandated by Government to intervene on the market in view to stabilise the price of Basmati Rice and provide reliable quality and price references. Two types of Basmati Rice among the most in demand have been introduced as from January 2014, standard Basmati and Extra Long Basmati under the STC brand.



The presence of STC in Basmati market has to a certain extent avoided an increase in the retail price of that commodity.

Flour

The annual sales volume of flour is around 100,000 Metric Tons (including about 2,000 Metric Tons for Rodrigues).

The sole supplier of flour for the year 2015 was Les Moulins De La Concorde (LMLC). As the selling price of Flour is controlled by the Government and fixed at a level lower than its cost, the resulting shortfalls are met from contribution for subsidy in the price structures of Mogas and Gas Oil.

Liquefied Petroleum Gas (LPG)



The annual sale of LPG is about 70,000 Metric Tons. Since February 2006, a dual pricing policy is being implemented for LPG. About 80% of the annual imports is sold in cylinders of up to 12 kg. The retail price of LPG in cylinders of 5, 6 and 12 kg is fixed by Government. The latest revision in retail price was made in July 2016, when the price of one cylinder of 12 kg was decreased from Rs 330 to Rs 270. Any shortfall on sales of LPG is expected to be met from contribution for subsidy in the price structures of Mogas and Gas Oil and partly from surpluses made on Petroleum Products.



The price of LPG sold for Autogas and in cylinders above 12 kg for commercial purpose is currently reviewed on a monthly basis, by STC

Petroleum Products

The annual importation of petroleum products is about 1.2 million Metric Tons, including Fuel Oils for CEB. STC imports the country's total requirements and sells to Oil companies, namely Vivo Energy Mauritius Ltd, Total Mauritius Ltd, Engen Petroleum (Mauritius) Ltd and Indian Oil Mauritius Ltd for storage and distribution.

Mauritius as a Petroleum Hub

In line with the Government vision to develop Mauritius as a Petroleum Hub, Port Louis is well positioned as a competitive and attractive port of call for the bunker trade in the region. It is estimated that the size of the bunker market in the region is of one million metric tons. Mauritius has a share of 30% only but has the potential to expand especially since the market is projected to increase to 3 million metric tons in five years' time. In this context, the Corporation has waived its margin on bunker fuel since January 2014.



Furthermore, in order to cater for such a volume of products, upgrading of storage facilities would be required, such as setting up of an oil terminal. In this regard, a Joint Working Group has been set up with Indian counterparts to look into the feasibility of constructing an oil terminal in Mauritius, that would service both local and regional demand for petroleum products. The Corporation will participate in examining the options for financing and implementation of the project.

Petroleum Pricing Committee (PPC)

Since January 2011, the retail prices of Mogas and Gas Oil are determined by the Petroleum Pricing Committee (PPC). Under this pricing mechanism, prices change only when rendered absolutely necessary as a result of significant changes in price trends on the world market. One of the key objectives of this mechanism is to mitigate the effects of world price fluctuations on retail prices. STC operates a Price Stabilization Account (PSA) for each product in order to shield the market from price fluctuations.

The retail prices are fixed using an estimated average Platts price. This average Platts price is based on the prices paid for the previous six months and the future prices for the following six months provided by Platts, plus a margin of up to 4 per cent.

In November 2015, two changes were brought to the price structure and the PSA:

- The first change concerned the Reference Price used to calculate the price of Mogas and Gas Oil.

In order to reflect changes in world market prices, the average period for the calculation of Reference Price was reviewed from 12 months (6 months actual Platts Prices + 6 Months Future Platts Prices plus up to 4%) to 6 months (3 months actual Platts Prices + 3 Months Future Platts Prices with no 4% margin).

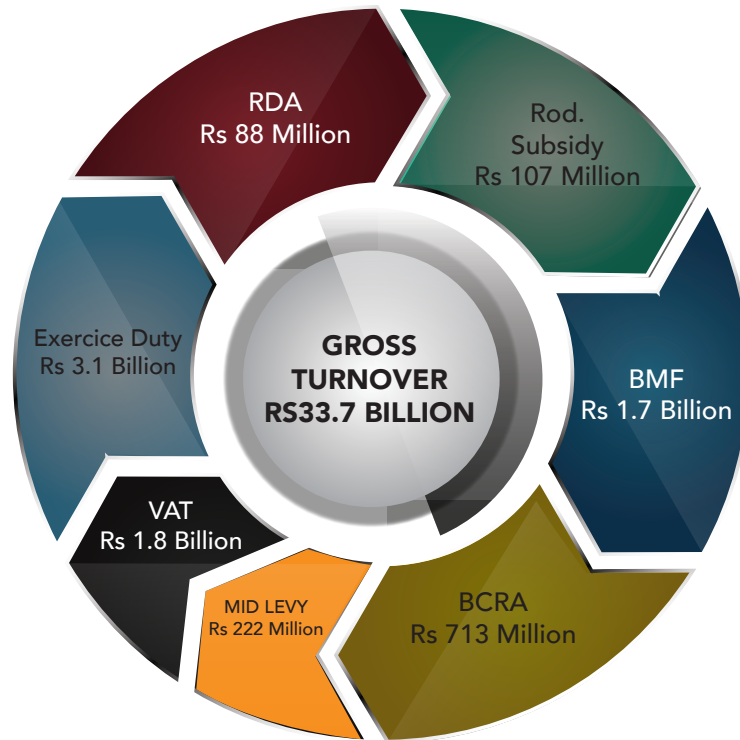
- The second change concerned the PSA. Prior to November 2015, there was no provision in the Regulations to allow funds in the PSA to be used to reduce retail prices. Therefore, amendments were made in the Regulations to use funds accumulated in the PSA exceeding Rs1.5 billion (Rs600 million and Rs900 million for Mogas and Gas Oil respectively) to bring down the prices for the benefit of the consumers.

In November 2015, the retail price of Mogas was decreased by Rs4.60 per Litre and that of Gas Oil by Rs2.75 per Litre.

In February 2016, the retail price of Mogas was decreased by Rs2.50 per Litre and that of Gas Oil by Rs3.25 per Litre.

Contributions collected on behalf of third parties

During 2015, the Gross sales revenue of the Corporation amounted to Rs 33.7 billion out of which Rs7.7 billion have been collected and remitted to Government institutions as follows:



Build Mauritius Fund

The Build Mauritius Fund was introduced by the Government in the price structure of Petroleum Products in January 2014 to execute a “Bus Replacement mechanism”. This fund is to be used by bus operators opting to purchase semi-low floor buses.

It is also used as a Special Fund to execute various priority projects such as improvement of water distribution.

Rodrigues Subsidy

The item “Contribution to Rodrigues transportation and storage” of 16 cents per litre of Mogas and Gas Oil (41 cents per litre w.e.f 14.11 2015) is meant to subsidise the cost of freight and other related costs to maintain the price of Petroleum Products, LPG, Cement, Long Grain White Rice and Flour at par with those prevailing in Mauritius.

Road Development Authority

“Contribution to Road Development Authority” is a charge in the price structure of Mogas and Gas Oil to be remitted to Road Development Authority whose objective is to provide a cost efficient mobility in comfort and safety for the Mauritian population and its economic operators to all parts of the island.

MID Levy

This levy of 30 cents is payable on each litre of Petroleum Products and each kilo of Liquefied Petroleum Gas (LPG). The purpose of this levy is to support the efforts to protect the environment through recycling, to encourage more efficient use of energy and to increase reliance on renewable energy.





Message from the Chairman

Since my nomination on 1st July 2015, STC has maintained moves to become a strong, reliable and trusted trading of the world in spite of volatility on world markets and further with the support of the Management team for 2016.

STC has during the major part of 2015 faced the challenge, with success, I should say, of affreightment of appropriate transport vessels for the carriage of various fuel products from our Mangalore supplier (MRPL).

STC is actively supporting the initiatives of Government to make Mauritius into a Bunkering and Petroleum Hub, while working towards ensuring sufficient strategic supplies and storage of fuels for the country. STC has also worked towards an environment conducive to price reduction in fuels sold to the population, Industry and the Energy sector in Mauritius.

The Board has also paid attention to the improvement and security of the supply of staple commodities.

The quality of the Long Grain White Rice has substantially improved. STC now has a bigger range of suppliers willing to provide goods to Mauritius. Government is providing subsidy on Long Grain White Rice through STC.

The efforts of the STC in the Basmati market with quality certified basmati rice has led to a reduction in prices as practiced by other Basmati importers.

There have been improvements concerning flour supplies. STC interaction with its suppliers and clients, especially bakeries have improved, with a line of communication open at all times. Other client service improvements have been implemented and will improve further. Our outlet services have been rationalised. I would like to emphasise on the health benefits associated with the whole wheat flour. The flour supply for 2016 has been secured at favourable rates while ensuring support for our local miller. Government is providing subsidy on Flour through STC.

STC has also ensured security of LPG supply with the help of a major international trader. It is to note that the retail price of LPG in cylinders of up to 12 kg destined to households is also subject to subsidy by Government through STC.

We are in the process of building and commissioning new office facilities. The new facilities will enhance our growth potential and service quality and variety. We are also planning modern high quality dedicated infrastructure for our future activities.

Rodrigues has not been forgotten and improvements in the service have been initiated after a high level visit to the island and meetings with the Chief Executive and other officials. At present, the retail prices of Rice and Flour practiced in Rodrigues are also subsidised and are same as those in Mauritius.

STC is also prospecting new markets and suppliers for various commodities and has participated in local and international events and conferences.

All the progress is due to the dedication and efforts of the staff of the STC. With this in view, a programme of training and professional development has been elaborated. Employees and even Board members are being given introduction, induction and refresher courses to improve their skills and competencies. Similarly, STC is reviewing its promotion and recruitment processes to make them more responsive to the changing needs of the STC with greater integrity and transparency. Fresh competencies are welcome aboard.

Several Board and Tender Procedures have been reexamined and improved in line with the principles of Corporate Governance and transparency. An ever growing place is given to sustainable practices not only within the STC but also we will try to imprint it on our trading and service partners.

There still remains a lot to do and to address. STC is operating within an even more competitive world and I have been the witness of staff having to cope with short deadlines. We need to perform along commercial lines and I have here to point out the shortcomings the STC faces, one of which is the need to keep within the parameters of the Pay Research Bureau whilst trying to attract talent. Staff matters have been one of the major preoccupations of the Board and remedies should be actively sought.

During the year 2015, the STC has made provision for the payment on a dividend of MUR 1.45 billion to Government of which MUR 1 billion has been disbursed before the end of the year.

To summarise, STC has delivered good results, initiated a change process, and remained financially sound whilst paying substantial dividends to Government, subsidising the prices of basic goods for the Republic. We are taking positive steps to be a preferred trading partner and strengthen our operations in Mauritius so as to get a regional and international environment-friendly footprint eventually.

I wish to thank, on behalf of the Board of STC, all the employees and partners for their dedication in improving our results and services to the population and to Mauritius as a whole, in spite of challenging market situations. I also thank the Board members past and present for their support and wisdom in this path to progress.



Dr. Ramchandra Bheenick

Message from the General Manager



The year 2015 has been an eventful year for the STC. I was appointed as from July and a new Board was constituted at the same time. Following Government decision, STC was instructed to terminate the contract of affreightment with Betamax. STC had to go on the market to charter tankers to ensure that the country does not suffer from any supply disruptions with regards to Petroleum Products.

STC stood up to these challenges; the new team doubled efforts and the Corporation delivered a historical financial performance. In addition, we also embarked into major changes in order to improve our service delivery to the population. In the process, we substantially upped the working environment to ensure that all employees work in a safer and healthier environment.

Financial Highlights

The Corporation ended the year 2015 with an outstanding result showing a surplus of Rs 1.065 billion compared with Rs 364 million for year 2014. As a matter of pride, a payment of Rs 1 billion has been made to the Government through the Accountant General as Dividend. In addition, our reserve stood at Rs 1.5 billion.

Seizing all possible opportunities from a dynamic international market as well as improvement in internal processes in particular, regarding procurement strategy, we have been able to secure better supply prices resulting in savings on subsidy provided on rice, flour and LPG. The total subsidy incurred during the year 2015 amounted to Rs 816.5 million as compared to Rs 1.1 billion for year 2014 hence a savings of Rs 283.8 million.

The strong cash balance of the Corporation at end of 2015 puts it in a comfortable position as it does not have recourse to loans for its Working Capital and even Capital Investment. We are looking forward to finance the new headquarters to the tune of Rs 314 million at Ebene from our own fund.

Improved Working Environment

It is with a great sense of pride that we report having resolved the health issues associated with proliferation of pigeon/birds in our warehouse. It is worth mentioning that when the net solution was first mentioned, it was resisted by our own personnel as several options had been tried in the past without much success. However, after several discussions, we equipped our warehouse with nets to eliminate birds' droppings on the bags of rice and flour.

Purposely designed plastic flaps were also installed at required entrance doors. Finally, we segregated rice and flour stores hence enabling better management in general. What provided immense satisfaction was that, once convinced, all these works were carried out by the STC in house maintenance team. The challenge now is to maintain this level of cleanliness at all times.

Health and Safety

Several sessions ranging from basic safety rules awareness to advanced lifting techniques were conducted and well attended by staff from all work locations. We restored a higher sense of discipline across the organisation to ensure the wearing of protective equipment and adherence to Health and Safety regulations by all employees.

Closer than ever with our main stakeholder – the population

The STC continues to play its role in ensuring that rice, flour, LPG and Petroleum Products are available at all times in Mauritius and Rodrigues bringing great value to the population. The STC team is proud that there has not been a single situation of shortage for years. Now, despite the fact that the market has witnessed an increase in the price of Basmati rice, we at STC have maintained our price, ensuring that basmati rice remains affordable to a large portion of the population. The STC also contributed to review the Regulations governing the Petroleum Pricing Mechanism, to allow the utilization of funds from the Price Stabilisation Account (PSA), so as to bring a decrease in the price of Petroleum Products. We also introduced a new procurement policy to ensure that we benefit from opportunities in the purchase of foreign exchange. Despite moving from an established supply pattern, we ensured that supply of Petroleum Products was not disrupted.

New Headquarters in Ebene

Year 2015 has also enabled us to progress in the acquisition of STC's new headquarters in Ebene. We sought the contribution of employees in ensuring that the environment meets the expectations of one and all.

Appreciation

The realization of strong set of results would not have been possible without the support of all our stakeholders. I would thus like to thank the Chairman, Board Members, the Management team and all staff for their support and contribution towards delivery of these results. I look forward to 2016 with its greater challenges and I am confident that, together we shall take STC to even greater heights.

Rajanah Dhaliah



CORPORATE
GOVERNANCE

CORPORATE GOVERNANCE

The purpose of setting up the State Trading Corporation (STC) as a para-statal body was to provide the Corporation with the commercial freedom that it requires while trading in a global business environment and which has become more complex and aggressive.

The STC operates under the aegis of the Ministry of Industry, Commerce and Consumer Protection. The purpose of Corporate Governance for the STC is to nurture the spirit of enterprise in its Board and Management while maintaining a high level of accountability, transparency and integrity. These core values are now embedded in the business policies, procedures and practices. There is a clear separation of the Board duties, and activities from that of the Management of the Corporation. All sitting Board Members have a primary duty to the STC.

Transparency and accountability are the two basic principles of Corporate Governance, which creates and enhances long-term sustainable value for the stakeholders through ethically driven business process. The philosophy of the Corporation on Corporate Governance envisages the attainment of highest levels of transparency, accountability and ethics, in all facets of its operations, with the primary objective of enhancing shareholder value.

An approach to Governance has been adopted that balances economic and social goals and between individual and communal goals. The governance framework is to promote efficient use of resources but equally providing greater accountability for the stewardship of those resources.

We believe in the emerging consensus of high standard of Governance that is required to achieve the objectives but without being detrimental to the interest of other stakeholders of the Corporation, inter-alia customers, creditors, suppliers, employees, and the Government.

Reporting Structure

The Corporation has a Unitary Board, headed by a Chairman with eight members constituting of representatives of different Government Ministries/Departments as follows:

- Ministry of Industry, Commerce & Consumer Protection
- Ministry of Finance & Economic Development
- Ministry of Agro-Industry & Food Security
- Ministry of Energy & Public Utilities
- Mauritius Ports Authority
- 3 Independent Directors with relevant experience, nominated by the Minister.

The Role of the Board

The code of Corporate Governance requires the Corporation to be *“headed by an effective Board, which is collectively responsible for the success of the organisation”*. Board members are expected to take decisions in the interest of the Corporation, i.e. no conflict of interests and as well contribute constructively to Board decision with their well-considered views.

The roles of the Board are to: -

- Provide entrepreneurial leadership
- Set Strategic Decisions
- Ensure necessary resources are in place to achieve the objectives
- Review Management performance
- Risk management

During the year 2015 the Board has met 22 times. The Board was chaired by the Permanent Secretary of the parent Ministry and as from 1st July 2015 to date, Dr. R. Bheenick is the Chairman. Major decisions were taken on:-

1. Affreightment of transport for Petroleum Products with dedicated Contracts.
2. Procurement of strategic products of national importance namely, Petroleum Products, Rice, Flour and Liquid Petroleum Gas (LPG).
3. Financing and monitoring of the construction process of a new office in Ebene.

4. Participation in international events/conferences.
5. Improvement in Corporate Governance initiatives and programmes within the STC.
6. Review of the integrity of the staff recruitment processes.
7. Financing of Working Capital.
8. Training and Welfare facilities for STC staff and Board Members.

