PHARMACIE NOUVELLE LIMITED

ANNUAL REPORT 2014

Where people matter

Our Focus is our customers, distributors and suppliers

Our Foundation is our people

Our Core is quality

Our Challenge is innovation and sustained growth

Our Commitment is to be responsible

Contents

A Great Leader is gone but his spirit will always prevail

Mr Clency Leal, the outstanding leader behind the growth and success of Pharmacie Nouvelle Ltd has positioned the Company as a key player in the commercial field at national level.

Pharmacie Nouvelle Ltd and Mr Clency Leal shared a long and profound love story. At the age of 19, he joined the Company as dispensing assistant whilst pursuing his studies.

After some years as Medical Representative for the Pfizer Group in Europe, he took over the management of Pharmacie Nouvelle Ltd in 1967 giving a new vision to the Company. Mr Clency Leal, together with Mr France Ducasse, his close colleague, modernised the pharmaceutical business. Later, with the precious support of Mr Gervais Blackburn, he initiated the diversification of Pharmacie Nouvelle Ltd through new sectors of activities such as consumer goods, cosmetics and textiles (dyes).

He remained at the Head of the Company until 2007 when he finally retired from the operations whilst remaining as the Chairman of the Group until the 6th May 2014. Mr Clency Leal was an outstanding figure, whose tireless work has left to his surroundings, family, partners and employees, the legacy of a prosperous and modern enterprise.

His knowledge, experience and expertise were evident to all those who worked with him. His mentorship, his subtle humour, and of course, his presence amidst us will be greatly missed by one and all.

Chief Executive Officer's Statement

For the year under review, the group generated a turnover of Rs 1.3 billion (2013: Rs 1.2 billion) and a profit before tax of Rs 37.1 million (2013: Rs 34.3 million). This turnover growth is attributable to the development of new categories with new brands and products in addition to the consolidation of our existing portfolio of products.

On behalf of the Board of Directors, I am pleased to introduce the annual report of Pharmacie Nouvelle Limited for the Financial Year 2013-2014.

For the year under review, the group generated a turnover of Rs 1.3 billion (2013: Rs 1.2 billion) and a profit before tax of Rs 37.1 million (2013: Rs 34.3 million). This turnover growth is attributable to the development of new categories with new brands and products in addition to the consolidation of our existing portfolio of products.

Our route to market strategy for the consumer goods division focussing on excellence in execution has brought about a gain in market share in some key categories of products and has allowed the consumer goods division to achieve a 3% growth in a very competitive environment.

In the pharmaceutical business the revamping of our sales and distribution network coupled with the strategic developments with generics suppliers have proven successful. The optimization of the supply chain with key international pharmaceuticals suppliers has allowed us to fully exploit the market opportunities. These combined actions have allowed the pharmaceutical division to achieve a growth of 21% over last year with strong growth for both private and public business.

Last but not least, we are happy to report an improved performance of our Textile and Chemical Auxiliaries Division showing a growth of 27% over the previous year. This was due to the optimisation of the supply chain in addition to a streamlining of our product offering allowing us to better serve our clients.

As regards to our subsidiaries Comanu Ltée and OID Ltée, we have gone through a complete review of the respective business models. Comanu Ltée, our manufacturing arm, has been streamlined. We have disposed part of the equipment and redeployed most of the employees within the different companies of the group wherever possible. We are presently in the process of finalising a new business model for Comanu Ltée.

On the other hand, OID Ltée, is now fully transformed into a retail outlet trading under the name of PNL Retail Shop. At the same time, OID Ltée is also involved in the marketing and distribution of the famous brands ''Castle Lager Beer'', ''Castle Lite'' and ''Peroni'' from SAB Miller group allowing us to enter the beer segment in the local market.

For the coming year, we will continue with our current strategy and will remain flexible in our decision making process. Innovation will be the driver of our future growth; we will enter new categories and explore new business models, whilst continuously focussing on excellence in execution.

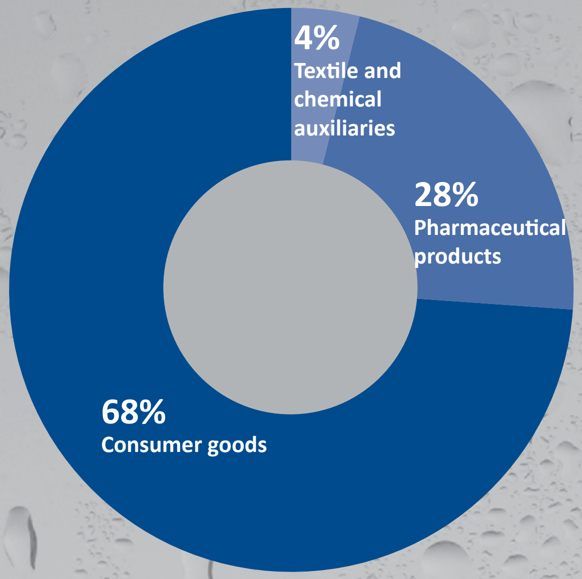
We are expecting no significant changes in the market trend while competitiveness in the modern trade sector will continue to exert pressure on our margins. To live up to these new challenges and to further promote our culture of excellence, we are investing in our IT infrastructure and software and in capitalising on the strength and motivation of our dedicated people.

I also take this opportunity to express my gratitude to the Board Members, the Management team and Staff of Pharmacie Nouvelle Group for their continued dedication and loyalty. I also thank our customers, suppliers and partners for their valuable support and trust in Pharmacie Nouvelle Ltd.

Mr Eric Michel Georges LEAL
Chief Executive Officer

Pharmacie Nouvelle Ltd is the oldest company of Leal Group.

Our aim is to be leaders in our fields, through integration of new technology to provide superior products and services to our esteemed customers, whilst creating value to our shareholders. Our future success will be founded on our pledge to these guiding principles and commonly shared values.



70
CONSUMER GOODS BRANDS
4 main categories:
Personal care, Food,
Home care, Babycare &
Nutrition

6
OWN BRANDS
Bebecalin, Nin's, Des Iles,
Clean & Shine, Tipiti, Tender

266
EMPLOYEES

300
PHARMACIES

1,700
LTG
LOCAL TRADITIONAL
GROCERIES

90
GMS
GRANDES ET
MOYENNES SURFACE

A WEALTH OF WORLD-LEADING BRANDS

CONSUMER - REPRESENTATIVE BRANDS

Personal Care

Aquafresh, Sensodyne, AXE, Brut, Closeup

Signal, Dove, Impulse, Inov, Labello, Lifebuoy

Lux, Melyssa, Miss Den, Nivea, Rexona men, Rexona women

Sunsilk, Tender, Timotei, Vaseline, Desfiles, Nin's intime

Food & Beverages

Bagatelle, Castle (The Perfect Moment), Castle Lite (Look Good. Feel Good), Edena, Isostar, Ribena

Lucozade Energy, Ovaltine, Panzani, Peroni Italy, Villars

Homecare

Baygon, Cif, Glade, Handy Andy, Jewel

Kiwi, Omo, Persil, Pledge, Raid, Skip

CONSUMER - REPRESENTATIVE BRANDS

Baby Care & Nutrition

BébéCâlin, Blédina, Tipiti

HEALTH - REPRESENTATIVE SUPPLIERS

Abbott (A Promise for Life), AGP, Boehringer Ingelheim South Africa, Denk Pharma

GSK GlaxoSmithKline, Lilly, Merck Serono (Living science, transforming lives), Merck

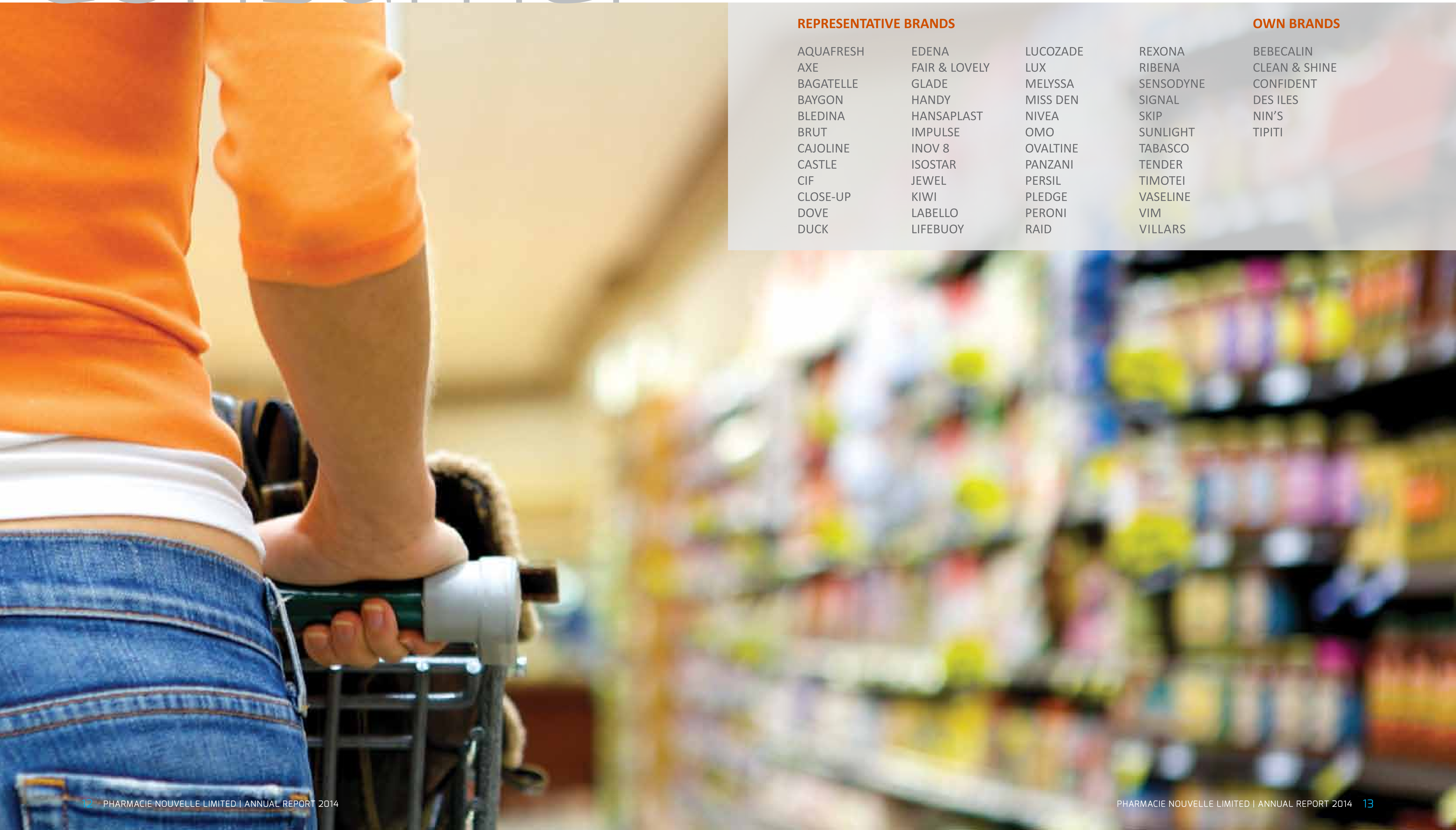
Pfizer, Pierre Fabre, Roche, Sanofi

CHEMICAL - REPRESENTATIVE SUPPLIERS

DyStar, Bayer, Dow, Lanxess (Energizing Chemistry)

Where peo ple matter

Consumer



REPRESENTATIVE BRANDS

AQUAFRESH
AXE
BAGATELLE
BAYGON
BLEDINA
BRUT
CAJOLINE
CASTLE
CIF
CLOSE-UP
DOVE
DUCK
EDENA
FAIR & LOVELY
GLADE
HANDY
HANSAPLAST
IMPULSE
INOV 8
ISOSTAR
JEWEL
KIWI
LABELLO
LIFEBUOY
LUCOZADE
LUX
MELYSSA
MISS DEN
NIVEA
OMO
OVALTINE
PANZANI
PERSIL
PLEDGE
PERONI
RAID
REXONA
RIBENA
SENSODYNE
SIGNAL
SKIP
SUNLIGHT
TABASCO
TENDER
TIMOTEI
VASELINE
VIM
VILLARS

