



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December 2016	Year ended 31 December 2015
	MUR	MUR
Gross ticket sales	1,651,579,840	1,675,592,800
Prizes	(801,016,222)	(834,306,114)
Consolidated fund	(392,620,166)	(388,337,934)
Net income	457,943,452	452,948,752
Operating profit	112,111,030	49,702,397
Net finance income	49,187	1,384,616
Profit before income tax	112,160,217	51,087,013
Income tax expense	(23,964,213)	(10,607,310)
Profit for the year ¹	88,196,004	40,479,703
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligations	35,000	1,565,000
Tax on remeasurement of post-retirement benefit obligations	(5,950)	(266,050)
Other comprehensive income - net of tax	29,050	1,298,950
Total comprehensive income for the year	88,225,054	41,778,653
Earnings per share	0.26	0.12
Profit for the year before one-off expenses	88,196,004	66,075,617
Inventory write-off, net of incentive fees and tax	-	(19,496,348)
Severance allowance, net of incentive fees and tax	-	(6,099,566)
Profit for the year	88,196,004	40,479,703

STATEMENT OF FINANCIAL POSITION

	31 December 2016	31 December 2015
	MUR	MUR
ASSETS		
Non-current assets	150,828,200	145,977,517
Current assets	235,917,526	149,835,629
Total assets	386,745,726	295,813,146
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	100,000,000	100,000,000
Retained earnings	38,630,430	42,205,376
Total equity	138,630,430	142,205,376
Non-current liabilities	7,160,749	6,363,756
Current liabilities	240,954,547	147,244,014
Total liabilities	248,115,296	153,607,770
Total equity and liabilities	386,745,726	295,813,146

STATEMENT OF CASH FLOWS

	Year ended 31 December 2016	Year ended 31 December 2015
	MUR	MUR
Net cash generated from/(used in) operating activities	176,669,418	(19,162,504)
Net cash used in investing activities	(51,205,040)	(1,614,310)
Net cash used in financing activities	(91,800,000)	(55,274,948)
Net increase/(decrease) in cash and cash equivalents	33,664,378	(76,051,762)
Cash and cash equivalents at beginning of year	123,142,408	199,194,170
Cash and cash equivalents at end of year	156,806,786	123,142,408

STATEMENT OF CHANGES IN EQUITY

	Stated capital	Retained earnings	Total equity
	MUR	MUR	MUR
At 01 January 2015	100,000,000	54,826,723	154,826,723
Profit for the year	-	40,479,703	40,479,703
Other comprehensive income for the year	-	1,298,950	1,298,950
Total comprehensive income for the year	-	41,778,653	41,778,653
Transactions with owners			
Dividends	-	(54,400,000)	(54,400,000)
At 31 December 2015	100,000,000	42,205,376	142,205,376
At 01 January 2016	100,000,000	42,205,376	142,205,376
Profit for the year	-	88,196,004	88,196,004
Other comprehensive income for the year	-	29,050	29,050
Total comprehensive income for the year	-	88,225,054	88,225,054
Transactions with owners			
Dividends	-	(91,800,000)	(91,800,000)
At 31 December 2016	100,000,000	38,630,430	138,630,430

COMMENTS

Principal Activity

The company is the operator of the Mauritius National Lottery on behalf of the Government of Mauritius.

Results

Gross ticket sales revenue for the year ended 31 December 2016 amounted to MUR1,651.6m compared to the prior corresponding period revenue of MUR1,675.6m.

The profit after taxation was MUR88.2m for the year ended 31 December 2016 compared to a profit of MUR40.5m for the last corresponding period.

Business Review

In March 2015, the Government announced budgetary measures that banned advertising of the lottery effective 24 March 2015 and the prohibition of the Quick Win category of games effective 30 June 2015. The company took immediate action to right size the business to the new reality resulting in a reduction of 30% of employees and decrease in administration costs.

The Board engaged PwC to evaluate the actual financial impact of the budgetary changes. Two independent reports were submitted to the Board and subsequently to the Gambling Regulatory Authority (GRA) with a view to claim compensation for inter alia the severance and Quick Win inventory write-off and to review the quantum of the contribution to the Consolidated Fund so as to restore value for all shareholders and stakeholders in the coming years.

Subsequently, the GRA has appointed an independent consultant to conduct a full evaluation on Lottotech's current situation and advise the authority of findings, proposals and recommendations on the claims made/submitted by Lottotech.

While the 2015 budgetary measures continued to have a negative impact on the business, the company continues to be profitable during the current year as a result of the restructuring of operations.

Future Outlook

The Board continues to work with management to ensure that the company can deliver on its targets and to take appropriate actions in order to mitigate the impact and protect the value of the company.

The Board has not received any response from the GRA regarding its representation in respect of the review of the contribution rate to the Consolidated Fund, the quantum of the compensation receivable for the exceptional Quick Win inventory write-off and severance payments and/or the review of the structured game plan. The Board considers that it has a legitimate claim.

Following the "Mise En Demeure" served on the GRA by the company on 21 May 2016, a Plaintiff With Summons has been filed on 13 June 2016 before The Supreme Court of Mauritius (Commercial Division), against the GRA and the Ministry of Finance and Economic Empowerment.

Earnings per share

The calculation of earnings per share is based on the profit attributable to the shareholders of the company of MUR88.2m (December 2015: MUR40.5m) and the number of the shares in issue of 340,000,000.

Dividend

The company declared and paid dividends of MUR91.8m in the year ended 31 December 2016 (December 2015: MUR54.4m).

Others

Copies of the above abridged audited financial statements are available, free of charge, upon request made to the Company Secretary, at the registered office of the company, Royal Road, Chapman Hill, Beau Bassin, or can be viewed on the company's website www.lottotech.mu.

The statement of direct and indirect interests of insiders pursuant to rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available, free of charge, upon request made to the Company Secretary, at the registered office of the company.

By Order of the Board

Gamma Corporate Services Ltd
Company Secretary

23 March 2017

The abridged audited financial statements have been extracted from the audited financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards and have been audited by Messrs PricewaterhouseCoopers, Chartered Accountants.

These abridged audited financial statements are issued pursuant to Listing Rule 12.14.

The Board of Directors of Lottotech Ltd accepts full responsibility for the accuracy of the information contained in these abridged audited financial statements.