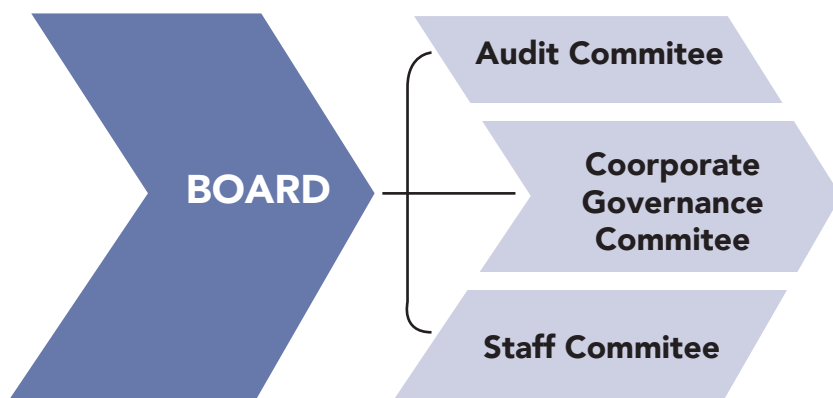
In the year 2015 that is from January to June 30th 2015, the STC was headed by a Board with the following composition:

Directors		Post
Mr. Fareed Chuttan (Ag. Chairperson)	Permanent Secretary	Ministry of Industry, Commerce & Consumer Protection
Mr. Ishwarlall Bonomaully	Lead Analyst	Ministry of Finance & Economic Development
Mr. Vishnou Gondeea	Permanent Secretary & Food Security	Ministry of Agro-Industry
Mr. Radhamohun Mungur	Chief Planner	Ministry of Energy & Public Utilities
Mr. Chandraduth Rogbeer	Corporate Auditor	Mauritius Ports Authority

The Board of the STC was reconstituted by the Minister during the year, and from 1st July 2015, the following members were appointed as Directors:

Chairperson	
Dr.Ramchandra Bheenick	
Directors	Post
Mr. Fareed Chuttan	Permanent Secretary Ministry of Industry, Commerce & Consumer Protection
Mr. Ishwarlall Bonomaully	Lead Analyst Ministry of Finance & Economic Development
Mr. Vishnou Gondeea	Permanent Secretary Ministry of Agro-Industry & Food Security
Mr. Radhamohun Mungur (Left in December 2015)	Chief Planner Ministry of Energy & Public Utilities
Mr. Chandraduth Rogbeer (Left in October 2015)	Corporate Auditor Mauritius Ports Authority
Mr. Feizal Jeetoo	Independent Member
Mr. Chetnarain Pooneeth	Independent Member
Mr. Jean Eddy Lamarque	Independent Member

To enable the Board to give closer attention to important issues facing the Corporation, three sub-committees have been created.



The memberships in these Sub-committees have been made on the basis of experience, skills and competencies of members.

Audit Committee

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities for the Financial Reporting process, the systems of Internal control and Risk Management, the audit process and STC's process for monitoring compliance with Laws and Regulations.

The Audit Committee was reconstituted by the Board on 20 November 2015 and 16 December 2015 with the following members:

Audit Committee

Mr. I. Bonomaully (Chairman)	Mr. V. Gondeea	Mr. R.S.Sonea	Mr. E. Lamarque
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The Committee met 2 times during the year 2015 to review the internal and external audit reports as well as reviewing the Financial Statements. Recommendations made, have been implemented forthwith by Management.

Corporate Governance Committee

The Committee was initially set up on 20 June 2012. The Corporate Governance Committee was reconstituted by Board on 20 November 2015. There was no meeting during the year 2015. The Terms of Reference of the Committee were however reviewed and updated in line with current practice.

For the year 2015, the members of the Corporate Governance Committee were:

Corporate Governance Committee

Dr. R. Bheenick (Chairman)	Mr. N. Dawoodarry	Mr. C. Pooneeth	Mr. F. Jeetoo
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Staff Committee

The role of the Staff Committee is to provide an efficient mechanism for the selection and appointment process of officers of the Corporation. The Staff Committee was reconstituted by the Board on 20 November 2015 with the nomination of new members:

Below are members of the Staff Committee for year 2015:

Staff Committee

Dr. F. Chuttan (Chairman)	Mr. V. Gondeea	Mr. E. Lamarque	Mr. F. Jeetoo
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From January to December 2015, the Staff Committee met once.

Board Meeting and Sub-Committees

The members of the Board and Sub-Committees for the year ended 31 December 2015 were as follows:-

Name	Board	Audit Committees	Corporate Governance	Staff Committee
Dr. R. Bheenick	✓		✓	
Mr. F. Chuttan	✓			✓
Mr. I. Bonomaully	✓	✓		
Mr. V. Gondeea	✓	✓		✓
Mr. R.S. Sonea	✓	✓		
Mr. D. Dawoodarry	✓		✓	
Mr. C. Pooneeth	✓		✓	
Mr. F. Jeetoo	✓		✓	✓
Mr. J.E. Lamarque	✓	✓		✓

Remuneration of Members

The amount paid as Directors fees during 2015 were:

Chairman: Rs 268,140

Board Members: Rs 827,985

Attendance for Board and Sub-Committees

Attendance for the Board and Sub-Committees for the year ending 31 December 2015 was as follows: -

Name	Board	Audit Committees	Staff Committee
Total Number of Meetings	22	2	1
Dr. R. Bheenick	11		
(Mr. F. Chuttan } acted as	7		
(Mr. K. Conhye } Chairperson	4		
Mr. F. Chuttan	18		1
Mr. I. Bonomaully	22	Nil	
Mr. V. Gondeea (as from March 2015)	14	2	Nil
Mrs T.A. Mudhoo (left end February 2015)	2		
Mr. R.S. Sonea (December 2015)	1	Nil	
Mr. R. Mungur (April to December 2015)	13	2	
Mr. R.K. Bunjun (January to March 2015)	5		
Mr. N. Dawoodarry (from October 2015)	4		
Mr. C. Rogbeer (left October 2015)	16	2	

Director's Profile

1. **Dr. Ramchandra Bheenick, M.D. Doctor in Medicine** Chairperson

Dr. Ramchandra Bheenick was appointed on the Board of STC on 22 June 2015. He assumed his functions on 1st July 2015. He is also the Chairperson of the Corporate Governance Committee, a sub-committee of the Board.

Dr. R. Bheenick holds a Diploma in Occupational Safety & Health and a Certificate in Health Services Management. He was the first Mauritian Member of the British Association of Medical Managers.

Dr. R. Bheenick started his career since 1982. He is involved in activities within the medical sector, both public and private sector. Management support and consultancy role to Mauritian enterprises, Health Institutions and to Government Departments since 1987 till now.

He was also Past Member of Medical Council of Mauritius and Past President of the Private Medical Practitioners Association.

Dr. R. Bheenick is at present an MQA Registered Trainer and Part-time Lecturer for various instances, and is also active in various social and socio cultural organisations.

2. **Mr. Fareed Chuttan, Brevet International d'Administration Publique Ecole Nationale d'Administration, France**

Permanent Secretary, Ministry of Industry, Commerce & Consumer Protection

Mr. F. Chuttan was appointed on the Board of STC in February 2013 as representative of the Ministry of Industry, Commerce & Consumer Protection. He is also the Chairperson of the Staff Committee.

Mr. F. Chuttan holds a BA (Honours) (Administration) from the University of Mauritius.

Mr. F. Chuttan started his career in the year 1988 as Assistant Secretary in the Ministry of Works and continued as follows:

Since February 2013

Permanent Secretary

Ministry of Industry, Commerce and Consumer Protection (Commerce and Consumer Protection Division)

2012 – 2013

Permanent Secretary-Ministry of Arts and Culture

2001 - 2012

Principal Assistant Secretary -Ministry of Arts and Culture

2001 – 2001

Principal Assistant Secretary-Ministry of Labour and Industrial Relations

2000 – 2001

Principal Assistant Secretary-Prime Minister's Office

1999 – 2000

Principal Assistant Secretary-Ministry of Training and Skills Development

1990 – 1999

Assistant Secretary-Ministry of Housing and Lands

1988 – 1990

Assistant Secretary - Ministry of Works

He has also been a member on the following Boards:

- (i) Le Morne Heritage Trust Fund
- (ii) Islamic Cultural Centre
- (iii) Malcolm de Chazal Trust Fund
- (iv) Urdu Speaking Union
- (v) Mauritius Film Development Corporation
- (vi) Industrial and Vocational Training Board (IVTB)
- (vii) Scholarship Commission
- (viii) Hotel Training School
- (ix) Mauritius Housing Company Ltd
- (x) National Housing Development Co. Ltd
- (xi) National Transport Authority

3. Mr. Ishwarlall Bonomaully FCCA, MSc Finance (UOM)
Director, Ministry of Finance & Economic Development

Mr. I. Bonomaully was appointed on the Board of STC since April 2010 as representative of the Ministry of Finance and Economic Development (MoFED). He is also the Chairperson of the Audit Committee, a sub-committee of the Board.

He started his career as Inspector of Taxes (then Income Tax Dept);

Joined Management Audit Bureau as Accountant in 1992; conducted a number of management reviews and other consultancy exercises on Ministries/Government Departments and Parastatal Bodies.

Subsequently he joined MoFED as Lead Analyst in 2007, responsible for the portfolio of Increasing Competitiveness, which includes Industry and Business as well as schemes and programs under the National Resilience Fund;

He has also been a member on the following Boards:

Development Bank of Mauritius Ltd (2012)

NRF Equity Investment Ltd (2012)

SME Partnership Fund (2012)

National Productivity and Competitiveness Council (2013)

4. Mr. Ravi Shankar Sonea
Deputy Permanent Secretary Ministry of Energy & Public Utilities.

Mr. Ravi Shankar Sonea joined the STC Board in December 2015 as representative of the Ministry Energy and Public Utilities. He is also a member of the Audit Committee, a sub-committee of the Board.

Mr. R.S. Sonea holds a Diploma in Public Administration and Management and a Masters in Public Administration.

He started his career as Clerical Officer in 1983 and was promoted to Executive Officer in 1989.

In 1992 he was appointed as Administrative Officer and promoted in 2005 to Deputy Permanent Secretary (Previously Principal Assistant Secretary).

5. Mr. Radhamohun Mungur, B.Tech (Hons), MBA
Chief Planner, Ministry of Energy & Public Utilities.

Mr. R. Mungur was appointed on the Board on two occasions:

- i) From 24 September 2003 to 30 September 2006
- ii) From 20 February 2014 to 30 November 2015

Mr. Mungur started his career in the Energy Services Division in 1991 and joined the Ministry of Energy and Public Utilities in 1999. He is also assuming the duties of Director of the Energy Efficiency Management Office.

He has also been a member on the following Boards:

Wastewater Management Authority

Radiation Protection Council

Building Control Advisory Council

6. Mr. Vishnou Gondeea
Permanent Secretary, Ministry of Agro Industry & Food Security.

He was a member on the Board of the STC from November 1996 to March 2000, and from March 2007 to May 2010. He has been reappointed as Member of the Board in March 2015.

Mr. V. Gondeea is also member of the Audit and Staff Committee, sub-committees of the Board.

Mr. V. Gondeea holds a Diploma in Public Administration & Management.

Mr. Gondeea is at present the Permanent Secretary at the Ministry of Agro-Industry & Fisheries. He joined the Public Service in the year 1973 and has subsequently worked in the following Ministries:

- a) Ministry of Trade & Shipping from 1973 -1996 in various administrative posts as Assistant Secretary and Principal Assistant Secretary
- b) Ministry of Commerce & Industry - from 1996 to 2000
- c) Ministry of Information Technology & Communication from 2000 to 2005
- d) Ministry of Health from October 2005 to Feb 2006
- e) Ministry of Environment & NDU from March to July 2006

He has also been a member on the following Boards:

Mauritius Sugar Industry Research Institute (MSIRI)

Tea Board

Mauritius Post Ltd

State Informatics Ltd

MPCB

National Computer Board

Mauritius Telecom

Business Park Mauritius Ltd

7. Mr. Narad Dawoodarry,
Director, Administrative & Legal Services, Mauritius Ports Authority

Mr. Dawoodarry was appointed as Board Member on 6 October 2015. He is also member of Corporate Governance Committee, sub-committee of the Board.

Mr. Dawoodarry holds a Bachelor degree from the University of Punjab since the year 1979.

He is a qualified Chartered Secretary since 1990 before reading for a Masters Degree in Public Sector Management at the University of Technology in 2003.

He is a Fellow of the Chartered Institute of Logistics and Transport since 2008.

Mr. Dawoodarry took employment with the then Mauritius Marine Authority in 1993 as Secretary before being promoted to the post of Administration Manager in 1999.

In December 2010, he was appointed as Director, Administrative & Legal Services.

8. Mr. Chandradutt Rogbeer, ACA, ACMA, CILT (Left in October 2015)
Corporate Auditor, Mauritius Ports Authority

Mr. C. Rogbeer was appointed on the Board of STC as representative of Mauritius Ports Authority since September 2008.

Mr. C. Rogbeer is a Chartered Accountant of the Institute of Chartered Accountants of England and Wales (ICAEW).

He is also a member of the Chartered Institute of Management Accountants (CIMA), UK. Prior to joining the Mauritius Ports Authority (MPA) in 1993, he worked with the National Audit Office. He is presently the Corporate Auditor at the MPA.

He was also a Director on the Rodrigues Trading and Marketing Co as Representative of STC.

Mr. Rogbeer is not on the Board of STC since October 2015. He has been replaced by Mr. N. Dawoodarry as from 6 October 2015.

6. Mr. Chetnarain Pooneeth
Board Member

Mr. C. Pooneeth was appointed on the Board of STC as an Independent Member since 22 June 2015. He is also a member of the Corporate Governance Committee, sub-committee of the Board.

8. Mr. Feizal Jeetoo
Board Member

Mr. F. Jeetoo was appointed on the Board of STC as Independent Member since 22 June 2015.

He is also member of the Staff Committee, a sub-committee of the Board.

9. Mr. Jean Eddy Lamarque
Board Member

Mr. J.E. Lamarque was appointed on the Board of STC as Independent Member since 22 June 2015. He is also a member of the Staff Committee and Audit Committee, sub-committees of the Board.

Mr. J.E. Lamarque has also been the Director of Best Metal Co. Ltd, a company involved in the construction and heavy metal engineering industry.

He is the Holder of a "*Brevêt d'Études Professionnelles*".

Mr. J.E. Lamarque started his career as Maintenance Manager at the Compagnie Mauricienne de Textile Ltée. Thereafter, he also offered consultancy services for structural works within the Sugar Industry, namely at Mtibwa SE, Tanzania.

He also followed a course in Tender Procedures and Contract Management under the aegis of the "*Construction Industry Development Board*."

Management Profile

Mr Rajanah Dhaliah

General Manager (as from July 2015)

Mr. R.Dhaliah started his career as a Lubricant Sales Engineer with Shell in 1990. Since then, he has occupied several posts namely Retail Manager, Business Process Re-engineering and Competence and Learning Manager within the Shell Group and finally Business to Business Manager for Vivo Energy Ltd. During a career spanning over twenty-five years in the energy sector, he has spearheaded numerous projects in Mauritius and the African region. Mr. Dhaliah is a Registered Professional Mechanical Engineer with the Mauritius Council of Registered Professional Engineer and he also has an MBA from the University of Mauritius. Since joining the STC in July 2015, Mr Dhaliah has embarked himself on a transition journey for the Corporation where the work of all employees is highly valued. His aim is to put his years of experience in the private sector at the service of his country.

H. Hoolash, FCCA, MBA

Risk and Treasury Manager

Mr. H. Hoolash joined STC in October 1992 as Accountant and was promoted to Senior Accountant in August 2001. He was appointed as Risk and Projects Manager in January 2004. The post was restyled as Risk and Treasury Manager in 2008. Before joining STC, he was in public practice in the UK.

R. R. Bapamah, FCCA, MBA

Financial Manager

Mr. R.R. Bapamah joined the Department of Supplies in January 1979 as Assistant Supplies Officer. He was appointed as Accounts Clerk in July 1985 and promoted Accounts Officer in March 1987. He occupied the position of Accountant/Senior Accountant as from April 2001. He was appointed as Financial Manager in December 2007.

K.D. Jugoo (Mrs), BSc (Hons) Accounting and Finance, FCCA, MBA

Audit Manager

Mrs K.D. Jugoo joined STC as Senior Internal Auditor in June 2007. Before joining STC, she was Examiner of Accounts at the National Audit Office. From 2006-2007 she worked as Accountant at the Mauritius Society of Authors. The post of Senior Internal Auditor was restyled as Audit Manager in 2008.

Pratap Dave Udhin, Diploma in Transport

Business Development Officer

Mr. Udhin holds a Diploma and an Advanced Diploma in Transport (Chartered Institute of Logistics & Transport, UK). He is an elected member of the Chartered Institute of Logistics and Transport.

He joined STC on 11 February 2011 to give strategic support to Management. He has a vast experience in Technical Planning and Transport Management. He is presently in charge of the Transport Unit and the Maintenance Division. He was previously Traffic Manager at the NTC and Transport Manager at Bonny Air Travel & Tours Ltd.