OWN BRANDS

BEBECALIN
CLEAN & SHINE
CONFIDENT
DES ILES
NIN'S
TIPITI

Health

REPRESENTATIVE SUPPLIERS

ABOTT
AGP LTD
BOEHRINGER INGELHEIM
DENK PHARMA
ELI LILLY
GSK OTC
LABHRA
MERCK SERONO
NUMEDEX
PFIZER
PIERRE FABRE MEDICAMENT
ROCHE DIAGNOSTICS-DC
SANOFI AVENTIS
TRIDEM DISTRIBUTION

Chemical

REPRESENTATIVE SUPPLIERS

DYSTAR
BAYER MATERIAL SCIENCE
DOW-WOLFF CELLULOSICS
LANXESS-GMBH
SYMRISE PTY LTD

Corporate Information

Directors	Alternate Directors
Late Mr Michael Joseph Clency LEAL, CBE *(Chairman)* *(Up to 6 May 2014)*	Mr Joseph Jacques Vivian COLLET-SERRET *(up to 6 May 2014)*
Mr Eric Michel Georges LEAL *(Chief Executive Officer)*	
Mr Daniel de LABAUVE d'ARIFAT *(Deputy Chief Executive Officer)*	
Mr Gilbert Patrick Stéphane LEAL	Mr Patrice Michel LEAL
Mr Marie Octave Regis NICOLIN	
Mr Bernard Aimé Jacques ROCHECOUSTE COLLET	Mr Marie Louis Désiré René France DUCASSE
Mr Marie Louis Désiré René France DUCASSE	Mr Bernard Aimé Jacques ROCHECOUSTE COLLET
Mr Jean Marie Eugène GREGOIRE	Mr Marie Joseph Jean Paul CHASTEAU DE BALYON
Mr Marie Joseph Jean Paul CHASTEAU DE BALYON	
Mr Virrsing RAMDENY	
Mr Georges LEUNG SHING	
Mr Désiré Pierre Ariste Maxime REY	

Senior Management Team	Position
Mr Eric Michel Georges LEAL	*Chief Executive Officer*
Mr Daniel de LABAUVE d'ARIFAT	*Deputy Chief Executive Officer*
Mr Jean Noël LENNON	*Chief Operating Officer, Sales and Marketing*
Mr Lingon VEERASAMY	*Chief Operating Officer, Administration and Human Resource*
Mr Hugo VICTOIRE	*Chief Finance Officer*

Company Secretary

Navitas Corporate Services Ltd
(Up to 7 September 2014)
13, St Clement Street
Curepipe
Republic of Mauritius

(As from 8 September 2014)
Navitas House
Robinson Road
Floreal
Republic of Mauritius

Registered office

Autoroute M1
Les Pailles
Republic of Mauritius

Legal adviser

Me Gavin Glover
River Court
St Denis Street
Port Louis
Republic of Mauritius

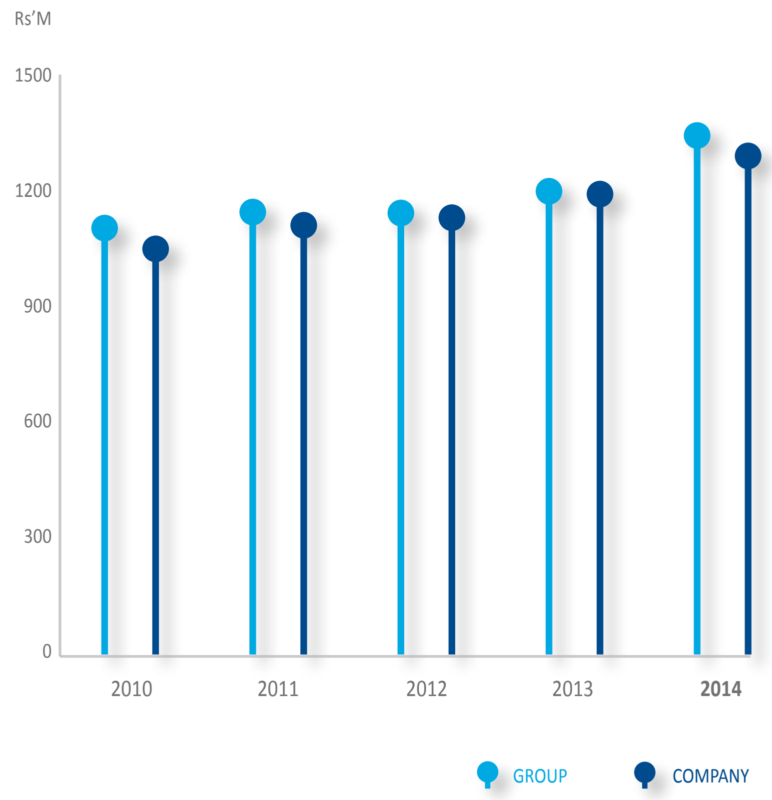
Auditors

Grant Thornton
Ebene Tower
52 Cybercity
Ebene
Republic of Mauritius

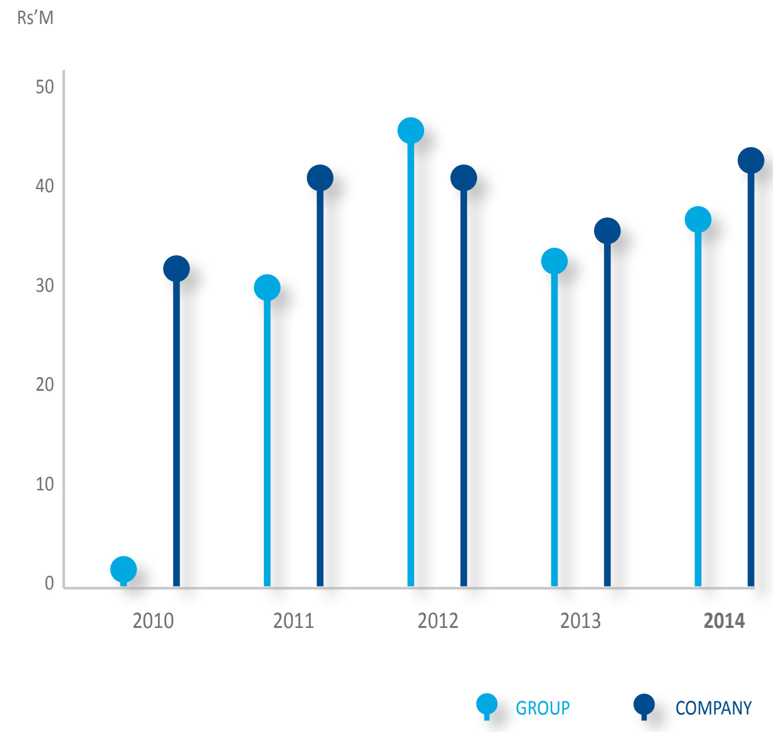
Bankers

The Mauritius Commercial Bank Ltd
The State Bank of Mauritius Ltd
Barclays Bank Mauritius Limited
Bank One Limited
AfrAsia Bank Limited
Mauritius Post and Cooperative Bank Ltd
Habib Bank Limited

Turnover

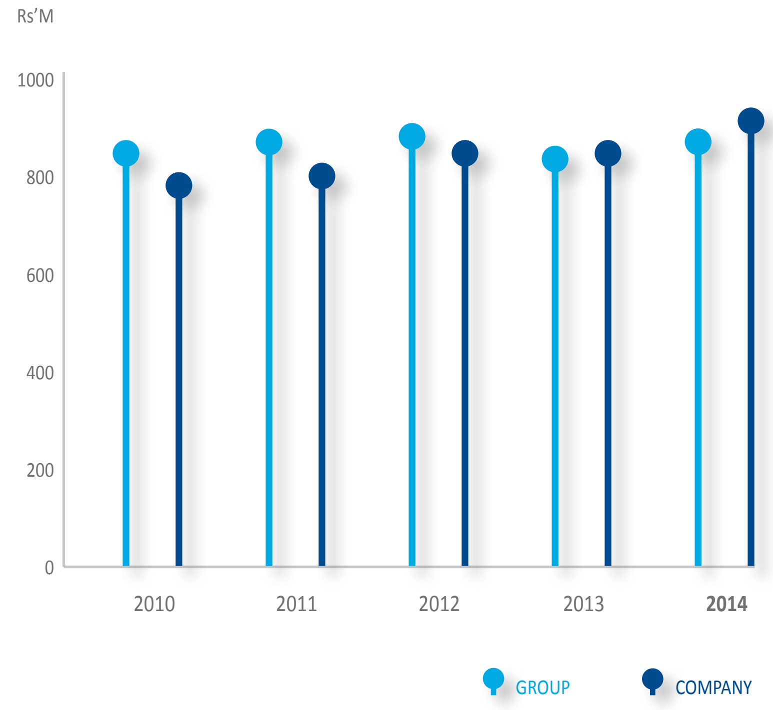


Profit before Tax



Earnings Per Share

Total Assets



The Board of Directors of Pharmacie Nouvelle Limited, “the Company”, is pleased to present the annual report together with the audited consolidated financial statements of the Company and its subsidiaries, collectively referred as “the Group”, for the year ended 30 June 2014.

Incorporation

The Company was incorporated in the Republic of Mauritius on 08 June 1967 as a private company with liability limited by shares. The status of the Company was subsequently changed to a public company with liability limited by shares.

Principal Activities

The principal activities of the Group are:

(i) to engage in the wholesale distribution of pharmaceutical products, consumer goods and products for the textile industry;

(ii) to manufacture cosmetics; and

(iii) to engage in the general retailing business.

Results and Dividends

The results for the year are as shown on pages 49 and 50.

The directors have recommended the payment of a dividend of Rs 13,524,872 for the year under review (year ended 30 June 2013:Rs 13,524,872).

Directors

The present composition of the Board is set out on page 18.

Directors’ Responsibilities in respect of the Consolidated Financial Statements

Company law requires the directors to prepare consolidated financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Group and the Company. The directors are also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Group and the Company;
- disclose with reasonable accuracy at any time the financial position of the Group and the Company; and
- would enable them to ensure that the consolidated financial statements are prepared in accordance with International Financial Reporting Standards and comply with the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Directors’ Responsibilities in respect of the Consolidated Financial Statements (continued)

The directors confirm that:

- the consolidated financial statements present fairly the financial position of the Group and the Company as at the reporting date and the results of operations and cash flows for the reporting period;
- the external auditors are responsible for reporting on whether the consolidated financial statements are presented fairly;
- adequate accounting records and an effective system of internal control have been maintained;
- the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards;
- appropriate accounting policies are supported by reasonable and prudent judgements and estimates have been used consistently;
- the consolidated financial statements have been prepared on the going concern basis;
- they are responsible for safeguarding the assets of the Group and of the Company;
- they have taken reasonable steps for the prevention and detection of fraud and other irregularities; and
- the Company has adhered to the Code of Corporate Governance.

Internal Control

The directors are responsible for the Group’s and the Company’s systems of internal control . The systems have been designed to provide the directors with reasonable assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that there are no material errors and irregularities. An internal audit function is in place to assist Management in the effective discharge of its responsibilities and it is independent of Management and reports to the Group’s Audit and Risk Committee.

Risk Management

The Board of Directors has overall responsibility for risk management. Through the Group’s Audit and Risk Committee, the directors are made aware of the risk areas which affect the Group and the Company and ensure that the Senior Management team has taken appropriate measures to mitigate these risks.

Contracts of Significance

There were no contracts of significance to which the Company or its subsidiaries was a party and in which a director was materially interested either directly or indirectly.

Directors’ Share Interests

The directors’ direct and indirect interests in the stated capital of the Company or its subsidiaries are detailed in the Corporate Governance Report.

Directors' Remuneration

Total emoluments and other benefits paid to the directors were as follows:

	2014 Rs	2013 Rs
Full-time executive directors		
- Company	**4,440,570**	5,560,543
- Group	**4,440,570**	5,560,543
Non-executive directors		
- Company	**3,683,571**	4,999,883
- Group	**3,683,571**	4,999,883

Donations

Donations made by the Group and the Company are detailed in the Corporate Governance Report.