P. Soobarah, FCCA, MBA

Assistant Financial Manager

Mr. P. Soobarah joined the Department of Supplies in February 1980 as Assistant Supplies Officer. He was appointed as Accounts Clerk in October 1985 and promoted Accounts Officer in November 1987 at the STC. He was then appointed as Accounting Technician in November 2004 and as Accountant/Senior Accountant as from February 2006. The post of Accountant/Senior Accountant was restyled as Assistant Financial Manager in 2008.

K. Ramdenee, FCCA, MBA

Assistant Financial Manager

Mr. K. Ramdenee joined STC in January 1987 as Assistant Supplies Officer. He was appointed as Accounting Technician in March 2006 and as Assistant Financial Manager in April 2009.

Balram Asyrigadoo,

Acting as Officer-In-Charge of Commercial Division

Mr. Balram Asyrigadoo joined the Civil Service as Postal Officer at the General Post Office in June 1972. He then shifted to the Department of Supplies as Assistant Supplies Officer. Joined STC in August 1985 as Trade and Marketing Officer. Acting as Officer-In-Charge of Commercial Division since June 2009.

He possesses Higher Stage of LCCI in Accounting, Marketing and Shipping and Certificates in International Oil and Futures Trading, Communication Skills, Public Procurement and "Pratique du Commerce International par les organismes de Commerce d'Etat".

A.P Vythelingum
Acting Secretary Board

Mr. A.P Vythelingum joined the STC in March 1990 as Clerical /Higher Clerical Officer. He holds a Diploma in Public Administration and Management from the University of Mauritius. He is presently acting as Secretary to the Board of STC.

Mr Li Kuk Cheung, Yiew
Ag. Chief Supplies & Sales Officer

Mr. Li Kuk Cheung joined the Department of Supplies in December 1976 as Assistant Supplies Officer. He was subsequently promoted as Supplies Officer, Higher Supplies Officer, Senior Supplies Officer and appointed Principal Supplies and Sales Officer on 1st May 2014. Mr. Y. Li Kuk Cheung has been assigned the duties of Chief Supplies and Sales Officer with effect from 08 October 2015.

Mr. Li Kuk Cheung holds a Certificate in Business Studies (1983) and a Diploma in Management with specialization in Financial Management (1999) from University of Mauritius.



Directors' Responsibilities

It is the directors' responsibility to prepare financial statements that fairly present the state of affairs of the Corporation as at the end of each financial year and the profit or loss and cash flows for that period;

Adequate accounting records and an effective system of internal controls and risk management have been maintained.

The STC Act requires an estimate of the revenue and expenditure of the Corporation for the forthcoming financial year to be submitted to the Minister of Industry, Commerce and Consumer Protection at least three months before the beginning of the financial year for his approval.

The Corporation is required to prepare and submit to the Auditor, the National Audit Office, an annual statement of financial performance and a statement of financial position made up to the end of the financial year showing the assets and liabilities of the Corporation not later than four months after the end of every financial year according to the Statutory Bodies (Accounts and Audit) Act.

The external auditors are responsible for reporting on whether the financial statements are fairly presented

The Corporation has to submit a copy of its audited financial statements to the Financial Reporting Council, in accordance with the Financial Report Act 2004.

The Audited Financial statements has been authorised for issued on 8 February 2017. In preparing the Financial statements, it has been ensured that:

- suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgement
- appropriate accounting standards and International Financial Reporting Standards (IFRS) have been adhered to in conformity with the changes in presentation.

The Board has set up an Internal Audit Division which is under the responsibility of an Audit Manager assisted by an Ag. Internal Auditor and other staff. The Audit Manager reports to the Audit Committee, a sub-committee of the Board which is chaired by a non-executive director. The Internal Audit Division carries out their duties in compliance with the Standards for the Professional Practice of Internal Auditing issued by the Institute of

Internal Auditors. The Audit Manager has unrestricted access to the Chairperson of the Board and Audit Committee. The officers of the Internal Audit Division and the External Auditors are authorized full, free and unrestricted access to all records, physical properties and personnel, pertinent to carrying out their duties. Meetings of the Audit Committee and attendance of its members have been disclosed in the section of Corporate Governance.

The Board has the overall responsibility for the Systems of Internal Control and Risk Management as well as the governance practices. To discharge these duties, the Audit Committee assists the Board by focusing on the following areas:

- Review and approve the Internal Audit Plan prepared by the Internal Audit Division;
- Consider the risk areas and the risk mitigating measures proposed by Management;
- Examine issues raised by the Internal and External Auditors. STC's Audit Manager attended all the meetings of the Audit Committee. The Audit committee also met the External Auditors to discuss their findings and recommendations following the audit exercise;
- Review the Financial Statements prior to recommending same for Board approval.
- Follow up and implementation of recommendations of External Auditor in order to improve the process and ensure proper accountability is regularly adhered to.

The Audit Committee reports important matters to the Board. Over the years STC has developed sound systems of the Internal Control and Risk Management.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could thereafter, have a material impact on the business.

The Financial Statements have been prepared on a going concern and there is no reason to believe that the STC will not continue as a going concern in the year ahead.

The Director confirms that STC has adhered to the requirements of the Code of Corporate Governance and has ensured that the Financial Statements comply with the Statutory Bodies/Accounts and Audit Act 1982.

“APPROVED BY THE BOARD OF DIRECTORS AND SIGNED ON ITS BEHALF”



Dr R Bheenick
Chairman



I Bomaully
Board Member

Statement of Compliance

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

Name of PIE: State Trading Corporation

Reporting Period: 1 January to 31 December 2015

We, the Directors of the State Trading Corporation (STC), confirm that to the best of our knowledge, the STC has complied with all of its obligations and requirements under the Codes of Corporate Governance.

Signed by:



Dr R Bheenick
Chairman



I Bonomally
Board Member



NATIONAL AUDIT OFFICE

REPORT OF THE DIRECTOR OF AUDIT TO THE BOARD OF THE STATE TRADING CORPORATION



Report on the Financial Statements

I have audited the accompanying financial statements of the State Trading Corporation, which comprise the statement of financial position as at 31 December 2015, the statement of profit and loss and other comprehensive income, statement of changes in equity and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards and in compliance with the Statutory Bodies (Accounts and Audit) Act and the Financial Reporting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards of Supreme Audit Institutions. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 the accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a reasonable basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the State Trading Corporation as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards.

Emphasis of Matter

I draw attention to Note 28 to the financial statements wherein it is reported that a private company has challenged the decision of the Corporation not to avail its services for transportation of petroleum products since February 2015 and submitted a claim of US\$ 176,345,494 plus interest, legal fees and costs. The claim is under dispute and has been referred to arbitration.

My opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Management's Responsibility

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the laws and authorities which govern them.

Auditor's Responsibility

In addition to the responsibility to express an opinion on the financial statements described above, my responsibility includes expressing an opinion on whether the activities, financial transactions and information reflected in the financial statements are, in all material respects, in compliance with the laws and authorities which govern them. This responsibility includes performing procedures to obtain audit evidence about whether the entity's expenditure and income have been applied for the purposes intended by the legislature. Such procedures include the assessment of the risks of material non-compliance.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion on Compliance

Statutory Bodies (Accounts and Audit) Act

The financial statements for the year ended 31 December 2015 were received at my Office on 29 April 2016. Following examination of the financial statements, a few amendments had to be made. The amended financial statements were submitted on 15 February 2017.

In my opinion, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the Statutory Bodies (Accounts and Audit) Act.

Public Procurement Act

The State Trading Corporation is responsible for the planning and conduct of its procurement. It is also responsible for defining and choosing the appropriate method of procurement and contract type in accordance with the provisions of the Act and relevant Regulations. My responsibility is to report on whether the provisions of Part V of the Act regarding the Bidding Process have been complied with.

In my opinion, the provisions of Part V of the Act have been complied with as far as it appears from my examination of the relevant records.

Financial Reporting Act

The Directors are responsible for preparing the Corporate Governance Report. My responsibility is to report on the extent of compliance of the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In my opinion, the disclosure in the Corporate Governance Report is consistent with the requirements of the Code.



K. C. TSE YUET CHEONG (MRS)
Director of Audit

National Audit Office
Level 14, Air Mauritius Centre
PORT LOUIS

20 February 2017

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015

FINANCIAL REPORTS

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Notes	2015 Rs	2014 Restated Rs
ASSETS			
Non Current Assets			
Property, Plant and Equipment	5	18,237,910	18,745,398
Freehold Land and Building	6	19,162,225	19,428,830
Intangible Assets	7	3,745,151	6,995,397
Investments	8	1,778,265	2,326,685
Total Non Current Assets		42,923,551	47,496,310
Current Assets			
Inventories	9	82,325,018	121,227,618
Trade and Other Receivables	10	3,229,053,387	3,554,201,839
Work in progress	10	35,466,377	-
Cash and Cash Equivalent	11	3,708,626,496	2,779,901,916
Total Current Assets		7,055,471,278	6,455,331,373
TOTAL ASSETS		7,098,394,829	6,502,827,683
EQUITY AND LIABILITIES			
Capital And Reserves			
Share Capital	12	400,000	400,000
Retained Earnings	15	1,543,225,622	1,531,887,791
Total Equity		1,543,625,622	1,532,287,791
Non-Current Liabilities			
Employee Benefit Obligations	16	62,122,339	62,172,643
Current Liabilities			
Trade and Other Payables	17	5,436,324,006	3,801,351,981
Short Term Borrowings	18	-	1,097,515,814
Pension Liability	16	56,322,862	9,499,454
Total Current Liabilities		5,492,646,868	4,908,367,249
Total Liabilities		5,554,769,207	4,970,539,892
TOTAL EQUITY AND LIABILITIES		7,098,394,829	6,502,827,683
No of Shares		40,000	40,000
Net value of Shares		38,591	38,307

Notes 1 to 29 form an integral part of these financial statements.

The Audited Financial Statements were approved by the Board on 8 February 2017



Dr R Bheenick
Chairman



I Bonomaully
Board Member

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

	Notes	2015 Rs	2014 Restated Rs
Revenue	19	26,016,297,284	31,680,878,070
Cost of Sales	26	(25,843,451,420)	(32,236,858,528)
Gross Profit/(Loss)		172,845,864	(555,980,458)
Contribution for Subsidy on LPG , Rice and Flour	24	793,187,767	617,330,433
Investment and Interest Income	20	37,293,543	37,875,995
Other Revenue		528,530	-
Net Foreign Exchange Gain	21	280,231,150	476,000,441
Administrative Expenses	22	(215,301,691)	(205,119,839)
Interest Expense	23	(4,058,777)	(5,867,062)
Operating Profit		1,064,726,386	364,239,510
Dividend paid to Government	13	(1,000,000,000)	-
Prior Period Accounting Error	14	-	(4,361,205)
Share of Loss in Associate		(548,420)	-
Net Profit for the year		64,177,966	359,878,305
OTHER COMPREHENSIVE INCOME			
Pension Contribution recognized in Income Statement	16	(52,840,135)	(8,001,800)
Total Comprehensive Income		11,337,831	351,876,505

Statement of Changes in Equity for the year ended 31 December 2015

	Share Capital Rs	Retained Earnings Rs	Equity Rs
Balance as at 31 December 2012	400,000	953,044,685	953,444,685
Surplus for the year 2013	-	338,407,492	338,407,492
Balance at 31 December 2013	400,000	1,291,452,177	1,291,852,177
Change in accounting	-	(111,440,891)	-
Surplus for the year 2013-Restated	-	226,966,601	226,966,601
Restated Balance as at 31 December 2013- IFRS	400,000	1,180,011,286	1,180,411,286
Surplus for the year 2014 (Audited)	-	400,500,000	400,500,000
Balance at 31 December 2014	400,000	1,580,511,286	1,580,911,286
Adjustment for Interest Receivable (see Note 14)	-	(44,262,290)	-
Prior Period Accounting Error (see Note 14)	-	(4,361,205)	-
Surplus for the year 2014-Restated	-	351,876,505	351,876,505
Restated Balance as at 31 December 2014	400,000	1,531,887,791	1,532,287,791
Surplus for the year 2015	-	11,337,831	11,337,831
Balance as at 31 December 2015	400,000	1,543,225,622	1,543,625,622

Statement of Cash Flow

For the year ended 31 December 2015

		2015	2014 Restated
		Rs	Rs
Cash flows from Operating Activities	Notes		
Total Comprehensive Income		11,337,831	351,876,505
Share of Loss in Associate		548,420	-
Investment revenue recognised in Income Statement		(180,316)	-
Gain / (Loss) on sale or disposal of property, plant and equipment		(344,546)	383,725
Depreciation of non current assets	5&7	7,772,278	7,904,384
Adjustment for Non Current Assets		(1,899,158)	-
Effects of ExchangeRate changes on the balance of Cash /Lines of Credit held in foreign currencies		(294,340,086)	(485,452,378)
Dividend Payable to Government		1,000,000,000	
Interest Receivable	20	(37,113,228)	(33,514,790)
Interest Payable	23	4,058,777	5,867,062
		689,839,972	(152,935,492)
Movements in Working Capital			
(Increase)/Decrease in trade and other receivables		273,894,162	3,792,468,301
(Increase)/Decrease in inventories	9	38,902,600	(49,605,860)
Increase/(Decrease) in trade and other payables		1,683,545,215	(1,624,951,448)
Cash generated from operating activities		2,686,181,949	1,964,975,501
Interest Paid	23	(4,058,777)	(5,867,062)
Net Cash generated from operating activities		2,682,123,172	1,959,108,439
Cash flow from investing activities			
Interest received		52,901,141	39,222,352
Dividend Paid to Government		(1,000,000,000)	-
Acquisition of Non Current Assets	5&7	(3,733,253)	(7,802,644)
Investment revenue recognised in profit or loss		180,316	-
Proceeds from disposal of Non Current Assets		428,933	234,000
Payment to Employee Pension Fund		-	(92,500,000)
Net cash (used in)/generated by investing activities		(950,222,863)	(60,846,292)
Cash flow from financing activities			
Proceeds from borrowings		15,224,203,981	22,475,866,699
Repayment of borrowings		(16,032,291,872)	(23,171,373,636)
Net cash generated from financing activities		(808,087,891)	(695,506,937)
Net (decrease)/increase in cash and cash equivalents		923,812,418	1,202,755,208
Cash and cash equivalents at the beginning of the year		2,779,901,916	1,571,570,333
Effects of Exchange Rate changes on the balance of cash held in foreign currencies		4,912,162	5,576,375
Cash and Cash equivalent at year end		3,708,626,496	2,779,901,916

Notes to Cash Flow

(a) Cash and Cash Equivalent

Cash and Cash Equivalent consist of cash in hand, balances with banks and investments in money market instruments. Cash and cash equivalent at 31 December included in the cash flow statement comprise the following:

	2015 Rs	2014 Rs
Cash in Hand	18,353	221,302
Cash at Bank	573,224,528	1,329,680,614
Short Term Deposit (Includes Rs 2.06 billion for 2015 and Rs 1.76 billion for 2014 iro PSA)	3,135,383,615	1,450,000,000
Total	3,708,626,496	2,779,901,916

The Corporation has borrowing facilities of USD 55 million, out of which there was a nil balance as at 31 December 2015 and nil is to be used on infrastructure projects.

(b) Property Plant and Equipment/ Intangible Assets

During the year 2015, the Corporation acquired property, plant and equipment and Intangible Assets with an aggregate cost of Rs 3,733,253 of which NIL was acquired by means of capital grants by the Government.

Notes to Financial Statement for the year ended 31 December 2015

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

PARTICULARS	Budget 2015 (Note i)	Actual 2015	Difference (Note ii)	Remark
	Rs 000	Rs 000	Rs 000	
Revenue	26,453,826	26,016,297	(437,529)	*see below
Cost of Sales	(26,265,696)	(25,843,451)	(422,245)	*see below
Gross profit	188,130	172,846	(15,284)	
Contribution to Subsidy on LPG ,Rice and Flour	612,879	793,188	180,309	
Investment and Interest Income	40,000	37,293	(2,707)	
Other Revenue	-	528	528	
Net Foreign Exchange Gain	130,901	280,231	149,330	
Wages, Salaries and Employee Benefits	(156,536)	(138,069)	18,467	Lower expenditure mainly due to posts not filled
Supplies and Consumables	(20,474)	(10,957)	9,517	Provision not realised
Utilities	(4,124)	(4,423)	(299)	
Rent	(18,036)	(17,130)	906	
Repairs and Maintenance	(10,107)	(6,285)	3,822	Provision not realised
Other Expenses	(31,242)	(30,666)	576	
Depreciation	(8,385)	(7,772)	613	
Interest Payable	(6,203)	(4,058)	2,145	
Operating Surplus	716,803	1,064,726	347,923	

Notes to Financial Statement for the year ended 31 December 2015

	Budget 2015 (Note i)	Actual 2015	Difference (Note ii)	Remark
Office Equipments & Furniture	350,000	40,783	309,217	Provision not realised
Plant and Machinery	3,000,000	2,570,000	430,000	
Motor Vehicles	2,000,000	938,700	1,061,300	Provision not realised
Computer System & Equipments	550,000	182,770	367,230	
Building	400,000,000	-	400,000,000	Not yet available for use at reporting date
TOTAL	405,900,000	3,732,253	402,167,747	

Note (i) - represents the approved budget of the Corporation for 2015.

Note (ii)- represents the difference between budget 2015 and actual revenue and expenses on a comparable basis.

Note (iii) The Financial Statements as well as the Budget are prepared on an accrual basis.

*The actual turnover and cost of sales figures differ from the budgeted figures mainly due to the movement of world prices of Petroleum Products and LPG which are the main components of STC's business as well as exchange rate fluctuations as all the products purchased by the Corporation are paid in US Dollar.

In accordance with STC Act 1982, the Corporation submits to the Minister, an estimate of its revenue and expenditure for a financial year, three months before the beginning of that Financial Year.

Budgetary and Classification Basis

The estimates are based on certain assumptions such as available contract prices, estimated volume, exchange rates and world prices of Petroleum Products. The budgets are prepared on an accrual basis. In the approved budget, items are classified on the same basis as is adopted in the Financial Statements by economic nature.

Notes to Financial Statement for the year ended 31 December 2015

Changes from Original to Final Budget

The original Budget for year 2015 approved by the Board of STC in September 2014 as per statutory requirement, was based on information available at that time. Thereafter, in September 2015, the document was revised based on actual data available and updated figures and events such as exchange rate fluctuation, quantity, new contract purchase prices for Rice, Flour, LPG, Petroleum Products and also revision in selling prices.

1. GENERAL INFORMATION

The State Trading Corporation (STC) is a parastatal body wholly owned by the Government of Mauritius and reporting to the Ministry of Industry, Commerce and Consumer Protection. Established and regulated by the STC Act of 1982, its principal place of business is Lot 55, Business Zone, Ebene Cybercity 72201, Ebene, Reduit, Mauritius, as from June 2016. Previously, the business address was Fon Sing Building, Edith Cavell Street, Port Louis. STC is engaged in the importation of essential commodities such as Petroleum Products, Liquefied Petroleum Gas, Cement (until 2011), Rice and Flour and any such commodity as the Government may decide.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Statement of Compliance

These financial statements have been prepared on an accrual and going-concern basis as Government has always implicitly supported STC. The accounting policies have been applied consistently throughout the period. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The measurement base applied is historical cost adjusted for revaluations of assets.

Comparative information for the Statements of Financial Position, Profit or Loss and Other Comprehensive Income and Cash Flow have been provided.

The Financial Statements comply with the Statutory Bodies (Accounts and Audit) Act and with the Financial Reporting Act. STC also complied with Minister's directives in accordance with section 14 of STC Act. The preparation of the financial statements in conformity with International Financial Reporting Standards (IFRS) requires management to make estimate and assumptions that affect the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Notes to Financial Statement for the year ended 31 December 2015

ii) Basis of preparation

The Financial Statements have been prepared in accordance with and comply with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). STC first adopted the IFRS to prepare its financial statements for year ended June 2007. Thereafter, following amendment in the Statutory Bodies (Accounts and Audit) Act in 2010, the International Public Sector Accounting Standards (IPSAS) was adopted for years 2011, 2012 and 2013.

The Statutory Bodies (Accounts and Audit) Act has been further amended in 2013 and requires STC to report under IFRS.

The Corporation has adopted relevant new and revised IFRS that are relevant to its operations for the year 2015.

ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Corporation has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 01 January 2016.

At the date of authorisation of these financial statements, a number of new Standards and Interpretations were in issue but not yet effective. None of these is expected to have a significant effect on the financial statements of the Corporation.

Notes to Financial Statement for the year ended 31 December 2015

The following Standards and Interpretations were issued but not yet effective:

1. IFRS 5 Non Current Asset Held for Sale and Discontinued Operations (1 January 2016);
2. IFRS 10 (Amendment) – Consolidated Financial Statements; (1 January 2016);
3. IFRS 11 (Amendment) Accounting for Acquisitions of Interest in Joint Operations; (1 January 2016);
4. IFRS 12: Disclosure of Interest in other Entities (1 January 2016);
5. IFRS 14 Regulatory Deferral Accounts; (1 January 2016);
6. IFRS 16 Leases (1 January 2019);
7. IFRS 15 Revenue from Contracts with Customers; (1 January 2017);
8. IAS 1 – Presentation of Financial Statements (1 January 2016);
9. IAS 7 – Statement of Cash Flows (1 January 2017);
10. IAS 12 – Income Taxes (1 January 2017);
11. IAS 16 –PPE (Amendment) Clarification of Acceptable Methods of Depreciation and Amortization; (1 January 2016);
12. IAS 19 Defined Benefit Plans; Employee Contribution; (January 2016);
13. IAS 27 (Amendment)- Separate Financial Statement (1 January 2016);
14. IAS 28 (Amendment)- Investment in Associates and Joint Ventures;
15. IAS 34 (Amendment) – Interim Financial Reporting. (1 January 2016);
16. IAS 38- Intangible Assets (Amendment) Clarification of Acceptable Methods of Depreciation and Amortization; (1 January 2016);
17. IAS 41 (Amendment) Agriculture: Bearer Plants; (1 January 2016).

Notes to Financial Statement for the year ended 31 December 2015

iii) Basis of Accounting

The Financial Statements have been prepared on the historical cost basis, except for the revaluation of financial instruments. The principal accounting policies adopted are set out below.

These Financial Statements are presented in Mauritian Rupees because that is the currency of the primary economic environment in which the Corporation operates.

The wholly owned subsidiary company of STC, the STCM Ltd which is still registered with the Registrar of Companies has ceased its operation in May 2010. Thus as there has been no activity during the reporting period, consolidated accounts have not been prepared.

iv) Accounting Period

The Financial Statements for the current period have been prepared for the twelve months ended 31 December 2015 with comparative information for the twelve months ended 31 December 2014.

v) Cash and Cash Equivalent

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible to cash and subject to insignificant risk of changes in value.

vi) Retirement and other Benefits

The Corporation as well as its employees contribute to two separate pension schemes managed by SICOM Ltd for:

(i) Defined Benefit Pension Plan for permanent employees up to 31 December 2012.

(ii) Defined Contribution Pension Plan for new entrants as from 01 January 2013.

Contributions to defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Notes to Financial Statement for the year ended 31 December 2015

Defined Benefit pension plan

Contribution in respect of employees who were on Permanent and Pensionable Establishment at 31 December 2012 were paid in a Defined Benefit pension plan managed by SICOM Ltd.

For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses that exceed 10 per cent of the greater of the present value of the Group's defined benefit obligation and the fair value of plan assets are amortised over the expected average remaining working lives of the participating employees. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the Statement of Financial Position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Defined Contribution Pension Scheme

The 2013 PRB report has recommended the implementation of a contributory Defined Contribution (DC) Pension Scheme for new entrants as from 01 January 2013. The pension plan is managed by SICOM Ltd. Under a DC Scheme, usually the pension benefit at retirement is not known in advance as it will depend on the level of contributions made which in turn depend on the salaries of each employee during his employment, the level of investment returns earned on these contributions and the cost of converting the sum built up into a pension at time of retirement. During the year 2015 an amount of Rs 568,665 has been paid to SICOM for the DC scheme.

Once a full time and permanent employee joins the DC Scheme set up for the Public Sector, an account in his respect will be opened. The account will be credited each month with cash contributions both from the employer and the employee. These cash contributions net of expenses will be invested in order to build up a sum which will buy the employee a pension on retirement.

Notes to Financial Statement for the year ended 31 December 2015

Employee leave entitlement

Employee entitlements to bank sick leave and vacation leaves as defined in the PRB Report (the regulatory body for remuneration of STC employees) are recognized as and when they accrue to employees. An accrual is made for the estimated liability for bank sick leave and vacation leaves.

vii) Investment

For the purpose of measurement, these investments have been categorised as financial assets at fair value through profit and loss.

Investment in Associate

An associate is an entity over which the entity has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost as adjusted for post-acquisition changes in the Corporation's share of the net assets of the associate, less any impairment in the value of individual investment.

viii) Other Investments

An investment in subsidiary has been impaired. Where the carrying amount of the investment is greater than its recoverable amount, it is written down to its recoverable amount, and the difference is transferred to the Statement of Profit or Loss.

On disposal of the investment the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit or Loss.

ix) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Sales of goods are recognised when goods are delivered and titles have been transferred to the buyer. Interest income is accrued on a time basis.

Notes to Financial Statement for the year ended 31 December 2015

In accordance with VAT Act, all products sold by the Corporation during the year 2015 are Taxable supplies. As such revenue is accounted net of Value Added Tax (VAT). Revenue from sales of goods is recognised when all the following conditions are satisfied:

- The organisation has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits associated with the transaction will flow to the entity.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

x) Leases

Rentals payable under operating leases are charged to income on an accrual basis. The future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods are as follows:

(i) One year:- Rs 15,737,045

(ii) Later than one year and not later than five years:- Rs 8,989,586

(iii) Later than five years:- Rs 10,119,540

(a) Total amount of rents recognized in the Statement of Profit or Loss and Other Comprehensive Income in the period – Rs 17,129,620

(b) A general description of the lessee's leasing arrangements:-

As at reporting date the Corporation had five lease agreements for its administrative block and storage of goods as follows:-

- One lease agreement for its administrative block at Edith Cavell Street, Port Louis.
- Two lease agreements for storage of Rice and Flour in the Port Area.
- One lease agreement for a plot of land at Riche Terre.
- One lease agreement for Granary at Port Mathurin, Rodrigues.
- One lease agreement for a plot of land at Ebene Cybercity.

Notes to Financial Statement for the year ended 31 December 2015

xi) Foreign Currencies

The Organisation is exposed to certain foreign currency exchange, credit, interest rate and liquidity risks. Transactions in currencies other than Mauritian Rupees are recorded at the rates of exchange prevailing on the dates of the transactions.

At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are recognised in Income Statement in the period in which they arise.

xii) Property, Plant and Equipment

Building (held for administrative purpose) and Plant and Equipment are stated in the Statement of Financial Position at cost less accumulated depreciation.

The minimum value of an individual item to be treated as a Non-Current Asset has been set at Rs 40,000 with effect from Financial Year 2014.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, on a pro rata basis in the year of acquisition and disposal using the straight-line method, on the following bases:

	Rate (%)
Motor Vehicles	20
Office Equipment and Furniture	10
Plant and Machinery	10
Building	2
Computer System	20

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the net book value of the asset and is recognised in Statement of Profit or Loss.

Notes to Financial Statement for the year ended 31 December 2015

xiii) Intangible assets

Computer software

Computer software are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised over their estimated useful lives of 5 years. Costs associated with developing or maintaining computer software are recognised as an expense as incurred.

xiv) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories has been assigned by using the first-in first-out basis (FIFO).

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

xv) Trade Receivables

Trade receivables do not carry any interest and are stated at their nominal value. The carrying amount of trade receivables is adjusted to reflect any impairment loss at reporting date and is reduced when a trade receivable is uncollectible.

xvi) Trade Payables

Trade payables are not interest bearing and are stated at their nominal value.

xvii) Financial Instruments

Financial Assets and Liabilities are recognised in the Statement of Financial Position when the Corporation has become a party to the contractual provisions of the instrument.

xviii) Impairment

At each reporting date, the Corporation reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Notes to Financial Statement for the year ended 31 December 2015

Recoverable amount is the higher of the fair value less costs to sell, and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognized as an expense immediately. Following an impairment survey carried out, no impairment charge has been recognized during the current financial period.

xix) Provisions

Provisions are recognised when the Corporation has a present obligation as a result of a past event, and it is probable that the Corporation will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation.

xx) Pricing

Prices of commodities sold by the Corporation are fixed by Government in accordance with the Consumer Protection Regulations and by STC. In order to adhere to Government policy of selling products of basic necessity namely Rice, Flour and LP Gas for domestic consumption at affordable prices, the Corporation meets any shortfall on these products partly from contribution for subsidy in the price structures of Mogas and Gas Oil and partly from surpluses on sales of other commodities.

xxi) Segment Reporting

A segment is a distinguishable activity or group of activities of an entity for which it is appropriate to separately report financial information for the purpose of:-

- (a) evaluating the entity's past performance in achieving its objectives, and
- (b) making decisions about the future allocation of resources. For this purpose, the Corporation reports as separate segments each distinguishable activity or group of activities for which financial information should be reported. Thus, the operating result of each product in which STC deals is reported at Note 26.

Notes to Financial Statement for the year ended 31 December 2015

xxii) Tax

The Corporation is exempted from payment of tax under section 22 of the State Trading Corporation Act 1982.

xxiii) The Statement of Cash Flow is prepared using the direct method.

3. RISK MANAGEMENT POLICIES

A description of the various risks to which the Corporation is exposed is shown below as well as the approach taken by management to control and mitigate those risks.

a) Credit risk

Credit risk relates to the possibility of default by customers in settling their obligations to the Corporation. The Corporation transacts only with customers having a good track record and as there are well-established payment schedules, the possibility of material loss arising is considered to be mitigated. Our Customers have never default payment to us and therefore the risk is very minimal.

b) Liquidity risk

This refers to the possibility of default by the Corporation to meet its obligations because of unavailability of funds to meet operational requirements. In order to ensure adequacy of its funding, cash flow forecasts are prepared regularly and actions taken appropriately. Moreover, the Corporation has access to various types of funding facilities such as bank overdraft and Lines of Credit. The Corporation does not use derivative financial instruments to hedge risk exposure.

c) Interest rate risk

The Corporation has short-term loans at average floating interest rates. As such, its income and cash flows are exposed to interest rate risks. These risks are to some extent mitigated as the Corporation maintains a cash surplus that is invested in short-term deposits.

Notes to Financial Statement for the year ended 31 December 2015

d) *Currency Risk*

The Corporation operates internationally and is exposed to Foreign Exchange Risk. Foreign Exchange Risk arises from commercial transactions whereby commodities are purchased and sold at different dates whereas all purchases are in US Dollars. Only part of the sales is in foreign currency. Currency risk is therefore related to that portion of sales which are in Mauritian Rupees. Currency exposure arising from commercial transactions is primarily managed through:

- i) Maintaining of sufficient funds in foreign currency bank accounts, crediting proceeds in foreign currency and advance purchasing of foreign currency
- ii) Entering to some extent Forward Foreign Exchange Contracts.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In the process of applying the Corporation's accounting policies, which are described in Note 2 above, Management has made the following judgments that have most significant effect on the amounts recognized in the financial statements, apart from those involving estimations, which are described below:

i) **Determination of functional currency of the Corporation**

The determination of the functional currency of each entity is critical since recording of transactions and exchange differences arising therefrom are dependent on the functional currency selected. Management has considered all relevant factors and has determined that the functional currency of the Corporation is Mauritius Rupee.

ii) **Determination of Price Stabilisation Account (PSA)**

The Consumer Protection (Prices and Supplies Control) Act has been amended to provide for a Petroleum Pricing Committee (PPC). Since January 2011 the retail prices of Mogas and Gas oil are determined by the PPC which has replaced the Certification Committee of the Automatic Pricing Mechanism. With the new pricing

Notes to Financial Statement for the year ended 31 December 2015

mechanism, prices are changed only when rendered absolutely necessary as a result of significant changes in price trends on the world market. One of the key objectives of the new mechanism is to mitigate the effects of world price fluctuations on retail prices at retail outlets. STC operates a PSA for the above products in order to shield the market from price fluctuations. The gains or losses have been recognized on the basis that the realisation of income or loss is virtually certain.

As at the reporting date, there are losses or gains, accumulated on sales of Mogas and Gas Oil for Inland Market in the PSA which is used to absorb any future increase in the retail price.

iii) Post-Employment Benefits

The determination of employee's post-employment benefit costs and related provisions, as detailed in Note 16 to the financial statements, required the use of actuarial calculations or other assumptions that include significant estimates in respect of, inter alia, the discount rate, the expected return on the plan assets, future salary increases and future pension increases. These significant estimates are assessed annually by the directors with the actuaries where applicable. Differences between actual and estimated are recorded as actuarial gains or losses.

Notes to Financial Statement for the year ended 31 December 2015

5. PROPERTY, PLANT AND EQUIPMENT (PPE)

	Motor Vehicles Rs	Office Equipment & Furniture Rs	Plant & Machinery Rs	Computer Equipments Rs	Total Property, Plants and Equipments Rs
COST					
At 31 December 2014	11,414,422	7,897,662	34,505,884	7,510,027	61,327,995
Additions	938,700	40,783	2,570,000	108,770	3,658,253
Adjustment (Note i)	-	-	193,380	64,952	258,332
Disposal	(718,746)	(2,280)	(4,076,801)	(154,541)	(4,952,368)
At 31 December 2015	11,634,376	7,936,165	33,192,463	7,529,208	60,292,212
DEPRECIATION					
At 31 December 2014	7,241,497	5,802,601	22,714,619	6,823,880	42,582,597
Charge for the year	1,197,326	412,296	2,263,769	307,036	4,180,427
Adjustment (Note i)	-	(23,186)	141,202	59,378	177,394
Disposal	(718,746)	(2,280)	(4,076,801)	(88,288)	(4,886,116)
At 31 December 2015	7,720,077	6,189,431	21,042,789	7,102,005	42,054,302
CARRYING AMOUNT					
At 31 December 2014	4,172,925	2,095,061	11,791,265	686,147	18,745,398
At 31 December 2015	3,914,299	1,746,734	12,149,674	427,203	18,237,910

Note: (i) The adjustments above are due to mismatch in items of Fixed Asset Register and the General Ledger which have been corrected during the year.

(ii) Other Revenue in the Statement of Profit or Loss includes an amount of Rs 344,546 as Gain on Disposal of PPE during the year.