External Auditors

The external auditors, **Grant Thornton**, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual Meeting.

	The Group		The Company	
	2014 Rs	2013 Rs	**2014 Rs**	2013 Rs
Fees for:				
- Audit services (VAT exclusive)	**1,105,000**	1,076,000	**840,000**	801,000
- Other services (VAT exclusive)	**190,000**	176,000	**105,000**	100,000

Approved by the Board of Directors on 29 September 2014 and signed on its behalf by:

Mr. Eric Michel Georges LEAL
Director and Chief Executive Officer

Mr. Daniel de LABAUVE d'ARIFAT
Director and Deputy Chief Executive Officer

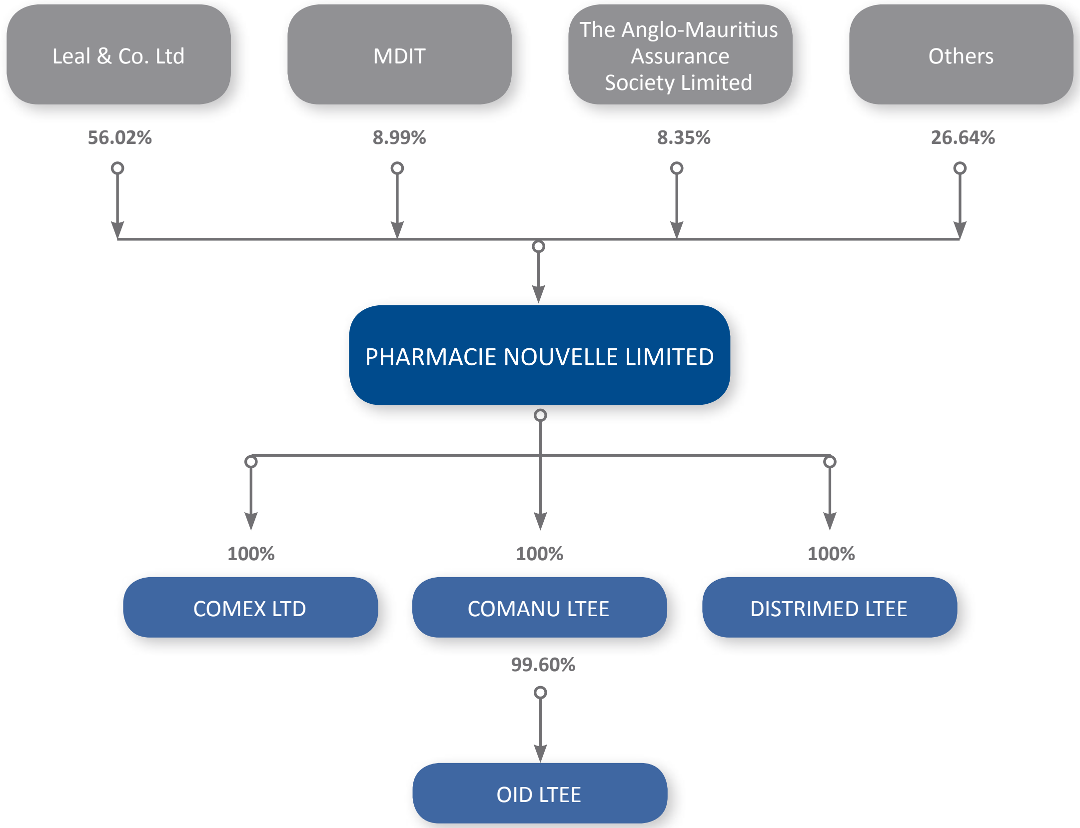
Mr Virrsing RAMDENY
Director and Chairman of the Group Audit and Risk Committee

Autoroute M1, Les Pailles, Republic of Mauritius

Statement of Compliance

The Board of Pharmacie Nouvelle Limited recognises that the Code of Corporate Governance (the"Code") is seen as best practice and ensures that its operations are conducted in a way that displays characteristics of good governance namely discipline, transparency, independence, accountability, fairness and social responsibility.

Cascade Holding Structure



Abbreviations:

COMEX LTD: Compagnie Mauricienne d'Exportation Limited

COMANU LTEE: Compagnie Manufacturière de Produits Cosmétiques Limitée

OID LTEE: Océan Indien Distribution (Ile Maurice) Ltée

MDIT: The Mauritius Development Investment Trust Co Ltd

Others include shareholders owning less than 5% of the stated capital of the Company.

Name of subsidiaries	Activities
Compagnie Manufacturière de Produits Cosmétiques Limitée 'COMANU LTEE'	Agent for import and export, manufacturer of perfumes and cosmetics and distribution of general merchandise.
OID LTEE	(OID LTEE ceased its manufacturing activities since the end of March 2011). However OID LTEE is still having the activities of agent for import and export and general retailer.
Compagnie Mauricienne d'Exportation Limited 'COMEX LTD'	No activity as at date.
Distrimed Ltée	No activity as at date.

Substantial Shareholders as at 30 June 2014

The stated capital of the Company as at 30th June 2014 consisted of 13,524,872 ordinary shares of par value Rs10 each, held by 183 shareholders.

As at 30th June 2014, the following shareholders held more than 5% of the stated capital of the Company:

Name of shareholders	Number of ordinary shares	% holding
Leal & Co. Ltd	7,575,986	56.02
The Mauritius Development Investment Trust Co Ltd	1,217,238	8.99
The Anglo-Mauritius Assurance Society Limited	1,129,390	8.35

Shareholders Agreement affecting the Governance of the Company by the Board of Directors

The Board of Directors is not aware of any such agreement during the year under review.

Constitution

Section 14 of the Company's Constitution provides for a detailed procedure regarding transfer of shares. A copy of the Company's constitution is available upon request in writing to the Company.

Dividend Policy

The declaration of dividend is subject to the profitability of the Company, its cash flow and capital expenditure requirements and is approved by the Board of Directors.

For the year under review, the Company has declared and paid an interim dividend of 5% during the year and a final dividend of 5% to all shareholders of the Company by the end of June 2014.

The Board of Directors

The Company was headed by a unitary Board which was comprised of thirteen directors under the Chairmanship of late Mr Michael Joseph Clency LEAL, who had no executive responsibilities. Two board members are executive directors, five board members are non-executive directors and six board members are independent non-executive directors. The names of all directors, their profile and their categorisation as well as their directorship details in other listed companies are set out in the following sections of this Corporate Governance Report.

During the year under review, there was a clear separation of the roles and functions of the (i) late Chairman and (ii) the Chief Executive Officer and the Deputy Chief Executive Officer. The Chairman led the Board whereas the Chief Executive Officer and the Deputy Chief Executive Officer have the day-to-day management responsibility of the Group's operations, implementing the strategies and policies approved by the Board. The positions of the Chief Executive Officer and Deputy Chief Executive Officer are held by two executive directors.

The Board is of the view that its composition is adequately balanced and that current directors have the range of skills, expertise and experience to carry out their duties properly. The Board will be appointing a new Chairman in the course of the financial year 2014/2015.

The Board of the Company is of the view that the responsibilities of the directors should not be confined in a Board charter and has consequently resolved not to adopt a charter.

Pursuant to Section 23.6 of the Company's Constitution, one third of the non-executive directors shall stand for re-election at the Annual Meeting of the Company as from the financial year 2012/2013.

An induction program is in place for newly appointed directors. The induction program meets the specific needs of both the Company and the newly appointed director and enables any new director to make the maximum contribution as quickly as possible.

Board Meetings

The Board meetings are held once each quarter or more whenever required. For the year under review, the Board met four times. The Board meetings are conducted in accordance with the Company's Constitution and the Mauritius Companies Act 2001.

Board meetings are organised in such a way that directors receive all the information important to their understanding of the business to be conducted at the Board meeting. Furthermore, the directors have the right to request independent professional advice at the expense of the Company.

Board Structure and Attendance

Since Leal & Co. Ltd controlled 56.02 % of the shares of the Company, the classification of the Independent Non-Executive Directors (INED) of the Company, who also sits on the Board of Directors of Leal & Co. Ltd, has been reviewed to Non-Executive Directors (NED).

Board Structure and Attendance (continued)

The following table gives the record of attendance at Board meetings of the Company for the year under review.

Directors	Category	Board Meetings
Mr Michael Joseph Clency LEAL, CBE (*Chairman)-deceased on 6 May 2014*	NED	0 out of 4
Mr Eric Michel Georges LEAL *(Chief Executive Officer)*	ED	3 out of 4
Mr Daniel de LABAUVE d'ARIFAT *(Deputy Chief Executive Officer)*	ED	4 out of 4
Mr Gilbert Patrick Stéphane LEAL	INED	2 out of 4
Mr Georges LEUNG SHING	INED	3 out of 4
Mr Marie Octave Regis NICOLIN	INED	4 out of 4
Mr Bernard Aimé Jacques ROCHECOUSTE COLLET *(director and alternate to Mr. Marie Louis Désiré René France DUCASSE)*	NED	4 out of 4
Mr Marie Louis Désiré René France DUCASSE *(director and alternate to Mr. Bernard Aimé Jacques ROCHECOUSTE COLLET)*	NED	4 out of 4
Mr Jean Marie Eugène GREGOIRE	NED	3 out of 4
Mr Marie Joseph Jean Paul CHASTEAU DE BALYON *(director and alternate to Mr Jean Marie Eugène GREGOIRE)*	INED	4 out of 4
Mr Virrsing RAMDENY	NED	4 out of 4
Mr Désiré Pierre Ariste Maxime REY *(appointed as director on 16 July 2012)*	INED	4 out of 4
Mr Joseph Jacques Vivian COLLET-SERRET *(alternate to Mr Michael Joseph Clency LEAL)*	NED	2 out of 3
Mr Patrice Michel LEAL *(alternate to Mr Gilbert Patrick Stéphane LEAL)*	INED	2 out of 4

Abbreviations:

ED: Executive Director

NED: Non-executive Director

INED: Independent Non-executive Director

CORPORATE GOVERNANCE REPORT

Assessment of Directors

For the year under review, no evaluation of the Board or its committees was carried out. The directors forming part of the Board of the Company, especially those who are members of Board committees, have been appointed in the light of their wide range of skills and competence acquired through several years of working experience and professional background.

Group Company Secretary

Directors have direct access to the advice and services of officials of the Company acting as Company Secretary, namely Navitas Corporate Services Ltd, represented by qualified company secretaries.

The Company Secretary is responsible for the proper coordination and conduct of the Board of Directors and shareholders' meetings and recording of proceedings. The Company Secretary also advises the Board on corporate governance policies and practices, application of the Mauritius Companies Act 2001 and other legal matters.

Directors of the Company's Subsidiaries

The Directors of the subsidiaries of the Company for the year under review are as follows:

Directors	COMANU LTEE	COMEX LTD	DISTRIMED LTEE	OID LTEE
Mr Michael Joseph Clency LEAL, CBE *(deceased on 6 May 2014)*	√	√	√	√
Mr Eric Michel Georges LEAL *	√	√	√	√
Mr Daniel de LABAUVE d'ARIFAT	√	√	√	√
Mr Virrsing RAMDENY	√	√	√	√
Mr Jean Marie Eugène GREGOIRE	√	√	√	√

* Mr Eric Michel Georges LEAL is the alternate director to Mr Michael Joseph Clency LEAL on COMANU LTEE, COMEX LTD, Distrimed Ltée and OID LTEE.

Directors' Service Contract

None of the Company's directors and of its subsidiaries has a service contract with the Company or its subsidiaries.

Directors' Profile

Mr. Michael Joseph Clency LEAL ,CBE

(Chairman until 6 May 2014)

Mr. Michael Joseph Clency LEAL holds an MBA from Harvard Business School, United States of America (USA). He started his career as Assistant Pharmacist at Pharmacie Nouvelle Limited in 1957. In 1977, he founded Leal & Co.Ltd and founded COMANU Ltee in 1982 .He also co-founded United Motors Ltd in 1985. He was decorated as Commander of the British Empire (CBE) by her Majesty, Queen Elisabeth II. He was also the Chairman of Leal Group.