Notes to Financial Statement for the year ended 31 December 2015

6. FREEHOLD LAND AND BUILDING

	Building Rs	Freehold Land Rs	Total Freehold Land and Building Rs
COST			
At 31 December 2014	13,330,260	11,107,720	24,437,980
Additions	-	-	-
Disposal	-	-	-
At 31 December 2015	13,330,260	11,107,720	24,437,980
DEPRECIATION			
At 31 December 2014	5,009,150	-	5,009,150
Charge for the year	266,605	-	266,605
Disposal	-	-	-
At 31 December 2015	5,275,755	-	5,275,755
CARRYING AMOUNT			
At 31 December 2014	8,321,110	11,107,720	19,428,830
At 31 December 2015	8,054,505	11,107,720	19,162,225

Notes to Financial Statement for the year ended 31 December 2015

7. INTANGIBLE ASSETS

	2015 Rs	2014 Rs
Software		
COST		
At January 1,	19,489,516	19,489,516
Additions	75,000	-
Disposals	-	-
At December 31,	19,564,516	19,489,516
AMORTISATION		
At January 1,	12,494,119	9,177,623
Charge for the year	3,325,246	3,316,496
At December 31,	15,819,365	12,494,119
NET BOOK VALUES		
At December 31,	3,745,151	6,995,397

8. INVESTMENTS

Name of Company	Country of incorporation	% Ownership	Consideration	2015 Rs	2014 Rs
STCM Ltd	Mauritius	-	Cash	100	100
Rodrigues Trade and Marketing Ltd	Mauritius	40	Cash	652,505	1,200,925
State Property Development Co Ltd (SPDC)	Mauritius	0.06015	Cash	400,000	400,000
Africa Export-Import Bank (Afreximbank)	Egypt	0.01333	Cash	725,660	725,660
At Reporting date				1,778,265	2,326,685

Notes to Financial Statement for the year ended 31 December 2015

8A INVESTMENT IN ASSOCIATED COMPANY

Details of the Corporation's associate is as follows :

Name of Company	Country of incorporation	% Ownership	Consideration	2015 Rs	2014 Rs
Rodrigues Trade and Marketing Ltd	Mauritius	40	Cash	652,505	1,200,925
At Reporting date				652,505	1,200,925

For the purpose of applying the equity method of accounting, the financial statements of RTML for the year ended 31 December 2014 which was received in August 2016, has been used. At the time of issue of this report, the Financial Statements of RTML for the year 2015 has not been submitted. Therefore, no adjustment has been made to the statement in respect of year 2015.

Summarised financial information of the RTML for 2014 is set out below:

	2014 Rs	2013 Rs
Total Assets	4,810,578	5,943,460
Total Liabilities	(952,977)	(412,386)
Net Assets/Equity	3,857,601	5,531,074
Total revenue	12,118,140	20,055,471
Total expenses	(13,489,189)	(21,687,305)
Net loss	(1,371,049)	(1,631,834)
STC's share of net loss in associated company	(548,420)	(652,734)
	2014 Rs	2013 Rs
Investment in Associated Company at 1 January	1,200,925	1,576,374
Investment during the reporting period	-	-
STC's share of net loss period	(548,420)	-
Prior year adjustment (2011 & 2012)	-	(375,449)
Investment in associate at reporting date	652,505	1,200,925

Notes to Financial Statement for the year ended 31 December 2015

8B OTHER INVESTMENT

Name of Company	Country of incorporation	% Ownership	Consideration	2015 Rs	2014 Rs
STCM Ltd	Mauritius	-	-	100	100
State Property Development Co Ltd (SPDC)	Mauritius	0.06015	Cash	400,000	400,000
Africa Export – Import Bank (Afreximbank)	Egypt	0.01333	Cash	725,660	725,660
At reporting date				1,125,760	1,125,760

The wholly owned subsidiary company of STC, the STCM Ltd has ceased its activity in May 2010 and all assets and liabilities have been taken over by STC. However, at 31 December 2015, the company was still registered with the Registrar of Companies.

Investment Unquoted	% of Shares	2015 Rs	2014 Rs
a) STCM Ltd Note (8B)	100	100	100
b) Rodrigues Trade & Marketing	40	652,505	1,200,925
c) State Property Development Co Ltd (SPDC)	less than 1	400,000	400,000
d) Africa Export-Import Bank (Afreximbank)	less than 1	725,660	725,660
		1,778,265	2,326,685

Notes to Financial Statement for the year ended 31 December 2015

9. INVENTORIES

COMMODITIES	2015	2014
	Rs	Rs
Rice	47,423,303	74,194,358
Flour	34,178,531	45,998,040
Sugar	723,184	1,035,220
TOTAL	82,325,018	121,227,618

COMMODITIES	2015		2014	
	COST Rs	Net Realisable Value(Rs)	COST Rs	Net Realisable Value(Rs)
Long Grain Rice	41,590,734	31,067,444	50,664,208	34,178,851
Basmati Rice	6,273,869	7,256,410	40,771,474	40,015,507
Basmati Rice	17,232,570	10,081,990	-	-
Flour	48,837,011	34,178,531	61,426,283	45,998,040
Sugar (White)	437,748	463,550	859,613	910,000
Sugar (Raw)	285,436	302,260	175,607	193,700
TOTAL	114,657,368	83,350,185	153,897,185	121,296,098

The cost of inventories recognised as an expense includes Rs 32,332,350 in respect of adjustments of inventory of Rice and Flour to Net Realisable Value (NRV) during the reporting period. In line with Government policy, the retail price of Rice and Flour are fixed below cost. At 31 December, STC did not hold any inventories for Petroleum Products and LPG as the risk in these products passes from the seller (STC) to the buyers at the time the products pass the vessel's discharge manifold.

Notes to Financial Statement for the year ended 31 December 2015

10. TRADE AND OTHER RECEIVABLES

Trade and other receivables at reporting date comprise of amount receivable from the sale of goods as follows:

	2015	2014
	Rs	Rs
Trade Receivable	3,169,045,505	3,479,579,494
Other receivables	60,007,882	74,622,345
TOTAL	3,229,053,387	3,554,201,839

10.1 WORK IN PROGRESS

The amount of Rs35,466,377 represents amount prepaid in respect of acquisition of a building at Ebene Cybercity.

11. CASH AND CASH EQUIVALENT

	2015	2014
	Rs	Rs
Cash in Hand	18,353	221,302
Bank Balances	573,224,528	1,329,680,614
Short Term Deposit (Includes Rs 2.06 billion for 2015 and Rs1.76 billion for 2014 in respect of PSA)	3,135,383,615	1,450,000,000
Total	3,708,626,496	2,779,901,916

Notes to Financial Statement for the year ended 31 December 2015

12. SHARE CAPITAL

	2015 Rs	2014 Rs
Authorised:		
1 million ordinary shares of Rs10 each	<u>10,000,000</u>	<u>10,000,000</u>
Issued and fully paid :		
40,000 shares of Rs10 each	<u>400,000</u>	<u>400,000</u>

13. DIVIDEND PAID TO GOVERNMENT

In the national budget 2015-16, Government earmarked an amount of Rs1.45 billion as Dividend receivable from STC. During the year 2015, an amount of Rs1 billion has been paid (Rs600 million on 26 October 2015, Rs200 million on 25 November 2015 and Rs200 million on 24 December 2015) and the balance of Rs450 million is payable in March 2016.

14. PRIOR PERIOD ACCOUNTING ERROR

Interest received on the Price Stabilisation Account (PSA) in the years 2011 to 2014 were mis-stated as STC's income instead of crediting the PSA. Adjustment has been made retrospectively in the financial statements. Correct accounting treatment has been used in year 2015.

Notes to Financial Statement for the year ended 31 December 2015

RETAINED EARNINGS

	Rs
Balance as at 31 December 2012	953,044,685
Surplus for the year 2013	338,407,492
Balance as at 31 December 2013	1,291,452,177
Change in accounting policy	(111,440,891)
Surplus for the year 2013 -Restated	226,966,601
Restated Balance as at 31 December 2013	1,180,011,286
Surplus for the year 2014	400,500,000
Balance as at 31 December 2014	1,580,511,286
Adjustment for Interest Receivable	(44,262,290)
Prior period Accounting Error <small>(see note 14)</small>	(4,361,205)
Surplus for the year 2014 -Restated	351,876,505
Restated Balance as at 31 December 2014	1,531,887,791
Surplus for the year 2015	11,337,831
Balance as at 31 December 2015	1,543,225,622

15. EMPLOYEE BENEFIT OBLIGATIONS

(i) Employee Benefit Obligations

Employee entitlements to bank sick leave and vacation leaves as defined in the PRB Report (the regulatory body for determining remuneration of STC employees) are recognised when they accrue to employees.

Notes to Financial Statement for the year ended 31 December 2015

Employees are allowed to accumulate sick leaves not taken at the end of each calendar year up to a maximum of 110 days, in a sick leave bank. The balance of bank sick leaves is valued at the end of the financial year and is recognized as long term payables. Beyond this ceiling of 110 days, officers are refunded part of the annual entitlement of sick leaves not taken at the end of every calendar year and is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Vacation leave is paid break from duty of longer duration for recreational, cultural or religious purposes. The balance of vacation leaves is valued at the end of the financial year and is recognized as long term payables.

A provision is made for the estimated liability for passage benefits. The passage benefits for each staff are valued at year end and are included as long term payables. The annual increase in passage benefits representing amount earned for each eligible officer during the financial year, is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

An accrual amount of Rs62,122,339 is made for the estimated liability for bank sick leave passage benefits and vacation leaves. Administrative Expenditure for 2015 includes an amount of Rs6.9 million in this respect.

(ii) Post Employment Benefits

As explained at note 2 (vi) the Corporation as well as its employees contribute to two separate pension schemes managed by SICOM Ltd namely:

- (a) Defined Benefit Pension Plan (DB) for permanent employees up to 31 December 2012; and
- (b) Defined Contribution Pension Plan (DC) for new entrants as from 01 January 2013.

The amount of Rs 138.1 million in respect of wages, salaries and employee benefits (see note 22) includes Rs14,015,973 contributed by STC in the Defined Benefit Pension Plan and Rs568,664 in the Defined Contribution Pension Scheme managed by SICOM Ltd.

Notes to Financial Statement for the year ended 31 December 2015

Actuarial Report on the defined benefit pension plan for STC employees

FIGURES FOR IAS 19 ADOPTION FOR: State Trading Corporation for year ending 31 12 2015

	Year ending 31 December 2015	Year ending 31 December 2014
Amounts recognised in statement of financial position at	Rs	Rs
Defined benefit obligation	458,698,052	412,148,286
Fair value of plan assets	<u>(402,375,190)</u>	<u>(402,648,832)</u>
Liability recognised in balance sheet at end of year	<u>56,322,862</u>	<u>9,499,454</u>
Amounts recognised in income statement:		
Service cost:		
Current service cost	11,196,059	10,669,587
Past service cost	-	-
(Employee contributions)	(4,426,097)	(4,418,201)
Fund Expenses	295,073	370,000
Net Interest expense/ (income)	<u>934,211</u>	<u>4,136,499</u>
P&L Charge	7,999,246	10,757,885
Remeasurement:		
Liability (gain)/loss	28,502,972	(1,812,983)
Assets (gain)/loss	<u>24,337,163</u>	<u>9,814,783</u>
Total Other Comprehensive Income (OCI) recognised	<u>52,840,135</u>	<u>8,001,800</u>
Total	<u>60,839,381</u>	<u>18,759,685</u>
Movements in liability recognised in balance sheet:		
At start of year	9,499,454	97,183,707
Amount recognised in P&L	7,999,246	10,757,885
(Contributions paid by employer)	(14,015,973)	(13,943,938)
(Special Contribution)	-	(92,500,000)
Amount recognised in OCI	<u>52,840,135</u>	<u>8,001,800</u>
At end of year	<u>56,322,862</u>	<u>9,499,454</u>
Actual return on plan assets:	<u>5,686,954</u>	<u>17,950,776</u>

The plan is a defined benefit arrangement for the employees and it is funded.
The assets of the funded plan are held independently and administered by SICOM Ltd.

Notes to Financial Statement for the year ended 31 December 2015

FIGURES FOR IAS 19 ADOPTION FOR: State Trading Corporation for year ending 31 12 2015

	Year ending 31 December 2015	Year ending 31 December 2014
Reconciliation of the present value of defined benefit obligation	Rs	Rs
Present value of obligation at start of period	412,148,286	391,508,243
Current service cost	11,196,059	10,669,587
Interest cost	30,911,121	31,320,659
(Benefits paid)	(24,060,386)	(19,537,220)
Liability (gain)/loss	<u>28,502,972</u>	<u>(1,812,983)</u>
Present value of obligation at end of period	<u>458,698,052</u>	<u>412,148,286</u>
Reconciliation of fair value of plan assets		
Fair value of plan assets at start of period	402,648,832	294,324,536
Expected return on plan assets	29,976,910	27,184,160
Employer contributions	14,015,973	13,943,938
Special Contribution	-	2,500,000
Employee Contributions	4,426,097	4,418,201
(Benefits paid + other outgo)	(24,355,459)	(19,907,220)
Asset gain/ (loss)	<u>(24,337,163)</u>	<u>(9,814,783)</u>
Fair value of plan assets at end of period	<u>402,375,190</u>	<u>402,648,832</u>
Distribution of plan assets at end of period	31 Dec 2015	31 Dec 2014
Percentage of assets at end of year		
Government securities and cash	58.1%	57.1%
Loans	4.3%	4.1%
Local equities	15.9%	21.1%
Overseas bonds and equities	21.0%	17.0%
Property	<u>0.7%</u>	<u>0.7%</u>
Total	<u>100%</u>	<u>100%</u>

Notes to Financial Statement for the year ended 31 December 2015

Additional disclosure on assets issued or used by the reporting entity		
	31 Dec 2015	31 Dec 2014
Percentage of assets at end of year	%	%
Assets held in the entity's own financial instruments	0	0
Property occupied by the entity	0	0
Other assets used by the entity	0	0
Components of the amount recognised in OCI		
Year	31 Dec 2015	31 Dec 2014
Currency	Rs	Rs
Asset experience gain/ (loss) during the period	(24,337,163)	(9,814,783)
Liability experience gain/ (loss) during the period	<u>(28,502,972)</u>	<u>1,812,983</u>
	(52,840,135)	(8,001,800)

Year **2016**
 Expected employer contributions Rs 14,360,661
(Estimate to be reviewed by State Trading Corporation)

Weighted average duration of the defined benefit obligation 13 years
 (Calculated as a % change in PV of liabilities for a 1% change in discount rate)

The plan is exposed to actuarial risks such as : investment risk, interest rate risk, longevity risk and salary risk. The risk relating to death in service benefits is re-insured.

The cost of providing the benefits is determined using the Projected Unit Method. The principal assumptions used for the purpose of the actuarial valuation were as follows:

	Year ending 31 December 2015	Year ending 31 December 2014
Expected rate of return on plan assets	7.50%	8.00%
Future salary increases	5.00%	5.50%
Future pension increases	3.00%	3.50%
Mortality before retirement	A 6770 Ultimate Tables	
Mortality in retirement	PA (90) Tables rated down by 2 years	

Retirement age: As per second Schedule in the Statutory Bodies Pension Funds Act

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

Notes to Financial Statement for the year ended 31 December 2015

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based reasonably on possible changes of the assumptions occurring at the end of the reporting period.

- If the discount rate would be 100 basis points (one percent) higher (lower), the defined benefit obligation would decrease by Rs48.9M (increase by Rs58.7M) if all other assumptions were held unchanged.
- If the expected salary growth would increase (decrease) by 1%, the defined benefit obligation would increase by Rs22.5M (decrease by Rs20.3M) if all assumptions were held unchanged.
- If life expectancy would increase (decrease) by one year, the defined benefit obligation would increase by Rs11.0M (decrease by Rs 11.1M) if all assumptions were held unchanged.

In reality one might expect interrelationships between the assumptions, especially between discount rate and expected salary increases, given that both depends to a certain extent on expected inflation rates. The analysis above abstracts from these interdependence between the assumptions.

Notes to Financial Statement for the year ended 31 December 2015

16. TRADE PAYABLES

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs as shown below. The average credit period taken for trade purchases is 45 days. Management considers that the carrying amount of trade payables approximates to their fair value.

	2015 Rs	2014 Rs
NON-CURRENT LIABILITIES		
Employee Benefit Obligations:		
Bank Sick Leave/Passage Benefits/Vacation Leave	<u>62,122,339</u>	<u>62,172,643</u>
CURRENT LIABILITIES		
Government of Mauritius	684,436,950	172,202,625
Mauritius Revenue Authority	663,240,248	392,363,632
Trade Payables	1,953,839,305	1,472,632,750
Price Stabilisation Account	2,061,720,525	1,755,687,948
Other Payables	73,086,978	8,465,026
TOTAL	5,436,324,006	3,801,351,981

Notes to Financial Statement for the year ended 31 December 2015

17. SHORT TERM BORROWINGS

BORROWINGS	2015	2014
	Rs	Rs
Short term Lines of Credit	-	1,097,515,814

18. REVENUE

An analysis of the Corporation's revenue is as follows:

	Metric Tons	2015	Metric Tons	2014
		Rs		Rs
Petroleum Products	1,127,902	23,238,952,421	1,014,576	28,784,227,855
Rice	21,542	268,948,573	21,021	282,205,099
Flour	101,490	1,134,769,898	101,443	1,122,889,457
LPG	72,460	1,368,168,262	70,552	1,486,406,259
Sugar	212	5,458,130	202	5,149,400
TOTAL	1,323,606	26,016,297,284	1,207,794	31,680,878,070

Note: (i) Revenue is net of VAT and net of amount collected on behalf of third party as follows:-

(a) Road Development Authority - Rs800,886,047

(b) Build Mauritius Fund - Rs1,704,257,950

(b) Subsidy for transportation and storage of Petroleum Products and LPC to Rodrigues - Rs106,947,009

(ii) The selling prices of Rice, Flour and LPG are fixed by Government. Shortfalls on these products are met from:

(a) amount collected under the item 'Contribution to Subsidy on LPG, Rice and Flour' in the price structure of Mogas and Gas Oil and

(b) surplus on sales of other products.

Notes to Financial Statement for the year ended 31 December 2015

19. INVESTMENT & INTEREST INCOME

	2015 Rs	2014 Rs
Investment Income (Dividend Received)	180,316	-
Interest on bank balances and bank deposits, etc.	37,113,227	37,875,995
TOTAL	37,293,543	37,875,995

20. NET FOREIGN EXCHANGE GAIN AND LOSS

The Corporation realises exchange gains and losses on accounts payable and accounts receivable, transactions incurred in currencies other than Mauritian rupees based on exchange rate in effect on the date of transaction. Such gains and losses are also realised on settlement of foreign currency loans and lines of credit. In addition, unrealised exchange gains and losses related to the revaluation of bank accounts and other monetary assets and liabilities into Mauritian rupees at the exchange rate in effect on the reporting date are recognised in the financial statements.

The net effect of all exchange gains and losses amounting to Rs 280,231,150 recognised in the Statement of Profit and Loss is made up of :

Description	Net Impact Rs	Gain Rs	Loss Rs
Accounts payable	(201,399,565)	22,386,413	(223,785,978)
Accounts receivable	187,290,629	187,421,345	(130,716)
Repayment of foreign currency borrowings	289,427,923	289,427,923	-
Subtotal realised gain/(loss)	275,318,987	499,235,681	(223,916,694)
Bank accounts -unrealised gain/(Loss)	4,912,163	4,912,163	-
TOTAL EXCHANGE GAIN/ (LOSS)	280,231,150	504,147,844	(223,916,694)

Notes to Financial Statement for the year ended 31 December 2015

21. ADMINISTRATIVE EXPENSES

Administrative Expenses amounting to Rs 215,301,691 for year 2015 is made up as follows:

	2015 Rs	2014 Rs
Wages Salaries & Employee Benefits	138,069,289	145,667,800
Supplies and Consumables	10,956,510	11,494,496
Utilities	4,422,526	4,900,953
Rent	17,129,620	16,674,846
Repairs and Maintenance	6,284,794	6,152,469
Other Expenses	30,666,674	12,324,891
Depreciation	7,772,278	7,904,384
TOTAL	215,301,691	205,119,839

22. INTEREST EXPENSE

	2015 Rs	2014 Rs
Interest on Lines of Credit	4,058,777	5,867,062
Interest on overdraft	-	-
TOTAL	<u>4,058,777</u>	<u>5,867,062</u>

23. SUBSIDY on LPG, Rice and Flour

The selling prices of Long Grain White Rice, Flour and LPG in cylinders of up to 12 kg are controlled by Government and fixed at a level below cost. In order to finance these shortfalls, Government has included in the price structure of Mogas and Gas Oil an amount of Rs1.50 per litre under the item 'Contribution for subsidy on LPG, Rice and Flour'. This amount has been increased to Rs2.70 per litre as from November 2015. An amount of Rs793 million has been collected under this item during year 2015. The total subsidy requirements for the year 2015 amounted to Rs816.5 million.

24. RELATED PARTY TRANSACTIONS

The State Trading Corporation is wholly owned by the Government of Mauritius. During the year 2015, the Corporation sold Petroleum Products (Fuel Oil) to the Central Electricity Board (CEB) which is equally owned by the Government of Mauritius.

Sales of goods to CEB:

2015 Rs	2014 Rs
2,633,229,501	3,867,143,082

- Sales of goods to CEB were made at market related prices.
- Outstanding balance as at 31 December 2015 – Rs 269 million
(Dec 2014: Rs241 m)

Compensation of key management personnel

The remuneration of Board Members and other members of key management during the year were as follows:

	2015 Rs	2014 Rs
Short-term benefits	10,390,768	16,080,740
Post-employment benefits	10,754,166	9,583,964
Fees to Board Members	1,096,125	1,247,280

The remunerations of Board Members are determined by the parent Ministry and those of key management are determined by the Pay Research Bureau and Government. At 31 December 2015, out of 5 key management personnel, two were on contract and three on substantive capacity.

25. OPERATING SEGMENTS

The Corporation has identified as separate segments each distinguishable activity or group of activities by product for which financial information is reported, for purposes of

- (a) evaluating the past performance of the entity in achieving its objectives, and
- (b) making decisions about the allocation of resources by the entity.

The selling prices of Rice, Flour and LPG are fixed by Government. Deficits on these products are met from contribution for subsidy in the price structures of Mogas and Gas Oil and from surpluses on sales of other products.

The surplus of Rs11.3 million for year ended December 2015 after payment of dividend amounting to Rs1 billion to Government, is made up as shown below:

	RICE	FLOUR	PETROLEUM PRODUCTS	SUGAR	LPG	OTHERS	TOTAL
	Rs Million						
REVENUE	268.9	1,134.8	23,239.0	5.5	1,368.2	-	26,016.4
COST OF SALES	(360.9)	(1,636.3)	(22,383.8)	(5.2)	(1,457.2)	-	(25,843.4)
GROSS Profit/(Loss)	(92.0)	(501.5)	855.2	0.3	(89.0)	-	173.0
Contribution for Subsidy	-	-	-	-	-	793.2	793.2
Net Foreign Exchange Gain	(0.1)	20.3	261.5	-	(0.6)	(0.9)	280.2
OTHER Revenue	-	-	-	-	-	0.5	0.5
OTHER Expenses	(25.2)	(127.4)	(81.2)	(0.3)	(1.0)	-	(235.1)
Dividend paid	-	-	-	-	-	(1,000.0)	(1,000.0)
Share of Loss in Associate	-	-	-	-	-	(0.5)	(0.5)
PROFIT/ (LOSS) BEFORE SUBSIDY	(117.3)	(608.6)	1,035.5	-	(90.6)	(207.7)	11.3
SUBSIDY	117.3	608.6	-	-	90.6	(816.5)	-
NET PROFIT/(LOSS)	-	-	1,035.5	-	-	(1,024.2)	11.3

26. CONTINGENCIES

At the reporting date, there were two cases pending at court awaiting hearing.

27. ARBITRATION

On 27 November 2009, STC entered into a fifteen-year agreement with Betamax Ltd for the transportation of Petroleum Products from Mangalore to Mauritius. However, since February 2015, STC no longer avails itself of the services of the company.

Following this decision of STC, Betamax Ltd has submitted a claim of USD176,345,494.52 plus interest, legal fees and costs. The claim is under dispute and has been referred to Arbitration.

28. COMMITMENTS

- (i) On 25 July 2013, the Corporation has entered in a three years' agreement with Mangalore Refinery and Petrochemicals Limited (MRPL) for the period August 2013 to July 2016 with MRPL for the supply of Petroleum Products.
- (ii) In the Corporation's Budget for year 2016, the Board has given its approval for:
 - Payment of Dividend of Rs450 million to Government.
 - Construction of Office Building and Warehouse for the storage of Rice and Flour for a total cost of Rs800 million.

Trade Statistics

The State Trading Corporation (STC) was set up by an Act of Parliament of October 1982 (amended in 1988), to be the trading arm of the Government of Mauritius. It operates under the aegis of the Ministry of Industry, Commerce and Consumer Protection.

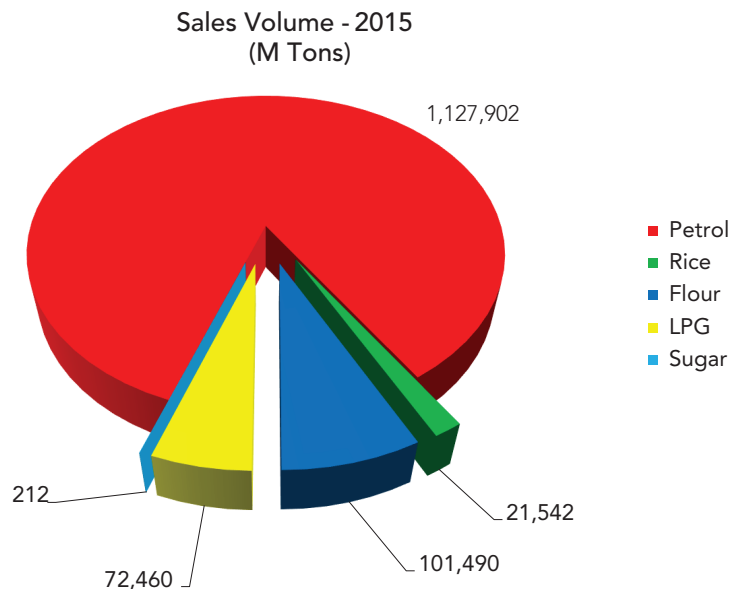
STC has been entrusted with the responsibility of importing certain essential commodities including all Petroleum Products and Liquefied Petroleum Gas (LPG) traded in Mauritius. STC also supplies the domestic market with all its requirements in Wheat Flour, Basmati and non-Basmati Rice.

Sales volume and Turnover

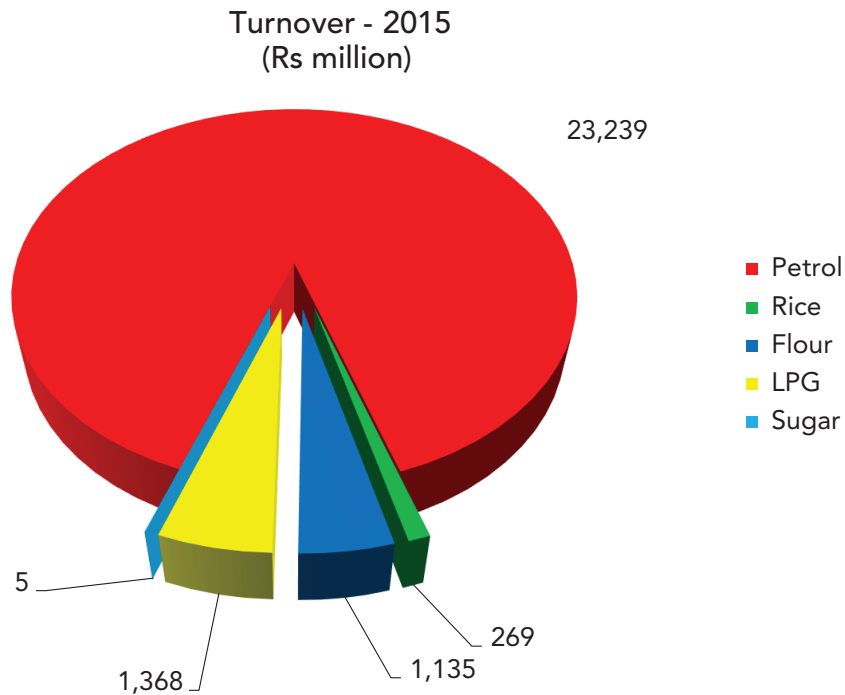
The Turnover of State Trading Corporation (STC) which was about Rs600 million in 1983-1984 when it was created, has reached more than Rs26 billion in 2015. During its first years of operation STC took over the activities of the Department of Supplies and dealt only in import of rice and flour. In 1985, STC started importing Petroleum Products and subsequently cement and in 1983 took over the country's import of LPG.

In July 2011 following the liberalization of the imports for Cement, STC stopped its import. However, as the trading arm of Government, the Corporation may be called to intervene to stabilise the market if the need arises.

The sales volume of 1.3 million metric tons for 2015 consists mainly of Petroleum Products as shown below:



The Corporation's Turnover for 2015 reached some Rs26 billion.



Petroleum Products

STC is responsible for the import of the country's requirements in Petroleum Products. These include the demands for the running of public transport, industrial and commercial activities, motor vehicles for personal and commercial use, the needs of the Central Electricity Board in fuel oils for its power plants, the needs for aircraft refuelling at the SSR International Airport and the needs of bunker fuels for international shipping.

Upon arrival at the New Oil Jetty of Port Louis Harbour, those products are pumped out of tanker and delivered through pipelines into fuel tanks owned and operated individually or jointly in the Port Area by local oil companies. They also operate a Jet Fuel tank near SSR Airport.

The local oil companies are represented by:

1. Vivo Energy (Mauritius) Ltd
2. Total Mauritius Ltd
3. Engen (Mauritius) Ltd
4. Indian Oil (Mauritius) Ltd

The Oil Companies market, distribute and retail the products through their respective networks of retail outlets across the country. Some also operate barges to carry out their bunker supply operations at sea. During the year 2014, the bunkering trade was partly liberalised allowing the Oil Companies to import part of their bunkering requirement on their own. This decision was taken in view of making Mauritius a petroleum hub in the region.

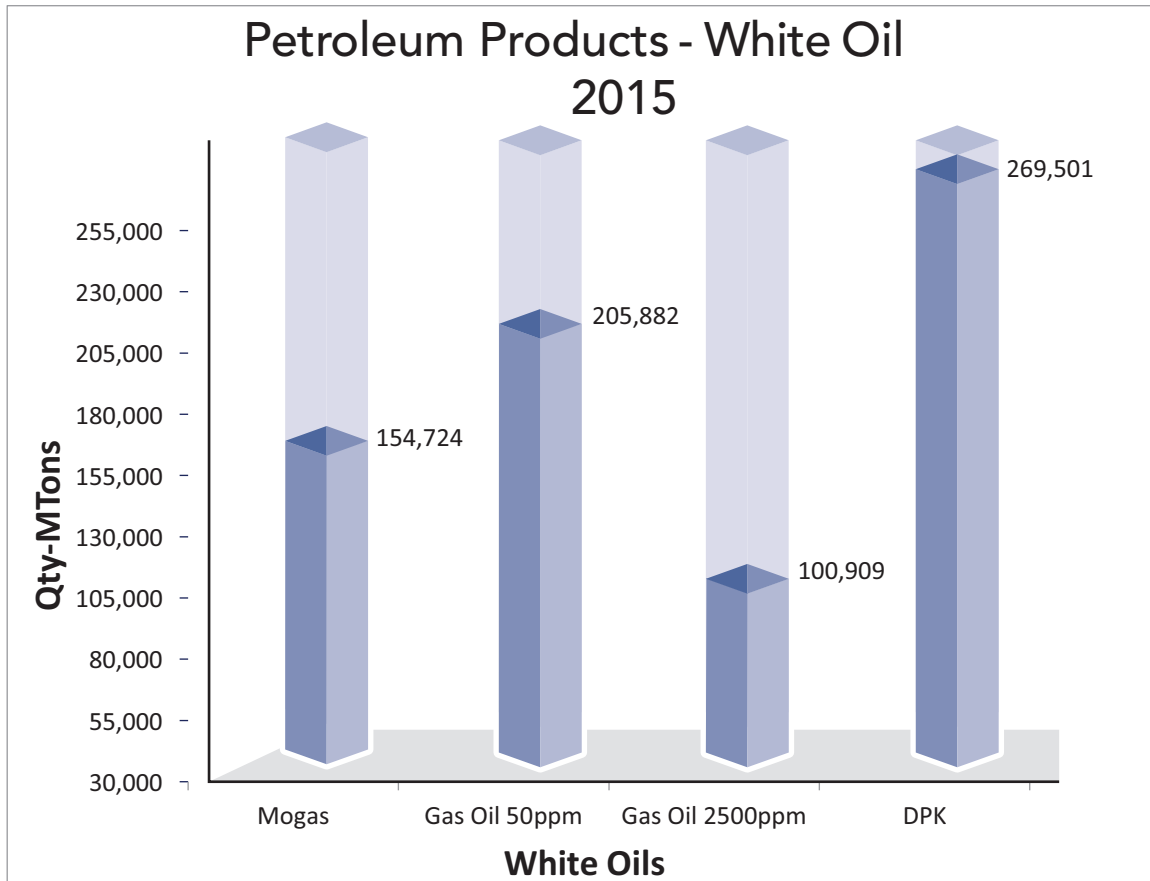
All Petroleum Products are currently sourced directly from Mangalore Refineries and Petrochemicals Ltd (MRPL), a refinery located in India some six to seven sailing days from Port Louis. Our agreement with MRPL is a standard supply agreement covering quality, quantity, delivery schedule and quality control parameters. For the past eight years, we have worked together and we are satisfied with this arrangement thanks to which we obtain all seven grades of Petroleum Products from the same refiner.

Although our total annual demand for 1.1 million M/tons may look substantial, it consists of many small shipments over the annual period and the seven grades of product. This translates into small quantities, which is not feasible for the larger Middle-East oil suppliers. MRPL has been very flexible, taking into consideration our storage constraints and keeping its supply in sync with our low-volume and high frequency demand.

Moreover, the fact that MRPL is a subsidiary of ONGC (Oil and Natural Gas Corporation) which is one of India's largest oil refiners, is a big source of comfort to STC. Even in a remote situation when MRPL would not be able to meet its commitments, ONGC guarantees that our contract will be honoured.

STC imports some 1.1 million metric tons of 7 categories of Petroleum Products, namely: White Oils, Super Unleaded Gasoline (Mogas), Automotive Diesel (50 ppm sulphur), Marine Diesel (2500 ppm sulphur) and Jet A-1 (DPK); and Fuel Oils : HSFO 180 CST CC, HSFO 180 CST SR and HSFO 380 CST SR.