Mr Eric Michel Georges LEAL

(Chief Executive Officer)

Mr Eric Michel LEAL holds a bachelor degree in Arts & Science from the Boston College, USA, where he specialised in Business Administration. He started his career as Service Director at Leal & Co. Ltd in 1993 and is currently the Chief Executive Officer of Leal Group.

Mr Daniel de LABAUVE d'ARIFAT

(Deputy Chief Executive Officer)

Mr Daniel de LABAUVE d'ARIFAT holds a Diploma in Commercial Management and a Brevet de Technicien de l'Ecole des Cadres, Paris and a General Management Program Certificate from the ESSEC Business School. He has significant experience of the whole chain of marketing, sales and distribution. Mr. d'Arifat has a working experience of 11 years within The Coca-Cola Company in Africa and the Region and was last ,the regional Manager for the Mid Africa and Island Region. Before joining Pharmacie Nouvelle Ltd in 2010 , he was the Commercial & Marketing Director at Les Brasseries STAR Madagascar for 4 years.

Mr Marie Joseph Jean Paul CHASTEAU DE BALYON

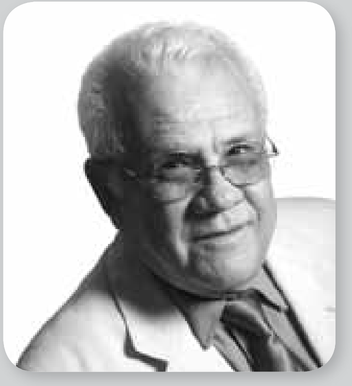
(Independent Non-Executive Director and alternate director to Mr Jean Marie Eugene Gregoire)

Mr Marie Joseph Jean Paul CHASTEAU DE BALYON is a Fellow member of Mauritius Institute of Directors (MIoD). He joined Swan Insurance in 1969 and was a Director and Company Secretary of Swan Group Corporate Services Limited at the time of his retirement in June 2012. Until that date, he was also a Council member of the Mauritius Chamber of Commerce and Industry (Member of its Nomination and Remuneration Committee), member of the Stock Exchange of Mauritius Consultative Committee, as well as the Chairperson of the sub-committee of the Insurer's Association on issues linked to the World Trade Organisation (WTO). He still acts as director of companies in the commercial and hospitality sectors and as a member of the Board of Governors, MCCI Business School.

Mr Marie Louis Désiré René France DUCASSE

(Non-Executive Director and alternate director to Mr Bernard Aimé Jacques Rochecouste Collet)

Mr Marie Louis Désiré France DUCASSE joined Pharmacie Nouvelle Limited at the age of 20 and has been working for several departments before retiring as Deputy Managing Director after 40 years of service in 2000. He was then appointed as independent director on the board of Pharmacie Nouvelle Limited and also as member of the Corporate Governance Committee and Audit Committee. He is currently a director of Leal & Co .Ltd.



Mr Jean Marie Eugene GREGOIRE

(Non-Executive Director)

Mr Jean Marie Eugene GREGOIRE followed a marketing course at La Chambre de Commerce de Paris and a technical one at L'Ecole des Arts et Métiers Paris. He has accumulated 30 years experience as director of various companies in France and in other countries. He has also provided consultancy services during 5 years to companies specialized in hydrocarbon.

Mr Gilbert Patrick Stéphane LEAL

(Independent Non-Executive Director)

Mr Gilbert Patrick Stéphane LEAL holds a Bachelor of Science Degree from Boston College, USA, with double majors in Marketing and Finance. He is the Managing Director of Mauritours Ltd, one of the largest tour-operating companies in Mauritius and has an extensive knowledge of the tourism industry, particularly its marketing aspect, having held various positions in this field over the past 20 years.

Mr Georges LEUNG SHING

(Independent Non-Executive Director)

Mr Georges LEUNG SHING holds a BSc (Economics) and is a Chartered Tax Adviser and a Fellow of the Institute of Chartered Accountants of England and Wales. He was the Senior Economist of The Mauritius Chamber of Agriculture (MCA), Executive Chairman of Lonrho and Ilovo Mauritius, and Managing Director of Omnicane Ltd. (formerly Mon Trésor & Mon Désert Ltd). He was also a member of the Joint Economic Council, Mauritius Employers'Federation and Stock Exchange of Mauritius Ltd, and is a former Chairman of the MCA, the Mauritius Institute of Directors (MIoD) and the Mauritius Sugar Producers' Association. He is presently Chairman of The Mauritius Development Investment Trust Co Ltd and the Audit Committee Forum of the MIoD and a Director of Omnicane Ltd and Standard Bank Mauritius Ltd. He is also a member of the Sugar Insurance Fund Board, the Advisory Council of the Chartered Financial Analyst Society Mauritius and the Financial Reporting Assessment Review Committee.

CORPORATE GOVERNANCE REPORT

Directors' Profile *(continued)*

Mr Marie Octave Regis NICOLIN
(Independent Non-Executive Director)

Mr Marie Octave Regis NICOLIN worked for the British Admiralty for 5 years. He worked for Pfizer and Boehringer Ingelheim in East Africa for 3 years and then worked for Boehringer Ingelheim at Pharmacie Nouvelle Limited until his retirement.

Mr Virrsing RAMDENY
(Non-Executive Director)

Mr Virrsing RAMDENY is a Fellow of the Chartered Association of Certified Accountants, Member of the Institute of Chartered Accountants of England and Wales and holder of a Master's Degree in Management. He has more than 25 years post qualification experience and is presently the Managing Partner of De Chazal & Associates, a firm of Chartered Accountants and Business Advisers. Mr Ramdeny has also worked for the Mauritius Tax Authorities occupying various senior positions and the Mauritius Port Authority as Finance Manager.

Mr. Désiré Pierre Ariste Maxime REY
(*Independent Non-Executive Director)*

Mr Désiré Pierre Ariste Maxime REY started an accounting career in 1973 in Mauritius, first in Auditing (with Kemp Chatteris/Touche Ross & DCDM/Coopers & Lybrand), and then in the Sugar Industry (with Deep River Beau Champs S.E.). Immigrating to South Africa in 1981, he worked for Kuehne and Nagel (Pty) Ltd, the South African arm of a leading global provider of innovative and fully integrated supply chain solutions. He was appointed Group Financial Controller in 1989 and Director in 1992. Back in Mauritius in 1993, he joined the Swan Group, one of the market leaders in the Insurance sector in Mauritius, where he is at present holding the position of Senior Manager, Group Finance, while also heading the Loans and Legal Departments of the Group. He serves as a Director of a number of Companies in the commercial, financial, investment, sugar and tourism sectors, and is a member of various Audit Committees.

Mr Bernard Aimé Jacques ROCHECOUSTE COLLET
(Non-Executive Director and alternate director to Mr Marie Louis Désiré René France Ducasse)

Mr Bernard Aimé Jacques ROCHECOUSTE COLLET has joined Leal & Co. Ltd in 1972. He has occupied the position of sales director of Leal & Co. Ltd for years until his retirement. He has also assisted in the setting-up of United Motors Ltd. He is presently one of the directors of Leal & Co. Ltd and United Motors Ltd. He is also the owner and director of Zazou Ltee and Albazazou Ltée.

Mr Joseph Jacques Vivian COLLET-SERRET
(*Alternate director to Mr Michael Joseph Clency Leal)*

Mr Joseph Jacques Vivian COLLET-SERRET joined the Mauritius Commercial Bank Ltd in 1977 and pursued Banking studies with the London Institute of Bankers. He joined the Beachcomber group as Financial Controller of the Paradis Hotel in 1988 and joined the Leal Group as Deputy CEO in 1995 to date.

Mr. Patrice Michel LEAL
(*Independent Non-Executive Director and alternative Director to Gilbert Patrick Stephane Leal)*

Mr. Patrice Michel LEAL graduated from The Univesity of Greenwich UK in Business Administration. He has pursued his career within the Mauritours Group over the past 13 years . He is today the Managing Director of that same company and of its subsidiaries as well as a Board member. He is also alternate Director in Pointe Coton Ltee, Constance Hotels Ltd (CHSL)and Rose-Hill (RHT) Holding Ltd.

Profile of Senior Management Team

The profiles of Mr Eric LEAL and Mr Daniel de LABAUVE d'ARIFAT appear in the directors' profile section.

Mr Jean Noël LENNON

(Chief Operating Officer, Sales and Marketing department)

Mr Jean Noël LENNON holds a Bachelor degree in Commerce and a Diploma in Sales & Marketing Management. He has accumulated 25 years of continuous employment within the Company and has completed a General Management Program through ESSEC Business School in June 2013.

Mr Lingon VEERASAMY

(Chief Operating Officer, Administration and Human Resource department)

Mr Lingon VEERASAMY holds a DSUGE Diplôme Supérieur Universitaire en Gestion des Entreprises with specialisation in Human Resource & Operations Research. He has accumulated 35 years of service within the management team of the Administration and Human Resource department of the Company.

Mr Hugo VICTOIRE

(Chief Finance Officer)

Mr Hugo VICTOIRE forms part of the Chartered Institute of Management Accountants. He has been the assistant consultant in the marketing and economic studies department of DCDM during 5 years, the Assistant Finance Manager of Albatross Insurance during 6 years and has also worked for CIM finance as Assistant Compliance Officer. He has accumulated 8 years of service within the Company.

Interest of Directors and Senior Management Team in the Shares of the Company

The direct and indirect interests of the directors and of the Senior Management Team, who holds shares in the Company, are disclosed in the table below together with the details of other directorship in listed companies:

	Direct Interest %*	Indirect Interest %*	Number of other directorship in listed Companies
Directors			
Late Mr Michael Joseph Clency LEAL, CBE- *(Up to 6 May 2014)*	0.45	Nil	N/A
Mr Eric Michel Georges LEAL	0.60	17.83	N/A
Mr Gilbert Patrick Stéphane LEAL	0.13	0.456	1
Mr Georges LEUNG SHING	N/A	N/A	2
Mr Marie Octave Regis NICOLIN	0.10	N/A	N/A
Mr Bernard Aimé Jacques ROCHECOUSTE COLLET	0.859	0.169	N/A
Mr Marie Louis Désiré René France DUCASSE	1.9	0.090	N/A
Mr Jean Marie Eugene GREGOIRE	0.8	0.301	N/A
Mr Marie Joseph Jean Paul CHASTEAU DE BALYON	N/A	N/A	N/A
Mr Virrsing RAMDENY	N/A	1.026	N/A
Mr Désiré Pierre Ariste Maxime REY	N/A	N/A	1
Senior Management Team			
Mr Jean Noël LENNON	0.002	0.002	N/A
Mr Lingon VEERASAMY	0.03	0.03	N/A

Board Committees

1. The Leal Group Corporate Governance Committee

Chairman - Mr Jean Marie Eugène GREGOIRE – Independent Non-Executive Director of Leal & Co

Members - Mr Gérald Edgar Raymond Joseph LINCOLN - Independent Non-Executive Director of Leal & Co

Mr Jean Paul CHASTEAU DE BALYON - Independent Non-Executive Director

Mr Marie Louis Désiré René France DUCASSE - Independent Non-Executive of Leal & Co

The Leal Group Corporate Governance Committee, is governed by a Corporate Governance Charter, and is responsible to provide guidance to the Board on aspects of corporate governance and for recommending the adoption of policies and best practices as appropriate for the Company.

The said Group Committee also performed the duties of the Nomination and Remuneration Committee.

Board Committees (continued)

2. The Leal Group Audit and Risk Committee

Chairman - Mr Virrsing RAMDENY - Independent Non-Executive Director of Leal & Co

Members - Mr Jean Marie Eugène GREGOIRE - Independent Non-Executive Director of Leal & Co
Mr Marie Louis Désiré René France DUCASSE - Independent Non-Executive Director of Leal & Co
Mr Désiré Pierre Ariste Maxime REY - Independent Non-Executive Director

The Group Audit and Risk Committee, is governed by an Audit charter, and is responsible for the review and assessment of the internal and external audit work and for the appointment of external auditors.

Directors' Fees

The Chief Executive Officer is not remunerated by the Company. Alternatively, a management fee is paid by the Company to Leal & Co. Ltd for different services.

All non-executive directors receive a remuneration consisting of a fixed fee as well as an additional fee for each Board and committee meeting attended by them. For the remuneration of the directors, please refer to page 6 of the Annual Report.

The Board is of the opinion that the remuneration of its directors is sensitive information and has resolved not to disclose such information on an individual basis in the Corporate Governance Report.

Remuneration Philosophy

The Board is responsible for the remuneration strategy of the Company and duties are delegated to the Corporate Governance committee.

Remuneration is reviewed regularly after taking cognizance of market norms and practices as well as additional responsibilities. The remuneration package of executive directors (excluding that of the Chief Executive Officer) consists of basic salary, fringe benefits and performance bonuses. There is no formal policy for executive directors approaching retirement since the remuneration for the executive directors approaching retirement is at the discretion of the Board of Directors.

Share Option Plan

The Group has no share option plan.

Related Party Transactions

Please refer to Note 27 of the consolidated financial statements.

Corporate Social Responsibility

In line with its continued commitment and responsibility within society, the Company has contributed to the welfare of the community through the MEF CSR Fund.

The MEF CSR Fund has been set up by the Mauritius Employers' Federation in order to pool contributions from its members to better meet the following CSR objectives:

- Socio-economic development;
- Support to persons with disabilities;
- Prevention and support of persons suffering from non-communicable diseases;
- Education and training;
- Protection and preservation of the environment.

The associations that were supported were Haemophillia Association of Mauritius, Caritas Ile Maurice, Diabetes Parent Support Group, Ti Diams, SOS Children's Village Mauritius, the E-Inclusion Foundation and the Mauritius Mental Health Association.

Third party management agreement

There was no agreement between third parties and the Company or its subsidiaries during the year under review, save and except for management services rendered by Leal & Co. Ltd to its subsidiary, Pharmacie Nouvelle Limited.

Internal Audit Function

Mission and Reporting

The internal audit function is an independent appraisal and consulting activity that adds value, examines and evaluate activities of the Group. PricewaterhouseCoopers (PwC) has been appointed as internal auditor since July 2010. The objectives are to assist members of the Board, the management and the Board committees of the Group in the effective discharge of their responsibilities by furnishing them with analysis, appraisals, recommendations, counsel, information concerning the activities reviewed, and by promoting effective controls and processes.

Scope of Work

Areas Audited in 2013-2014

For the financial year end 2014, PwC carried out four internal audit assignments including two follow ups for the Company. The assignments were performed in accordance to the internal audit plan that was presented to and approved by the Group Audit Committee in 2013. The final internal audit reports with management comments and action plans were submitted by PwC to the Group Audit Committee after discussions of findings with management of the Company.

The following auditable areas were reviewed from July 2013 to June 2014:

- Licence to operate;
- Sales;
- Follow up of working capital report issued in 2012; and
- Follow up of warehousing and storage report issued in 2012.

In addition to the internal audit assignments, PwC consulted with the Company to facilitate a risk assessment workshop based on which the internal audit plan for the financial year 2014/2015 (and beyond) has been prepared. The Company has also been provided with a risk register and action plans following the risk assessment workshop. The risk register will have to be updated annually by the Company based on process changes and emerging risks.

Potential risks identified following the risk assessment workshop were categorised as follows:

- **Strategic.** The risk associated with the way the Company is managed. Strategic risk management focuses on broad corporate issues such as reputation, competitor strategy and new product development. This is the risk to earnings or capital arising from adverse business decisions or improper implementation of business decisions. It also includes market risk which is the risk of not meeting the strategic objectives of the organisation arising from the Company's inability to adapt to external factors. These external factors include general economic conditions, availability and cost of debt and equity capital and competition.
- **Financial.** The risk associated with financial commitments of the organisation, including financial reporting and communications, market valuation, obsolescence, credit, treasury, foreign exchange, investment risks and cash flow.
- **Environment risk (Legal and Regulatory).** The risk of legal liabilities arising from failing to comply with laws and regulatory requirements and the resultant government investigation, prosecution, fines, sanctions or shutdowns.

Scope of Work (continued)

Areas Audited in 2013-2014 (continued)

- **Operational.** The risk associated with the Company's ability to control and deliver its core processes in a timely and predictable manner. It includes inaccurate or incomplete processing of an authorised transaction, duplicate processing of an authorised transaction, calculation errors or processing unauthorised transactions.
- **Information Technology.** The risk that data is not genuine, complete or accurate, recorded and accumulated correctly or readily accessible and the risk that unauthorised persons access proprietary or confidential data or knowledge.
- **Information for Decision Making.** The risk associated with relevance and reliability of information supporting investment decisions and linking the risks undertaken to the capital at risk. It includes project management efficiency and the risk that poor decisions are taken leading to loss on investment.
- **Empowerment Risk.** The risk of ineffective communication channels that may result in messages that are inconsistent with authorised responsibilities or established performance measures.
- **Human Capital.** The risk that personnel will not be sufficient to attain the Company's objectives. Specific risk elements would include quality and quantity of personnel, key person risk, succession planning and / or turnover rates.
- **Integrity Risk.** The risk associated with employee and/or third party fraud which leads to reputational damages to the Company. The risk also exposes the Company to financial loss.

Internal Audit Plan for Year 2014-2015

For the financial year 2014/2015, the internal audit plan has been prepared based on high risk areas as identified by management of the Company during the risk assessment workshop. Areas to be audited for the financial year ending June 2015 will be submitted to the Group Audit Committee for approval.

Donations

Donations made by the Company and its subsidiaries during the years ended 30 June 2014 and 2013 are as follows:

Category	2014 (Rs)	2013 (Rs)
Charitable	**50,000**	-
Non Charitable	**-**	-

The Corporate Social Responsibility contributions amounting to Rs 525,257 (2013: Rs 1,031,261) are excluded from the above.

Ethics

The Board of Directors, which is in the process of adopting a Code of Ethics, is mindful of the interest of other stakeholders such as suppliers, clients and the public at large when running its operations and is committed to high standards of integrity and ethical conduct in dealing with them.

Furthermore, the Group and its employees must, at all times, comply with all applicable laws and regulations. The Group will not condone the activities of employees who achieve results through violation of the law or unethical business dealings. This includes any payments for illegal acts, indirect contributions, rebates, and bribery. The Group does not permit any activity that fails to stand the closest possible public scrutiny.

CORPORATE GOVERNANCE REPORT

All business conduct should be above the minimum standards required by law. Accordingly, employees must ensure that their actions cannot be interpreted as being, in any way, in contravention of the laws and regulations governing the Group's operations. Employees uncertain about the application or interpretation of any legal requirements should refer the matter to their superior, who, if necessary, should seek the advice of someone at the highest level of the Group's hierarchy.

Health, Safety and Environment

The Group is committed to the general rules and regulations governing the health, safety and environmental issue. The Group is committed to minimising any adverse effect of its operations on the environment and on the health and safety of its employees and the community in which it operates. During the year under review, awareness sessions on "Crime Prevention & Safety" were organised by the Crime Prevention Unit of the Mauritius Police Force (MPF) during the months of August and September 2013. In addition, sessions on "Road Safety" were also organised by Road Safety Unit of the MPF during that period.

In an effort to raise awareness on diabetes and hypertension, medical tests on blood pressure and blood glucose were carried out at Clinique Ferrière, Rotary Club and Complex Vieux Moulin, Rose Belle in association with Emerging Mauritius.

A free eye screening session was also organised by Dr. Agarwal's Eye Hospital in January 2014.

Shareholder and Stakeholder Communication

The Board of Directors places great importance on transparency and optimal disclosure to shareholders and hence ensures that shareholders are kept informed on matters affecting the Company.

Through the Company's website, information is provided to all stakeholders on the activities of the Company, on the latest news and on new products which have been launched.

Time Table of Important Forthcoming Events

Month	Events
September 2014	Publication of abridged audited financial statements for the year ended 30 June 2014
November 2014	Publication of 1st quarter results
December 2014	Annual meeting
December 2014	Interim dividend
February 2015	Publication of 2nd quarter results
May 2015	Publication of 3rd quarter results
June 2015	Financial year end
June 2015	Final dividend

Navitas Corporate Services Ltd
Company Secretary

29 September 2014

Floreal, Republic of Mauritius

Statement of Compliance

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

Name of the Public Interest Entity:	PHARMACIE NOUVELLE LIMITED
Reporting Period:	June 30, 2014

We, the undersigned being the Directors of Pharmacie Nouvelle Limited ("the Company"), confirm to the best of our knowledge that the Company has complied with all of its obligations and requirements under the Code of Corporate Governance (the "Code") except for the following sections :

1. Section 2.8: Remuneration of Directors
2. Section 2.10: Board and Director Appraisal
3. Section 7.3: Code of Ethics

The reasons for non-compliance with the sections of the Code are detailed in the Corporate Governance Report as follows:

Section	Page number
1. Remuneration of Directors	36 (Under Directors' fees)
2. Board and Director Appraisal	29 (Under Assessment of directors)
3. Code of Ethics	38 (Under Ethics)

Mr. Eric Michel Georges LEAL
Director and Chief Executive Officer

Mr. Daniel de LABAUVE d'ARIFAT
Director and Deputy Chief Executive Officer

29 September 2014

Certificate from the Secretary

To the Members of Pharmacie Nouvelle Limited

We certify, to the best of our knowledge and belief, that the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Mauritius Companies Act 2001, in terms of Section 166 (d), during the financial year ended 30 June 2014.

Navitas Corporate Services Ltd
Secretary

Registered address:
Navitas House
Robinson Road
Floreal
Republic of Mauritius

29 September 2014

INDEPENDENT AUDITORS' REPORT
To the members of Pharmacie Nouvelle Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Pharmacie Nouvelle Limited, "the Company", and its subsidiaries (together referred to as "the Group") which comprise the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Group's preparation and fair presentation of the consolidated 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements on pages 45 to 104 give a true and fair view of the financial position of the Company and its subsidiaries as at 30 June 2014, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

Report on Other Legal and Regulatory Requirements

(a) Mauritius Companies Act 2001

In accordance with the requirements of Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or any interests in, the Company and its subsidiaries other than in our capacity as auditors and tax advisors;
- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the Company and its subsidiaries as far as appears from our examination of those records.

(b) Financial Reporting Act 2004

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

In our opinion, the disclosure in the Report is consistent with the requirements of the Code.

Other Matters

This report is made solely to the members of the Company as a body, in accordance with Section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Grant Thornton

Grant THORNTON
Chartered Accountants

K Ramchurun

K RAMCHURUN, FCCA
Licensed by FRC

29 September 2014

Ebène, Republic of Mauritius

Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

The Group	Notes	2014 Rs	2013 Restated Rs	2012 Restated Rs
ASSETS				
Non-current				
Intangible asset	7	**211,469**	317,204	422,939
Property, plant and equipment	8	**112,967,709**	122,499,643	115,767,240
Investment property	9	**85,600,000**	85,600,000	70,300,000
Deferred tax assets	22	**12,044,399**	12,044,399	12,234,773
Investments in subsidiaries	10	**-**	-	-
Non-current assets		**210,823,577**	220,461,246	198,724,952
Current				
Inventories	11	**263,775,785**	288,946,150	327,885,172
Share application monies	12	**-**	-	-
Trade and other receivables	13	**386,262,932**	341,747,320	331,239,599
Cash and cash equivalents	14	**13,579,000**	8,854,687	46,235,953
Current assets		**663,617,717**	639,548,157	705,360,724
Total assets		**874,441,294**	860,009,403	904,085,676
EQUITY AND LIABILITIES				
Equity				
Equity attributable to owners of the parent:				
Stated capital	15	**137,676,614**	137,676,614	137,676,614
Revaluation reserves		**42,221,873**	42,221,873	31,556,367
Retirement benefit reserves		**(30,381,748)**	(22,658,525)	(14,664,354)
Retained earnings		**111,012,243**	98,333,123	84,071,607
Total equity		**260,528,982**	255,573,085	238,640,234

Approved by the Board of Directors on 29 September 2014 and signed on its behalf by:

Mr Eric Michel Georges LEAL
Director and Chief Executive Officer

Mr Daniel de LABAUVE d'ARIFAT
Director and Deputy Chief Executive Officer

Mr Virrsing RAMDENY
Director and Chairman of Group Audit and Risk Committee

The notes on pages 55 to 104 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - (continued)

as at 30 June 2014

The Group	Notes	2014 Rs	2013 Restated Rs	2012 Restated Rs
Liabilities				
Non-current				
Borrowings	16	**87,079,532**	6,588,637	24,372,618
Retirement benefit obligations	17	**50,631,887**	41,622,871	33,464,022
Deferred tax liabilities	22	**2,734,286**	748,042	748,042
Non-current liabilities		**140,445,705**	48,959,550	58,584,682
Current				
Trade and other payables	18	**138,479,832**	99,391,617	129,920,162
Borrowings	16	**330,875,458**	454,942,014	474,975,937
Current tax liabilities	22	**4,111,317**	1,143,137	1,964,661
Current liabilities		**473,466,607**	555,476,768	606,860,760
Total liabilities		**613,912,312**	604,436,318	665,445,442
Total equity and liabilities		**874,441,294**	860,009,403	904,085,676

Approved by the Board of Directors on 29 September 2014 and signed on its behalf by:

Mr Eric Michel Georges LEAL
Director and Chief Executive Officer

Mr Daniel de LABAUVE d'ARIFAT
Director and Deputy Chief Executive Officer

Mr Virrsing RAMDENY
Director and Chairman of Group Audit and Risk Committee

The notes on pages 55 to 104 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - (continued)

as at 30 June 2014

The Company	Notes	2014 Rs	2013 Restated Rs	2012 Restated Rs
ASSETS				
Non-current				
Intangible asset	7	**211,469**	317,204	422,939
Property, plant and equipment	8	**111,693,784**	114,763,766	106,773,259
Investment property	9	**85,600,000**	85,600,000	70,300,000
Deferred tax assets	22	**-**	-	-
Investments in subsidiaries	10	**49,578,515**	50,791,496	13,580,300
Non-current assets		**247,083,768**	251,472,466	191,076,498
Current				
Inventories	11	**253,771,525**	274,599,570	299,374,385
Share application monies	12	**-**	-	38,641,713
Trade and other receivables	13	**380,917,046**	342,311,883	314,580,873
Cash and cash equivalents	14	**11,231,737**	7,258,034	27,866,384
Current assets		**645,920,308**	624,169,487	680,463,355
Total assets		**893,004,076**	875,641,953	871,539,853
EQUITY AND LIABILITIES				
Equity				
Equity attributable to owners of the parent:				
Stated capital	15	**137,676,614**	137,676,614	137,676,614
Revaluation reserves		**42,221,873**	42,221,873	31,556,367
Retirement benefit reserves		**(30,381,748)**	(22,956,261)	(15,197,879)
Retained earnings		**132,999,702**	116,444,539	99,634,723
Total equity		**282,516,441**	273,386,765	253,669,825

Approved by the Board of Directors on 29 September 2014 and signed on its behalf by:

Mr Eric Michel Georges LEAL
Director and Chief Executive Officer

Mr Daniel de LABAUVE d'ARIFAT
Director and Deputy Chief Executive Officer

Mr Virrsing RAMDENY
Director and Chairman of Group Audit and Risk Committee

The notes on pages 55 to 104 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - (continued)

as at 30 June 2014

The Company	Notes	2014 Rs	2013 Restated Rs	2012 Restated Rs
Liabilities				
Non-current				
Borrowings	16	**87,074,676**	5,691,815	9,463,294
Retirement benefit obligations	17	**50,631,887**	41,817,414	33,621,732
Deferred tax liabilities	22	**2,734,286**	748,042	748,042
Non-current liabilities		**140,440,849**	48,257,271	43,833,068
Current				
Trade and other payables	18	**135,951,975**	103,289,383	126,074,673
Borrowings	16	**329,983,494**	449,633,379	446,081,108
Current tax liabilities	22	**4,111,317**	1,075,155	1,881,179
Current liabilities		**470,046,786**	553,997,917	574,036,960
Total liabilities		**610,487,635**	602,255,188	617,870,028
Total equity and liabilities		**893, 004,076**	875,641,953	871,539,853

Approved by the Board of Directors on 29 September 2014 and signed on its behalf by:

Mr Eric Michel Georges LEAL
Director and Chief Executive Officer

Mr Daniel de LABAUVE d'ARIFAT
Director and Deputy Chief Executive Officer

Mr Virrsing RAMDENY
Director and Chairman of Group
Audit and Risk Committee

The notes on pages 55 to 104 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 30 June 2014

The Group	Notes	2014 Rs	2013 Restated Rs
Revenue	19	**1,303,739,329**	1,206,955,733
Cost of sales	11	**(1,062,436,531)**	(970,860,891)
Gross profit		**241,302,798**	236,094,842
Other income	20	**91,134,945**	89,800,209
Distribution costs		**(79,227,812)**	(81,424,996)
Administrative expenses		**(23,318,328)**	(25,118,793)
Employee benefits expense	32	**(125,093,569)**	(118,904,842)
Other expenses		**(35,090,906)**	(28,393,061)
Depreciation and amortisation		**(12,251,803)**	(12,629,376)
Operating profit		**57,455,325**	59,423,983
Net foreign exchange gains		**11,509,852**	10,729,933
Finance income	21.1	**-**	-
Finance costs	21.2	**(31,825,288)**	(35,885,254)
Profit before tax		**37,139,889**	34,268,662
Tax expense	22	**(10,935,897)**	(6,482,274)
Profit for the year attributable to the owners of the parent		**26,203,992**	27,786,388
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of property, plant and equipment		**-**	10,665,506
Actuarial losses on defined benefit pension plans		**(7,723,223)**	(7,994,171)
Items that will be reclassified subsequently to profit or loss		**-**	-
Other comprehensive income for the year, net of tax		**(7,723,223)**	2,671,335
Total comprehensive income for the year attributable to owners of the parent company		**18,480,769**	30,457,723
Earnings per share	23	**1.94**	2.05

The notes on pages 55 to 104 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS - (continued)

for the year ended 30 June 2014

The Company	Notes	2014 Rs	2013 Restated Rs
Revenue	19	**1,291,086,686**	1,201,190,471
Cost of sales	11	**(1,054,612,155)**	(976,786,722)
Gross profit		**236,474,531**	224,403,749
Other income	20	**87,707,487**	89,047,203
Distribution costs		**(78,848,917)**	(80,134,162)
Administrative expenses		**(21,766,481)**	(22,316,703)
Employee benefits expense	32	**(120,378,260)**	(112,897,773)
Other expenses		**(31,168,878)**	(26,317,323)
Depreciation and amortisation		**(11,018,838)**	(10,942,194)
Operating profit		**61,000,644**	60,842,797
Net foreign exchange gains		**11,530,891**	10,574,843
Finance income	21.1	**-**	38,704
Finance costs	21.2	**(31,447,621)**	(34,829,756)
Profit before tax		**41,083,914**	36,626,588
Tax expense	22	**(11,003,879)**	(6,291,900)
Profit for the year attributable to the owners of the parent		**30,080,035**	30,334,688
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of property, plant and equipment		**-**	10,665,506
Actuarial losses on defined benefit pension plans		**(7,425,487)**	(7,758,382)
Items that will be reclassified subsequently to profit or loss		**-**	-
Other comprehensive income for the year, net of tax		**(7,425,487)**	2,907,124
Total comprehensive income for the year attributable to owners of the parent company		**22,654,548**	33,241,812
Earnings per share	23	**2.22**	2.24

The notes on pages 55 to 104 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2014

The Group	Stated capital Rs	Revaluation reserves Rs	Retirement benefit reserves Rs	Retained earnings Rs	Attributable to owners of the parent Rs
Balance at 01 July 2013	**137,676,614**	**42,221,873**	**(22,658,525)**	**98,333,123**	**255,573,085**
Dividends (Note 24)	-	-	-	(13,524,872)	(13,524,872)
Transactions with owners	-	-	-	(13,524,872)	(13,524,872)
Profit for the year	-	-	-	26,203,992	26,203,992
Other comprehensive income	-	-	(7,723,223)	-	(7,723,223)
Total comprehensive income for the year	-	-	(7,723,223)	26,203,992	18,480,769
Balance at 30 June 2014	**137,676,614**	**42,221,873**	**(30,381,748)**	**111,012,243**	**260,528,982**
Balance at 01 July 2012	137,676,614	31,556,367	-	83,902,581	253,135,562
Prior year adjustment (Note 25)	-	-	(14,664,354)	169,026	(14,495,328)
Balance at 01 July 2012 (Restated)	**137,676,614**	**31,556,367**	**(14,664,354)**	**84,071,607**	**238,640,234**
Dividends (Note 24)	-	-	-	(13,524,872)	(13,524,872)
Transactions with owners	-	-	-	(13,524,872)	(13,524,872)
Profit for the year	-	-	-	27,786,388	27,786,388
Other comprehensive income	-	10,665,506	(7,994,171)	-	2,671,335
Total comprehensive income for the year	-	10,665,506	(7,994,171)	27,786,388	30,457,723
Balance at 30 June 2013 (Restated)	**137,676,614**	**42,221,873**	**(22,658,525)**	**98,333,123**	**255,573,085**

The notes on pages 55 to 104 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - (continued)

for the year ended 30 June 2014

The Company

	Stated capital Rs	Revaluation reserves Rs	Retirement benefit reserves Rs	Retained earnings Rs	Total Rs
Balance at 01 July 2013	**137,676,614**	**42,221,873**	**(22,956,261)**	**116,444,539**	**273,386,765**
Dividends (Note 24)	-	-	-	(13,524,872)	(13,524,872)
Transactions with owners	-	-	-	(13,524,872)	(13,524,872)
Profit for the year	-	-	-	30,080,035	30,080,035
Other comprehensive income	-	-	(7,425,487)	-	(7,425,487)
Total comprehensive income for the year	-	-	(7,425,487)	30,080,035	22,654,548
Balance at 30 June 2014	**137,676,614**	**42,221,873**	**(30,381,748)**	**132,999,702**	**282,516,441**
Balance at 01 July 2012	137,676,614	31,556,367	(15,197897)	99,465,697	268,698,678
Prior year adjustment (Note 25)	-	-	(15,197,879)	169,026	(15,028,853)
Balance at 01 July 2012 (Restated)	**137,676,614**	**31,556,367**	**(15,197,879)**	**99,634,723**	**253,669,825**
Dividends (Note 24)	-	-	-	(13,524,872)	(13,524,872)
Transactions with owners	-	-	-	(13,524,872)	(13,524,872)
Profit for the year	-	-	-	30,334,688	30,334,688
Other comprehensive income	-	10,665,506	(7,758,382)	-	2,907,124
Total comprehensive income for the year	-	10,665,506	(7,758,382)	30,334,688	33,241,812
Balance at 30 June 2013 (Restated)	**137,676,614**	**42,221,873**	**(22,956,261)**	**116,444,539**	**273,386,765**

The notes on pages 55 to 104 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2014

	The Group		The Company	
	2014 Rs	2013 Rs	**2014 Rs**	2013 Rs
Operating activities				
Profit before tax	**37,139,889**	34,268,662	**41,083,914**	36,626,588
Adjustments for:				
Finance costs	**31,825,288**	35,885,254	**31,447,621**	34,829,756
Finance income	**-**	-	**-**	(38,704)
(Gain)/loss on disposal of property, plant and equipment	**(3,998,929)**	(141,691)	**198,080**	322,628
Depreciation and amortisation	**12,251,806**	12,629,376	**11,018,838**	10,942,194
Change in fair value of investment property	**-**	(15,300,000)	**-**	(15,300,000)
Loss on write off of property, plant and equipment	**658,314**	-	-	
Impairment losses	**-**	-	**1,212,981**	1,822,741
Retirement benefit obligations	**1,285,793**	164,678	**1,388,986**	437,300
Non-cash flow adjustments	**42,022,272**	33,237,617	**45,266,506**	33,015,915
Changes in working capital:				
Increase in trade and other receivables	**(44,515,612)**	(10,507,721)	**(38,605,163)**	(28,123,234)
Decrease in inventories	**25,170,365**	38,939,022	**20,828,045**	24,774,815
Increase/(decrease) in trade and other payables	**39,088,215**	(30,528,545)	**32,662,592**	(22,785,290)
Net changes in working capital	**19,742,968**	(2,097,244)	**14,885,474**	(26,133,709)
Cash from operations	**98,905,129**	65,409,035	**101,235,894**	43,508,794
Interest paid	**(31,530,455)**	(35,227,508)	**(31,447,621)**	(34,172,010)
Taxes paid	**(5,981,473)**	(7,113,424)	**(5,981,473)**	(7,097,924)
Net cash from operating activities	**61,393,201**	23,068,103	**63,806,800**	2,238,860

The notes on pages 55 to 104 form an integral part of these consolidated financial statements.