White Oil



Mogas

The annual import of Mogas of 154,573 metric tons is sold entirely on the local market and the retail price is determined by the Petroleum Pricing Committee (PPC).

Gas Oil

The total annual import of Gas Oil is 306,791 metric tons. STC imports two grades of Gas Oil, namely 2500 ppm, which is sold as Marine Diesel for bunkering of vessels and Gas Oil 50 ppm with 0.005% sulphur content, which is sold for road transport. The price of Gas Oil sold for road transport is determined by the Petroleum Pricing Committee (PPC).

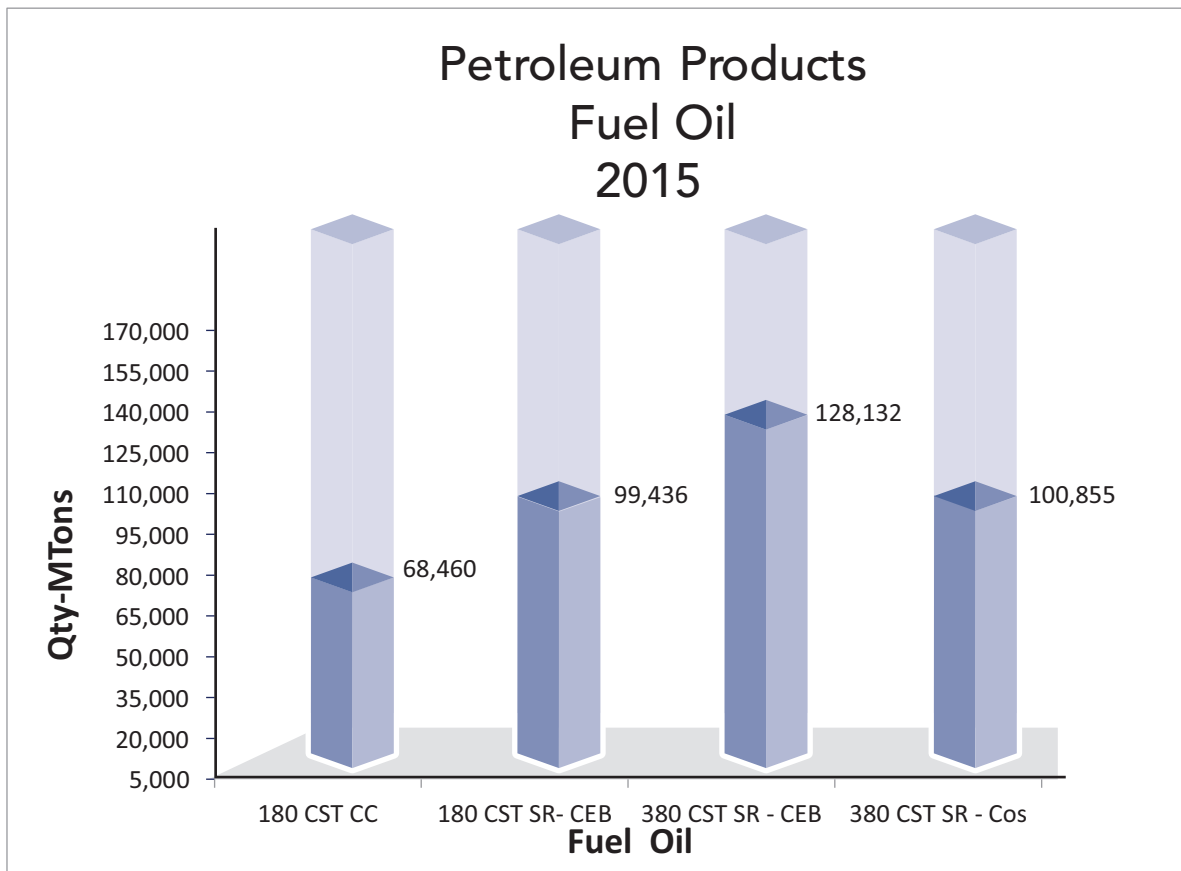
Any deficit or surplus on Mogas and Gas Oil on the local market is accounted in the Price Stabilisation Account (PSA).

The selling price of Gas Oil for bunkering purpose is fixed by STC for each consignment on a cost plus basis.

Jet A-1

The annual import of 269,501 metric tons of Jet A-1 is mostly sold as aviation fuel and the price is fixed by STC for each consignment on a cost plus basis. A small volume is also sold on the local market as Kerosene.

Fuel Oil



STC imports 68,460 metric tons of Fuel Oil 180 CST Catalytic Cracked (CC) for sale to oil companies and another 296,000 metric tons of Fuel Oil 180 CST SR and 380 CST SR for direct sales to CEB.

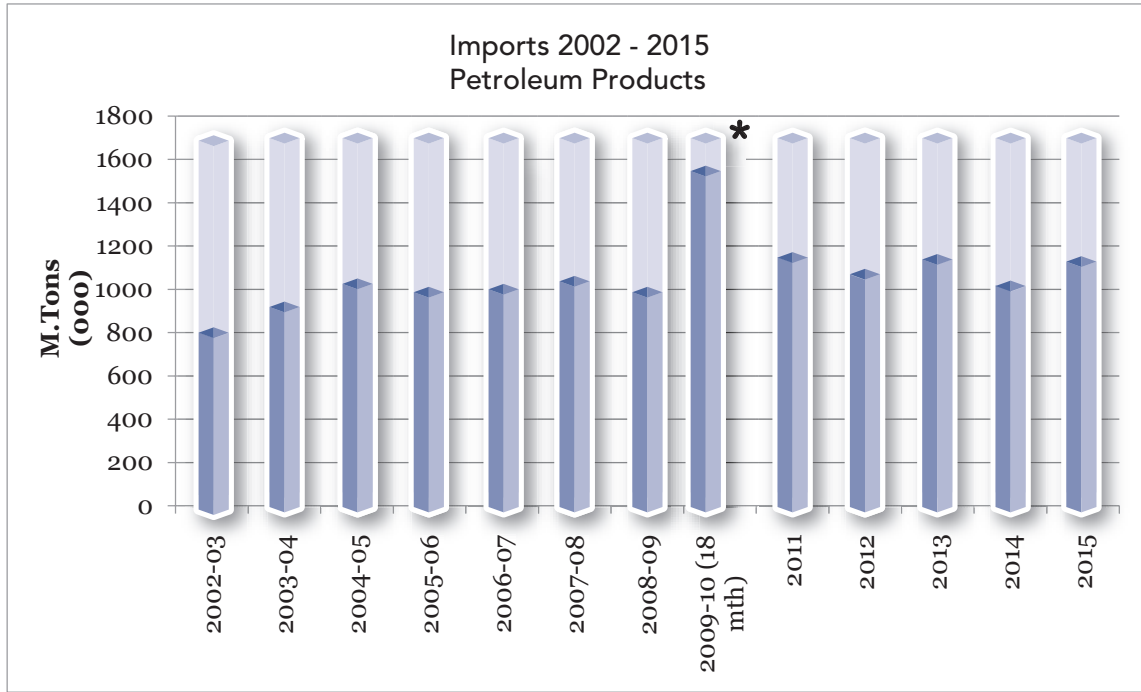
About 55% of Catalytic Cracked Fuel Oil 180 CST CC is sold on the local market for industrial purposes and the remaining 45% is sold for bunkering of vessels. STC has started selling Fuel Oil 380 CST SR to Oil Companies for bunkering purpose since January 2014. For 2015 some 100,855 metric tons of this product has been sold to the Oil companies. The selling price of Fuel Oil for both inland and international trade is fixed by STC for each consignment on a cost plus basis.

Mauritius is strategically positioned in the middle of the Indian Ocean with increasing Atlantic traffic plying at one end towards Africa, Madagascar and the West, while on the other hand, there is also a steep rise in traffic moving towards India, China, Japan, Malaysia and Thailand – essentially Asia and the Far East – and in both cases, round the Cape of Good Hope.

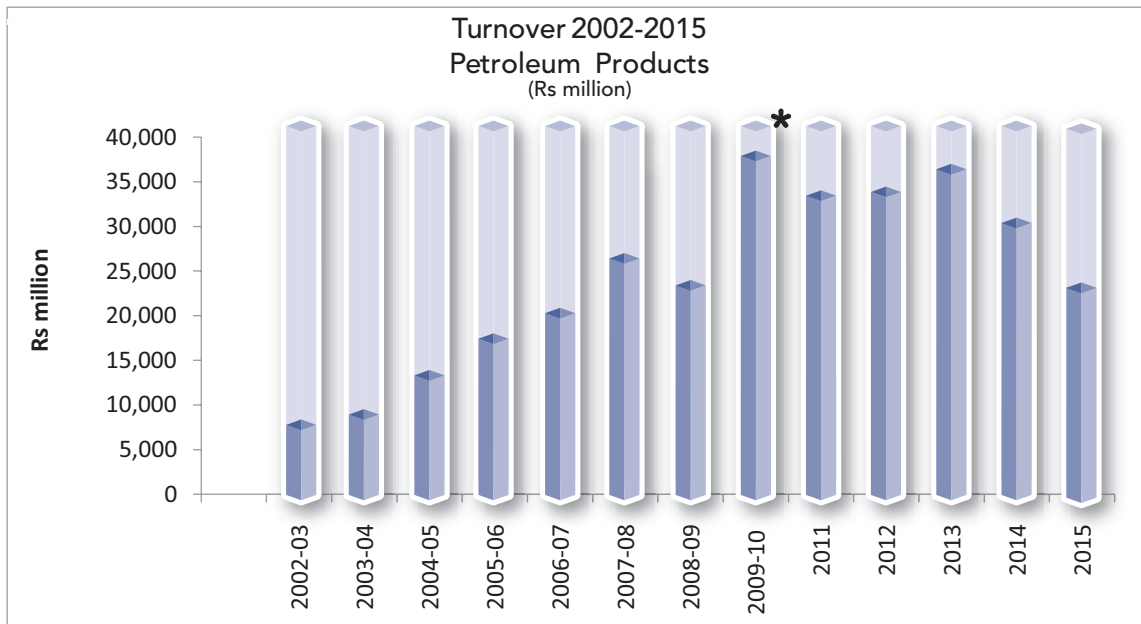
Today's new vessels with high speeds and perishable cargo cannot afford, and indeed do not need to wait and stand in queue to refuel at the Suez Canal bottleneck. Moreover, they cannot afford to bypass a refuelling hub altogether as this would imply stocking higher quantities of fuel at the expense of more valuable cargo in their hold. Mauritius is a viable port of call for refuelling vessels, resting their crew, allowing them to go onshore and to stock up on fresh water and fresh food. This, in turn, would also have a multiplier effect on consumption in the island economy.

STC plays a critical role in this development, as we are the sole importer and supplier of Petroleum Products in Mauritius. At the same time, we strongly support the Government's initiative to liberalise the Bunkering market – expert players that are engaged in the supply of oil to ships are best placed to tap into the opportunities arising from the development of Port Louis as a major refuelling hub for maritime traffic.

The graphs below show quantity imported and Turnover per product for period 2002 to 2015:



*18-months



*18-months

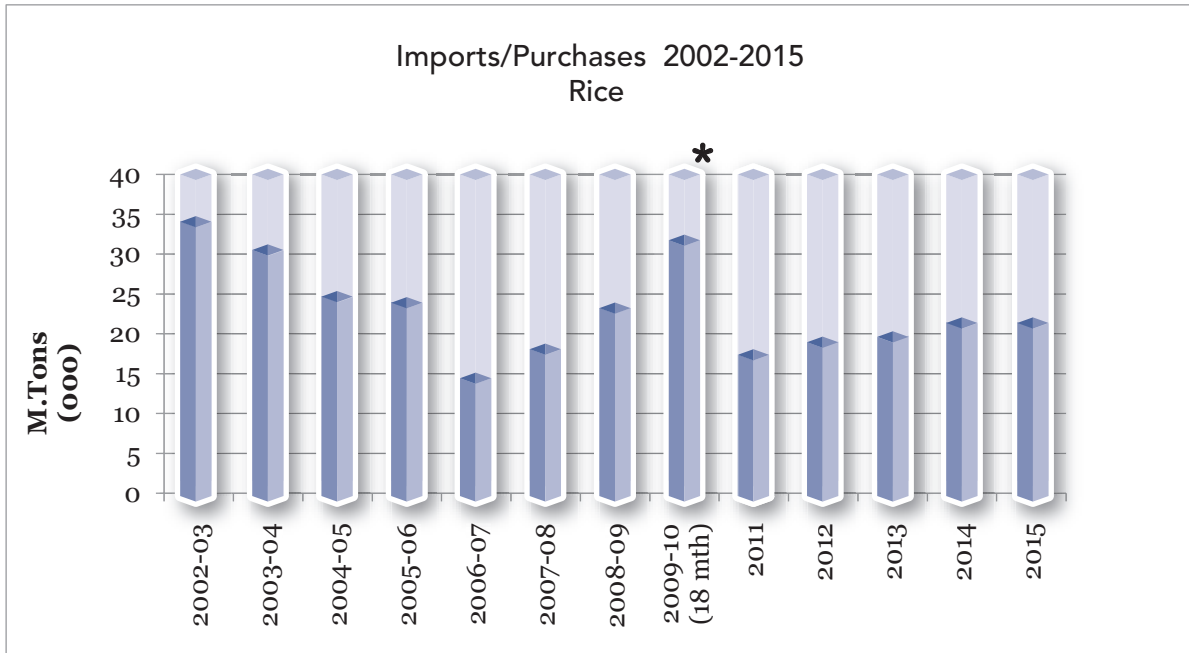
Long-grain white Rice

STC imports basic long-grain white rice (20,000 metric tons) per annum to meet popular demand representing about 20% of the market which is otherwise liberalized and occupied mainly by various luxury or premium varieties.

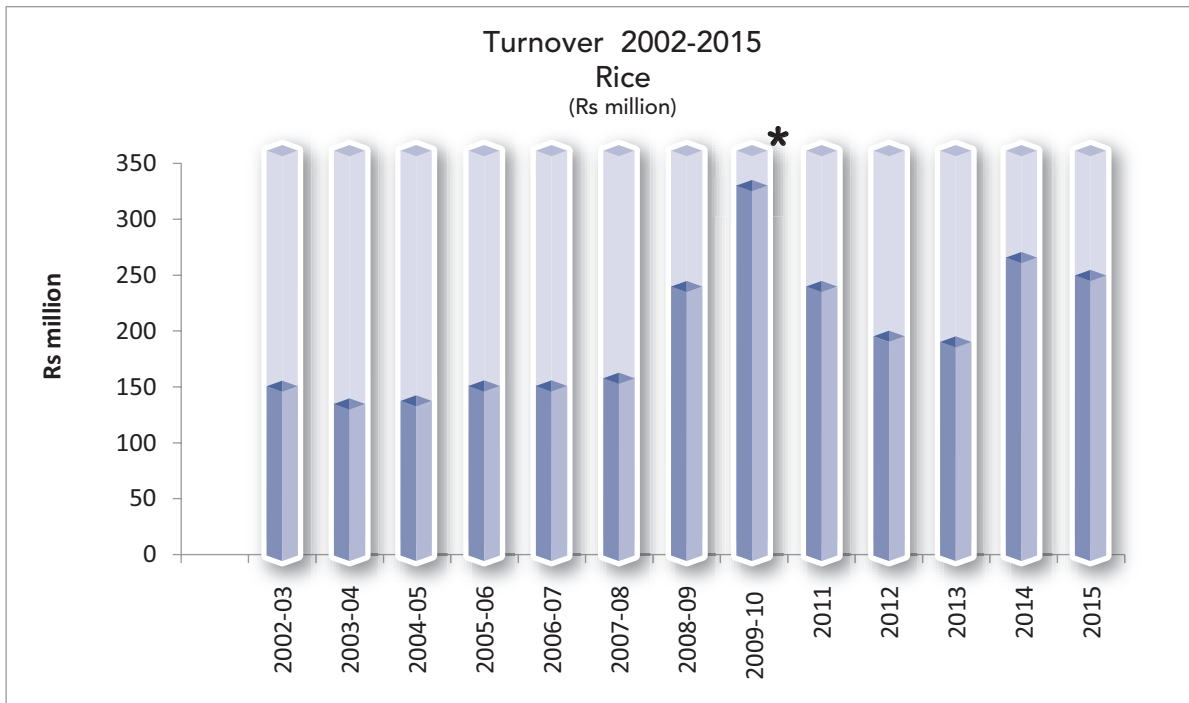
Rice is supplied on the world market after periodic Requests for Quotations (RFQ) attracting a large number of offers. Since prices of Rice on the world market are unpredictable, it has been to the disadvantage of STC to lock on prices for long term contract. In order to benefit from the fluctuation of prices on the world market, STC started purchasing rice, as from January 2010, in small lots through Request for Quotation (RFQ).

This process allows STC to benefit from full market play and obtain better quality at lower prices than it previously obtained by annual tenders. Rice is sold to wholesalers for retail at a heavily subsidised price that has remained unchanged since July 2006.

The sale of Ration rice was 20,482 tons (including 4,639 metric tons for Rodrigues) in the year 2015. As the selling price of Ration Rice imported by STC is fixed by Government at a lower price than the cost price, STC has incurred a shortfall of Rs 105.7 million in 2015. The retail price of ration rice has last been fixed in July 2006 at Rs 5.40 per half kg.