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
Investing activities				
Interest received	**-**	-	**-**	38,704
Purchase of property, plant and equipment	**(8,835,411)**	(8,690,052)	**(8,495,114)**	(8,203,554)
Proceeds from disposal of property, plant and equipment	**9,561,890**	946,305	**453,913**	424,566
Net cash from/(used in) investing activities	**726,479**	(7,743,747)	**(8,041,201)**	(7,740,284)
Financing activities				
Repayment of bank and import loans	**(6,767,875)**	(20,384,380)	**(6,473,042)**	(5,781,953)
Net repayment of finance leases	**(2,332,091)**	(7,378,663)	**(932,607)**	(5,802,512)
Dividends paid	**(13,524,872)**	(13,524,872)	**(13,524,872)**	(13,524,872)
Net cash used in financing activities	**(22,624,838)**	(41,287,915)	**(20,930,521)**	(25,109,337)
Net change in cash and cash equivalents	**39,494,842**	(25,963,559)	**34,835,078**	(30,610,761)
Cash and cash equivalents, beginning of year	**(163,432,935)**	(137,469,376)	**(161,120,434)**	(130,509,673)
Cash and cash equivalents, end of year	**(123,938,093)**	(163,432,935)	**(126,285,356)**	(161,120,434)
Cash and cash equivalents made up of:				
Cash in hand and cash at bank (Note 14)	**13,579,000**	8,854,687	**11,231,737**	7,258,034
Bank overdrafts (Note 16)	**(137,517,093)**	(172,287,622)	**(137,517,093)**	(168,378,468)
	(123,938,093)	(163,432,935)	**(126,285,356)**	(161,120,434)

The notes on pages 55 to 104 form an integral part of these consolidated financial statements.

1 GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Pharmacie Nouvelle Limited, "the Company", was incorporated in the Republic of Mauritius on 08 June 1967 as a private company with liability limited by shares. The status of the Company was subsequently changed to a public company with liability limited by shares. The Company's registered office is Autoroute M1, Les Pailles, Republic of Mauritius.

The Company and its subsidiaries are together referred as "the Group".

The principal activities of the Group are as follows:

(i) to engage in the wholesale distribution of pharmaceutical products, consumer goods and products for the textile industry;

(ii) to manufacture cosmetics; and

(iii) to engage in the general retailing business.

The consolidated financial statements are presented in Mauritian Rupee ("MUR" or "Rs"), which is also the functional currency of the Group.

The consolidated financial statements of the Group have been prepared in accordance with IFRS as issued by International Accounting Standards Board ("IASB").

2 APPLICATION OF NEW AND REVISED IFRS

2.1 New and revised standards that are effective for annual periods beginning on 01 July 2013

In the current period, the Company has applied the following new and revised standards issued by the International Accounting Standards Board ("IASB") that are mandatory for the first time for the financial year beginning on 01 July 2013:

IAS 27	Separate Financial Statements (Revised 2011)
IAS 28	Investments in Associates and Joint Ventures
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)
IFRSs 10, 11 and 12	Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
IFRS 1	Government Loans (Amendments to IFRS 1)
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
IAS 19	Employee Benefits (Revised 2011)
Various	Annual Improvements 2009-2011 Cycle

2 APPLICATION OF NEW AND REVISED IFRS (continued)

2.1 New and revised standards that are effective for annual periods beginning on 01 July 2013 (continued)

The directors have assessed the impact of the above revised standards and amendments and concluded that IFRS 10, *Consolidated Financial Statements*, IAS 19, *Employee Benefits* (Revised 2011), and IFRS 13, *Fair Value Measurement* have an impact on the disclosures of the financial statements as decribed below.

IFRS 10 'Consolidated Financial Statements' (IFRS 10)

IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the year or comparative periods covered by these financial statements.

IFRS 13 'Fair Value Measurement' (IFRS 13)

IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair valued. The scope of IFRS 13 is broad and it applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

The Group has applied IFRS 13 for the first time in the current year (Note 5).

IAS 19 'Employee Benefits' (IAS 19)

The 2011 amendments to IAS 19 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- eliminate the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income;
- change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; and
- enhance disclosures, including more information about the characteristics of defined benefits plans and related risks.

  IAS 19 has been applied retrospectively in accordance with its transitional provisions. Consequently, the Group has restated its reported results throughout the comparative periods presented and reported the cumulative effect as at 01 July 2012 as an adjustment to opening equity (Note 25).

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorisation of these consolidated financial statements, certain new Standards, Amendments and Interpretations to existing Standards have been published but are not yet effective, and have not been adopted early by the Group.

2 APPLICATION OF NEW AND REVISED IFRS (continued)

2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group (continued)

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. Information on new Standards, Amendments and Interpretations is provided below.

IFRS 9	Financial Instruments
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
IAS 36	Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
IFRS 10, 12 and IAS 27	Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
IAS 32	Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
IAS 19	Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
IFRIC 21	Levies
IFRS 14	Regulatory Deferral accounts
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
IFRS 15	Revenue from Contracts with Customers
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
Various	Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycles

3 SUMMARY OF ACCOUNTING POLICIES

Overall considerations

The consolidated financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.1 Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2014. The parent controls a subsidiary if it is exposed to, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

3.2 Intangible asset

Intangible asset includes a brand name that is capitalised on the basis of the costs of acquisition. It is accounted for using the cost model whereby cost is amortised on a straight-line basis over its estimated useful life (six years), as this asset is considered finite. Residual value and useful life are reviewed at each reporting date. In addition, it is subject to impairment testing.

Amortisation has been included within depreciation and amortisation.

3 SUMMARY OF ACCOUNTING POLICIES (continued)

3.2 Intangible asset (continued)

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

3.3 Property, plant and equipment

Land and building

Freehold land and buildings are shown at market value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Market value is the fair value based on appraisals prepared by external professional valuers once every three years or more frequently if market factors indicate a material change in fair value. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

As no finite useful life for land can be determined, related carrying amounts are not depreciated.

Other property, plant and equipment

Property, plant and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management. Property, plant and equipment are subsequently measured using the cost model, cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual values. The following depreciation rates are applied :

Building	-	2%
Furniture and equipment	-	10%
Computer equipment	-	15% - 33%
Motor vehicles	-	20% in the first year and 10% thereafter

Where the carrying amount of an asset is greater than its estimated amount, it is written down immediately to its recoverable amount.

Material residual value estimates and estimates of useful life are updated as required. Repairs and maintenance costs are expensed as incurred.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within "Other income" or "Other expenses".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (continued)
for the year ended 30 June 2014

3 SUMMARY OF ACCOUNTING POLICIES (continued)

3.4 Investment property

Investment property is property held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment property is revalued every three years and is included in the consolidated statement of financial position at its open market value. This market value is supported by market evidence and is determined by an external professional valuer with sufficient experience with respect to both the location and the nature of the investment property.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in the consolidated statement of profit or loss within "Other income" and "Other expenses".

Rental income and operating expenses from investment property are reported within "Other income" and "Other expenses" respectively.

3.5 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax, current tax and CSR (Corporate Social Responsibility Fund) not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the fiscal authority relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The Company and its subsidiaries are subject to CSR and the contribution is at a rate of 2% on chargeable income of the preceeding financial year.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Company's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the statement of profit or loss, except where they relate to items that are recognised in other comprehensive income or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.6 Investments in subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (continued)
for the year ended 30 June 2014

3 SUMMARY OF ACCOUNTING POLICIES (continued)

3.6 Investments in subsidiaries (continued)

Investments in subsidiaries are stated at cost. Where an indication of impairment exists, the recoverable amount of the investments is assessed. Where the carrying amount of the investments is greater than its estimated recoverable amount, they are written down immediately to their recoverable amount and the difference is charged to statement of profit or loss. On disposal of the investments, the difference between the net disposal proceeds and the carrying amount is charged or credited to statement of profit or loss.

3.7 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average cost method or the first in first out method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, but exclude interest expenses. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Where necessary, provision is made for obsolete and slow moving inventories.

3.8 Share application monies

Share application monies represent funds invested by the Company in a subsidiary and for which shares have not yet been allotted at the reporting date. During the year ended 30 June 2013, the share application monies have been classified as non-equity investment in subsidiary since the directors consider these advances as a long-term investment in the subsidiary.

3.9 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and are classified as current assets if settlement is expected within one year.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

3.10 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents comprise cash in hand and at bank, net of bank overdrafts. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. In the consolidated statement of financial position, bank overdrafts are shown within borrowings under current liabilities.

3.11 Equity, reserves and dividend payments

Stated capital represents the value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The revaluation reserves within equity comprise gains and losses due to the revaluation of property, plant and equipment.

Retirement benefit reserves comprise the actuarial losses from changes in demographic and financial assumptions and the return on plan assets.

Retained earnings include all current and prior years' retained profits.

3 SUMMARY OF ACCOUNTING POLICIES (continued)

3.11 Equity, reserves and dividend payments (continued)

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

All transactions with owners of the Company are recorded separately within equity.

3.12 Post-employment benefits

The Group provides post-employment benefits through defined contribution and defined benefit plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution. Contributions to this plan are recognised as an expense in the period that relevant employee services are received.

Defined benefit plans

Under the Group's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets.

Management estimates the DBO annually with the assistance of independent actuaries. The estimate of the post-retirement benefit obligations is based on standard rates of inflation, future salary increase, future guaranteed pension increase and post retirement mortality rates. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Service costs on the net defined benefit liability are included in employee benefits expense. Net interest expense on the net defined benefit liability is included in finance costs.

3.13 Trade payables

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

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

3.14 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instruments and are measured initially at fair value adjusted by transaction costs. Subsequent measurement of financial assets and financial liabilities are described below.

3 SUMMARY OF ACCOUNTING POLICIES (continued)

3.14 Financial instruments (continued)

Recognition, initial measurement and derecognition (continued)

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into loans and receivables.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets are subject to review for impairment at least at each reporting date to determine whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets are recognised in the statement of profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment, if any. Discounting is omitted where the effect of discounting is immaterial. The Group's trade receivables (Note 3.9), other receivables (excluding prepayments and advance payments) and cash and cash equivalents (Note 3.10) fall into this category of financial instruments.

An allowance for credit losses and impairment provision are established if there is an objective evidence that the Group will be unable to collect all amounts due.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other available features of shared credit risk characteristics. The percentage of the write down is then based on recent historical counterparty default rates for each identified group. Impairment and allowance for credit losses of trade receivables are presented within 'Other expenses'.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges on financial liabilities are included within 'finance costs' or 'finance income'.

Offsetting financial instruments

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

3 SUMMARY OF ACCOUNTING POLICIES (continued)

3.15 Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange risks. The derivative financial instruments used are mainly forward exchange rate contracts. Derivatives are initially measured at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the statement of profit or loss. These derivatives are not considered as hedging instruments in accordance with IAS 39, *Financial Instruments: Recognition and Measurement.*

3.16 Revenue

Revenue comprises revenue from the sale of goods. Revenue from major products is shown in Note 19.

Revenue is measured at the fair value of consideration received or receivable by the Group for goods supplied excluding value added taxes, rebates, and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Group, the costs incurred can be measured reliably and the Group has transferred to the buyer the significant risks and rewards, generally when the customer has taken undisputed delivery of the goods.

Other income earned by the Company is recognised on the following bases:

- Management fees, rental income and commission earned: as it accrues unless collectability is in doubt.
- Interest income and expense are reported on the accrual basis using the effective interest rate method.
- Dividend income: when the shareholder's right to receive payment is established.

3.17 Operating expenses

Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or as incurred.