*18-months



*18-months

Import of Basmati Rice

In January 2014, the Corporation started importing Basmati Rice. The objective of the Corporation is not to make profit, or to take over the market from traders, but to protect the consumers by avoiding an increase in retail price and at the same time , assuring quality Basmati Rice to meet acceptable standard. During 2015, STC has sold some 1,060 metric tons of Basmati Rice.

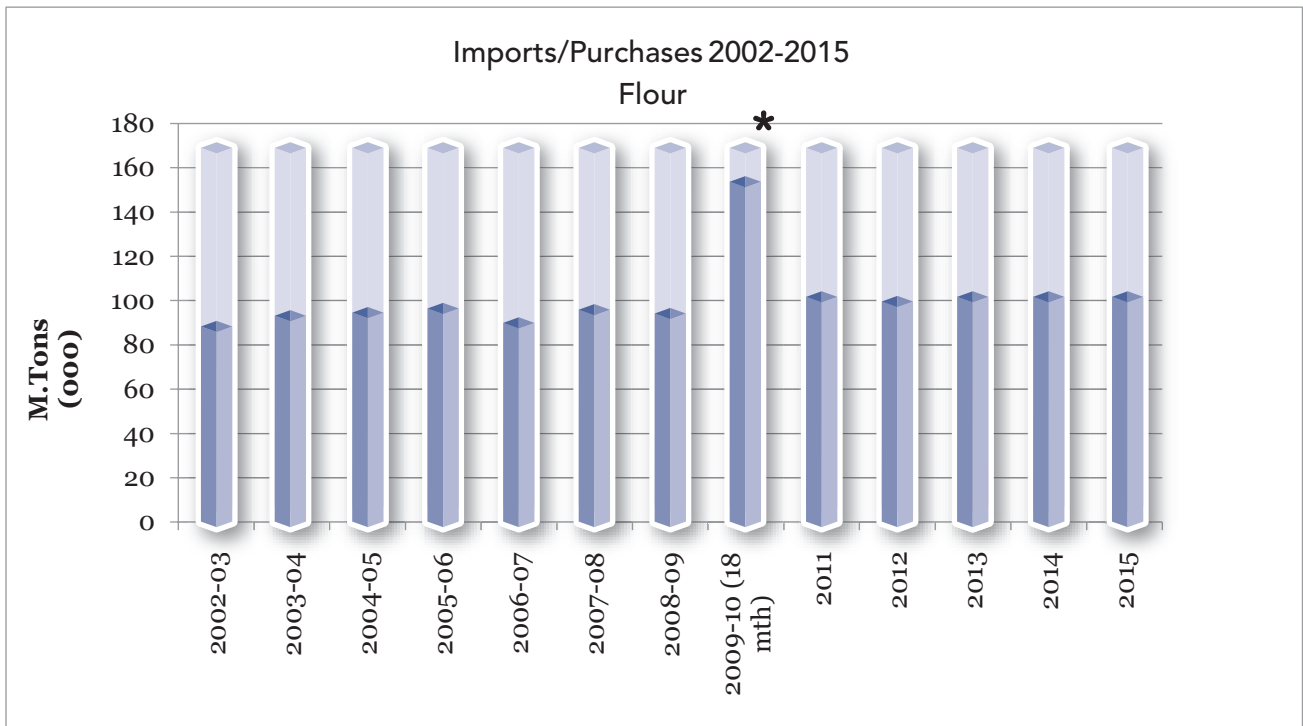
Flour

Wheat Flour is purchased annually through International Tenders. STC is required to launch tenders for only 50% of the country's demand as per Government's instructions. The other 50% are allocated to LMLC on the condition that the latter matches the lowest price obtained from the annual tender exercise.

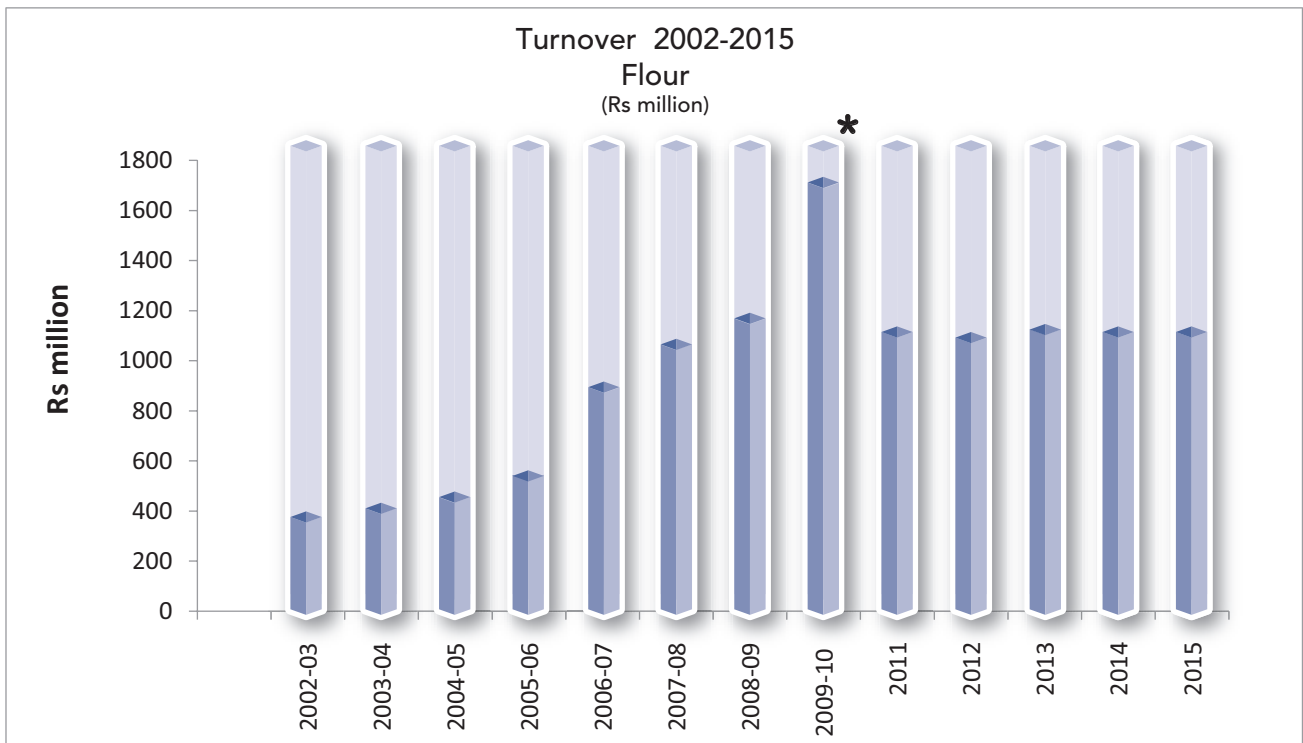
STC supplies the market with some 100,000 tons of Wheat Flour yearly. Wheat Flour remains the main staple food other than rice. Efforts are currently underway to sensitize the market to the benefits of shifting eating habits from refined White Flour to the more nutritious Whole Wheat Flour which is now also offered at similarly subsidized prices despite the initially low demand volumes.

The sale of Flour amounted to 101,490 metric tons (including 2,038M.T for Rodrigues) during 2015. The contract for the procurement of Flour for the year was allocated to LMLC. The retail price of Flour is also controlled by Government and has been fixed at Rs5.85 per half kg since 22 December 2008. During 2015 STC has incurred a shortfall of Rs618.8 million on Flour.

In order to ensure good quality of Flour is delivered to consumers, STC regularly tests the Flour at Mauritius Standard Bureau (MSB). Baking tests are also carried out in bakeries, wherever required.



*18-months



*18-months

Though Wheat Flour and Rice comprise only 4% of our annual turnover, these commodities are critical from an economic perspective as we provide for nearly 100% of the Wheat Flour and as much as 20% of the Rice being traded in Mauritius.

STC thus executes Government policy aimed at keeping the market fully supplied in those two basic staple foods namely Rice & Flour within reach of the whole population at low prices.

Liquefied Petroleum Gas (LPG)

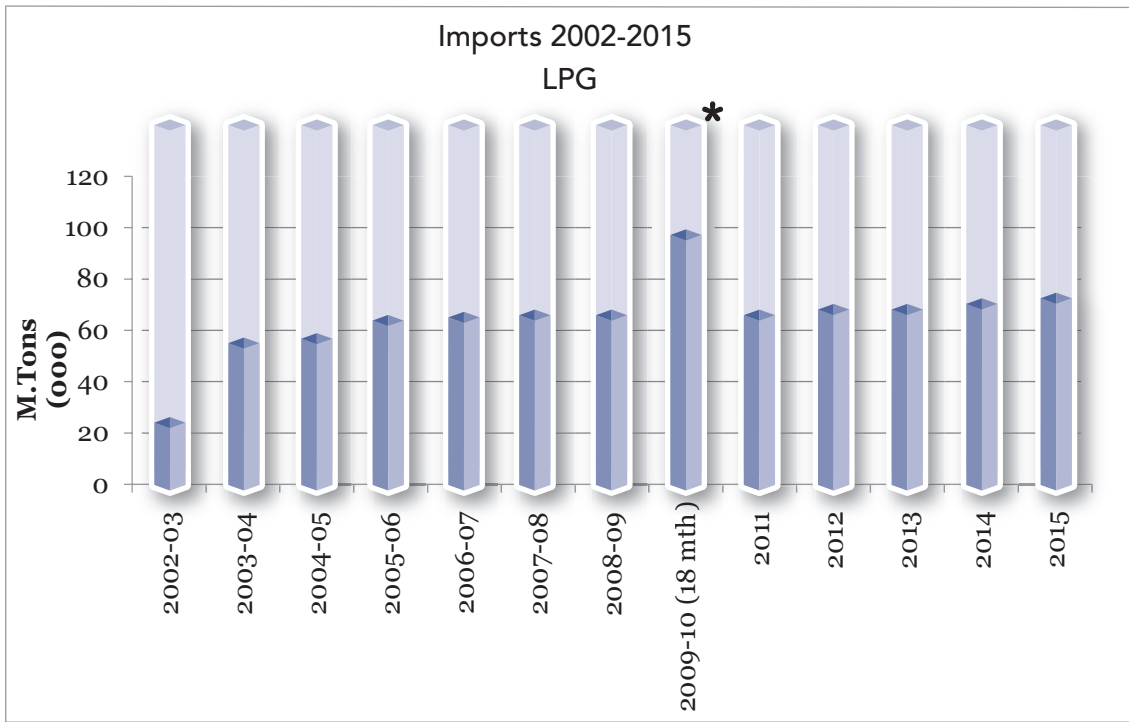
In 2002, the Government decided that there should be public intervention in the LPG market. The Corporation was instructed by the Government to take over the country's total requirements of 47,000 Mt from the existing importers as from 2003.

Currently, STC procures and supplies about 70,000 tons of LPG to meet the residential and industrial demand of Mauritius. LPG represents the main source of cooking and water-heating for 98% households and the retail price is heavily subsidised for 5 kg, 6 kg and 12 kg bottles destined for domestic use.

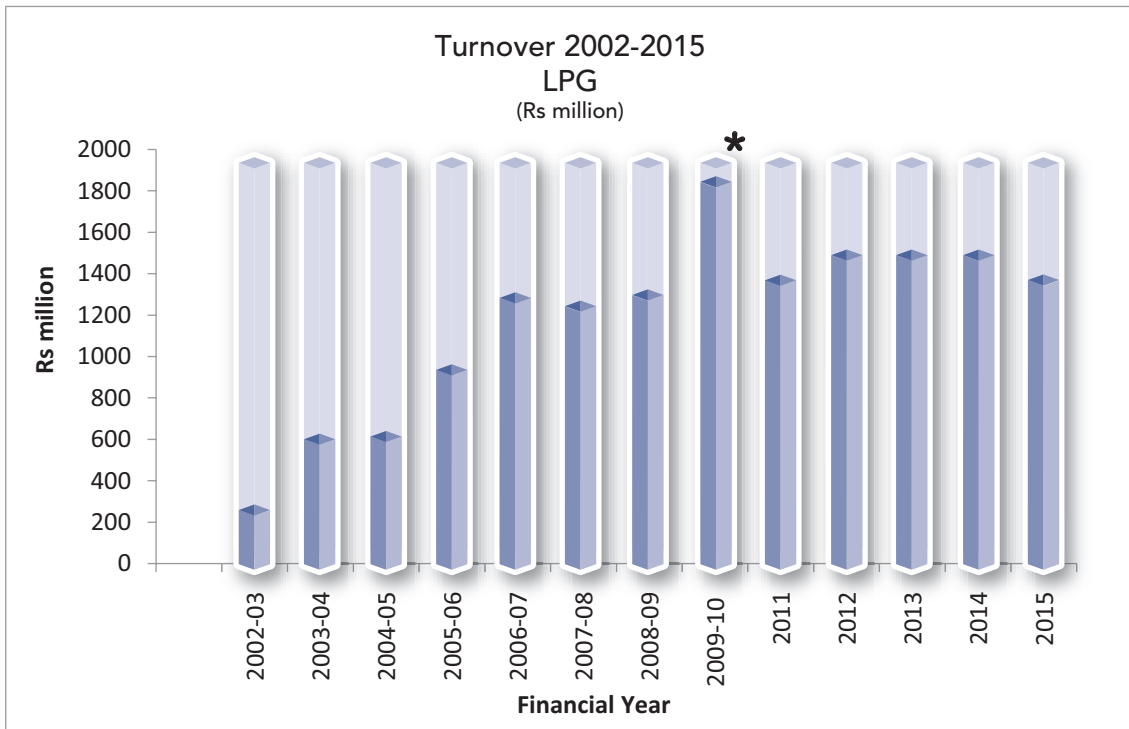
As from February 2006, a dual pricing policy is being implemented for LPG. About 75% of the annual import is sold in cylinders. The retail price of cylinders of 5 kg, 6 kg and 12 kg destined for domestic market is fixed by Government. The sale of LPG for 2015 amounts to 72,460 metric tons on which a shortfall of Rs90.6 million has been incurred.

The price of LPG sold for auto gas and in cylinders above 12 kg for non-domestic purpose is reviewed on a monthly basis by STC on a cost plus margin basis.

All storage tanks for LPG belong to private companies. Storage capacities are also limited with regard to demand of the country. However, STC closely monitors stocks to avoid any stock out situation.



*18-months



*18-months

Our Stakeholders

1. MRPL – Petroleum Products

MRPL is a subsidiary of Oil and Natural Gas Corporation Limited (ONGC), a premier Public Sector Enterprise of the Government of India.

2. LMLC – Wheat Flour

Launched in 1989, Les Moulins de la Concorde Ltée is the only local miller and has 16 silos representing a total wheat-stocking capacity of 40,000 tonnes, overlooking the harbour. It has been supplying flour to STC since its creation.

3. Petredec Ltd- LPG

Petredec Limited was formed as an LPG trading company in 1980 to develop a shipping and trading operation.

4. Glencore Energy UK –LPG

Glencore Energy UK Limited engages in the supply and delivery of oil to industrial consumers. It also engages in the distribution and transportation of oil and gas. The company was founded in 2002 and is based in London, United Kingdom. Glencore Energy UK Limited operates as a subsidiary of Glencore International plc.

5. Four major Local Oil Companies that STC deals with:

- Vivo Energy Mauritius Ltd
- Total Mauritius Ltd
- Engen Petroleum (Mauritius) Ltd
- Indian Oil (Mauritius) Ltd

6. Wholesalers Association

7. Bakers Association

Banking Services

Barclays Bank Mauritius Ltd

Barclays House
68-68A, Cybercity
Ebene

SBI (Mauritius) Ltd

7th Floor
SBI Tower
Mindspace
45, Ebene Cybercity
Ebene

SBM Bank (Mauritius) Ltd

State Bank Tower
1 Queen Elizabeth Avenue
Port Louis

Bank of Mauritius

Sir William Newton Street
Port Louis

AfrAsia Bank Ltd

10, Dr. Ferriere Street
Port Louis

Mauritius Commercial Bank Ltd

Head Office, MCB Centre
9-15, Sir William Newton Street
Port Louis

MauBank Ltd

Bramer House
Ebene Cybercity
Ebene

Banque des Mascareignes

Level 9, Maeva Tower
Cnr Silicon Avenue & Bank Street
Cybercity
Ebène 72201

Bank One Limited

16, Sir William Newton Street,
Port Louis

Bank of Baroda

Bank of Baroda Building
Sir William Newton Street
Port Louis

Standard Bank (Mauritius) Ltd

Level 9, Tower A,
1 Cybercity
Ebene

Hongkong and Shanghai Banking Corporation Limited

HSBC Centre
18, Cybercity
Ebene

Corporate Information

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Ebene, Reduit
Tel (230) 401 0800 FAX (230) 489 2375
<http://www.stcmu.com/>

Outstation:

- Shed A Warehouse
Mer Rouge
Port Louis
Tel: 217 4961/62
- STC Rodrigues
Camp du Roi
Rodrigues
Tel: 832 0881 Fax: 831 2255
- STC Granary
Rodrigues
Port Mathurin
Tel: 831 1564

Auditors:

- National Audit Office
Level 14
Air Mauritius Centre
Port-Louis

Legal Advisers:

- The Solicitor General
Attorney General's Office
Port Louis



STATE TRADING CORPORATION

Lot 55, Business Zone, Ebene Cybercity 72201, Ebene, Rduit, Republic of Mauritius
Tel (230) 401 0800 FAX (230) 489 2375

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