3.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the year in which they are incurred and reported in 'finance costs'.

3.19 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in the Mauritian Rupee ("MUR"), which is also the functional currency of the parent company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (continued)
for the year ended 30 June 2014

3 SUMMARY OF ACCOUNTING POLICIES (continued)

3.19 Foreign currency translation (continued)

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Group, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.20 Leased assets

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the leased asset. Where the Group is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance lease liability is reduced by lease payments less finance charges, which are expensed as part of finance costs. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

3.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. At the time of the effective payment, the provision is deducted from the corresponding expenses. All known risks at reporting date are reviewed in detail and provision is made where necessary.

3.22 Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating policy decisions.

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3 SUMMARY OF ACCOUNTING POLICIES (continued)

3.23 Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. When an indication of impairment loss exists, the carrying amount of the asset is assessed and written down to its recoverable amount.

3.24 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3.25 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the consolidated financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the consolidated financial statements.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deductible temporary differences can be utilised.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Defined benefit liability

Management's estimate of the defined benefit obligation (DBO) is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses. These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors were determined close to each year-end by reference to high quality corporate bonds that have terms to maturity approximately the terms of the related pension obligation. Other assumptions are based on management historical experience.

Useful lives and residual values of intangible asset and property, plant and equipment

Management reviews its estimate of the useful lives and residual value of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

3 SUMMARY OF ACCOUNTING POLICIES (continued)

3.25 Significant management judgement in applying accounting policies and estimation uncertainty (continued)

Estimation uncertainty (continued)

Provision for doubtful debts

The Group reviews the adequacy of provision for doubtful debts at each reporting date. During the year, the directors considered that provisions made are adequate, based on the credit worthiness of its receivables.

Impairment of investments in subsidiaries

The determination of impairment of investments in subsidiaries requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets as described in Note 5 to these consolidated financial statements.

4 FINANCIAL INSTRUMENT RISK

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised below.

Financial assets and financial liabilities

	The Group		The Company	
	2014 Rs	2013 Rs	**2014 Rs**	2013 Rs
Financial assets				
Loans and receivables:				
Trade and other receivables*	**329,703,242**	286,682,695	**326,266,832**	291,166,303
Cash and cash equivalents	**13,579,000**	8,854,687	**11,231,737**	7,258,034
Total financial assets	**343,282,242**	295,537,382	**337,498,569**	298,424,337
Financial liabilities				
Financial liabilities measured at amortised cost:				
Non-current				
Borrowings	**87,079,532**	6,588,637	**87,074,676**	5,691,815
Current				
Trade and other payables	**138,392,083**	99,282,566	**135,951,975**	103,289,383
Borrowings	**330,875,458**	454,942,014	**329,983,494**	449,633,379
Total financial liabilities	**556,347,073**	560,813,217	**553,010,145**	558,614,577

**Trade and other receivables considered as financial assets exclude prepayments, advance to suppliers and VAT receivable*

4 FINANCIAL INSTRUMENT RISK (continued)

Risk management objectives and policies (continued)

Financial assets and financial liabilities (continued)

The main types of risks are market risk, credit risk and liquidity risk. The Group's risk management is coordinated by management in close cooperation with the Board of Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

4.1 Market risk analysis

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities.

Foreign currency sensitivity

The Group's transactions are carried out in the Mauritian Rupee (MUR) and several foreign currencies. Exposure to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in Euro (EUR), United States Dollar (USD), South African Rand (ZAR) and Great Britain Pound Sterling (GBP). The Group also receives commission in foreign currencies from foreign suppliers.

To mitigate the Group's exposure to foreign currency risk, non-MUR cash flows are monitored and forward exchange contracts are entered into in accordance with the Group's risk management policies.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into MUR at the closing rate:

Financial assets

	The Group		The Company	
	2014 Rs	2013 Rs	**2014 Rs**	2013 Rs
MUR	**302,482,465**	260,923,880	**296,742,877**	266,044,159
EUR	**36,595,226**	29,080,444	**36,577,409**	28,569,193
USD	**1,667,105**	4,240,997	**1,640,837**	2,518,924
ZAR	**2,526,436**	1,292,061	**2,526,436**	1,292,061
GBP	**11,010**	-	**11,010**	-
	343,282,242	295,537,382	**337,498,569**	298,424,337

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (continued)
for the year ended 30 June 2014

4 FINANCIAL INSTRUMENT RISK (continued)

Risk management objectives and policies (continued)

4.1 Market risk analysis (continued)

Foreign currency sensitivity (continued)

Financial liabilities

	The Group		The Company	
	2014 Rs	2013 Rs	**2014 Rs**	2013 Rs
MUR	**392,427,640**	537,316,190	**389,479,484**	535,365,552
EUR	**82,511,259**	14,930,460	**82,511,259**	14,682,458
USD	**41,733,034**	4,822,987	**41,733,034**	4,822,987
ZAR	**35,953,020**	3,718,517	**35,564,248**	3,718,517
GBP	**3,722,120**	25,063	**3,722,120**	25,063
	556,347,073	560,813,217	**553,010,145**	558,614,577

The following table illustrates the sensitivity of profit and equity in regards to the Group's financial assets and liabilities and the EUR/MUR, USD/MUR, GBP/MUR and ZAR/MUR exchange rates "all other things being equal".

It assumes the following changes in exchange rates for the year ended, based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

	2014	2013
EUR/MUR	**0.44%**	4.67%
USD/MUR	**1.92%**	0.48%
GBP/MUR	**5.35%**	0.53%
ZAR/MUR	**7.55%**	16.54%

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's and the Company's exposure to currency risk.

If the MUR had weakened against the above foreign currencies, then this would have had the following impact:

Profit & Equity

	The Group		The Company	
	2014 Rs	2013 Rs	**2014 Rs**	2013 Rs
EUR	**(200,950)**	661,021	**(201,028)**	648,723
USD	**768,037**	2,776	**768,541**	10,989
GBP	**(198,455)**	(133)	**(198,455)**	(133)
ZAR	**2,522,761**	401,225	**2,493,420**	401,225
Total	**2,891,393**	1,064,889	**2,862,478**	1,060,804

Any strengthening in the MUR against the above foreign currencies would have the same opposite impact.

4 FINANCIAL INSTRUMENT RISK (continued)

Risk management objectives and policies (continued)

4.1 Market risk analysis (continued)

Foreign currency sensitivity (continued)

The following table details the forward foreign currency contracts outstanding for the Group and the Company as at reporting date:

	Average spot exchange rate		Foreign currency		Contract value (Notional value)		Fair value	
	2014 RS	2013 RS	**2014**	2013	**2014 RS**	2013 RS	**2014 Rs**	2013 Rs
Outstanding contracts:								
4.1.1 Buy EUR Currency								
Less than 3 months	**41.36**	40.99	**610,000**	350,000	**25,224,300**	14,219,000	**25,475,480**	14,346,700
4.1.2 Buy ZAR Currency								
Less than 3 months	**2.837**	3.20	**500,000**	1,000,000	**1,418,500**	3,090,300	**1,470,000**	3,200,000
					26,642,800	17,309,300	**26,945,480**	17,546,700

During the year ended 30 June 2014, the Group and the Company entered into forward foreign exchange contracts (for terms not exceeding 6 months) to minimise the exchange rate risk arising from future purchases from suppliers based in Europe and Africa. The derivative financial asset arising from these transactions was Rs 302,680 for the year under review (30 June 2013: Rs 237,400).

Interest rate sensitivity

At 30 June 2014, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. The exposure to interest rates on the Group's financial assets is limited to its cash and cash equivalents and is considered immaterial.

Interest rate sensitivity analysis

The following table illustrates the sensitivity of profit and equity to reasonably possible change in interest rates of +/- 1% (2013: +/-1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

The Group	Profit for the year and equity Rs	
	+1%	-1%
At 30 June 2014	**(4,069,550)**	**4,069,550**
At 30 June 2013	(4,615,307)	4,615,307

The Company	Profit for the year and equity Rs	
	+1%	-1%
At 30 June 2014	**(4,060,582)**	**4,060,582**
At 30 June 2013	(4,553,252)	4,553,252

4 FINANCIAL INSTRUMENT RISK (continued)

4.2 Credit risk analysis

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by providing credit to customers, placing deposits, etc. The Group's and the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below:

	The Group		The Company	
	2014 Rs	2013 Rs	**2014** Rs	2013 Rs
Trade and other receivables	**329,703,242**	286,682,695	**326,266,832**	291,166,303
Cash and cash equivalents	**13,579,000**	8,854,687	**11,231,737**	7,258,034
	343,282,242	295,537,382	**337,498,569**	298,424,337

The Group continuously monitors default of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties.

The Group's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

The bank loans and overdrafts of the Group and the Company are secured by floating charges on all assets of the Group, including financial assets.

As at 30 June, the Group has certain trade receivables that have not been settled by the contractual date but are not considered to be impaired as there has not been a significant change in the credit quality and the amounts are still recoverable. The amounts at 30 June analysed by the length of time past due are:

	The Group		The Company	
	2014 Rs	2013 Rs	**2014** Rs	2013 Rs
More than 90 days				
but less than 180 days	**22,153,945**	7,721,806	**19,594,527**	6,880,177
More than 180 days	**27,682,317**	15,543,026	**25,336,550**	13,142,524
Total	**49,836,262**	23,264,832	**44,931,077**	20,022,701

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics since trade and other receivables consists of a large number of customers. Based on historical information about customer default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents and derivative financial instruments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (continued)
for the year ended 30 June 2014

4 FINANCIAL INSTRUMENT RISK (continued)

4.3 Liquidity risk analysis

Liquidity risk is that the Group might be unable to meet its obligations. The Group manages its liquidity needs by monitoring scheduled debt servicing payments for current and long-term financial liabilities as well as forecasted cash inflows and outflows due in day-to-day business.

The Group's objective is to maintain cash and marketable securities to meet its liquidity requirements for a 30-day period at a minimum. Funding for current and long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

The Group considers expected cash flows from financial assets in assessing liquidity risk, in particular its cash resources and trade receivables. In addition to relying on existing cash resources and trade receivables, the Group relies on banking facilities to meet its current cash outflow requirements.

As at 30 June 2014, the Group's financial liabilities have contractual maturities (including interest payments where applicable) as summarised below:

The Group	**Carrying amount** Rs	**Contractual cash flows** Rs	**Less than 1 year** Rs	**More than 1 year** Rs
At 30 June 2014				
Trade and other payables	**138,392,082**	**138,392,082**	**138,392,082**	**-**
Bank overdrafts	**137,517,093**	**137,517,093**	**137,517,093**	**-**
Bank loans	**153,586,643**	**166,218,176**	**77,280,731**	**88,937,445**
Obligations under				
finance leases	**9,240,844**	**10,345,383**	**5,009,965**	**5,335,418**
Import loans	**117,610,410**	**117,610,410**	**117,610,410**	**-**
	556,347,072	**570,083,144**	**475,810,281**	**94,272,863**
At 30 June 2013				
Trade and other payables	99,282,566	99,282,566	99,282,566	-
Bank overdrafts	172,287,622	172,287,622	172,287,622	-
Bank loans	126,125,000	136,158,250	136,158,250	-
Obligations under				
finance leases	11,572,934	13,054,001	5,839,063	7,214,938
Import loans	151,545,095	151,545,095	151,545,095	-
	560,813,217	572,327,534	565,112,596	7,214,938

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (continued)
for the year ended 30 June 2014

4 FINANCIAL INSTRUMENT RISK (continued)

4.3 Liquidity risk analysis (continued)

The Company	Carrying amount Rs	Contractual cash flows Rs	Less than 1 year Rs	More than 1 year Rs
At 30 June 2014				
Trade and other payables	**135,951,975**	**135,951,975**	**135,951,975**	**-**
Bank overdrafts	**137,517,093**	**137,517,093**	**137,517,093**	**-**
Bank loans	**153,586,643**	**166,218,176**	**77,280,731**	**88,937,445**
Obligations under finance leases	**8,344,024**	**9,410,690**	**4,080,131**	**5,330,559**
Import loans	**117,610,411**	**117,610,411**	**117,610,411**	**-**
	553,010,146	**566,708,345**	**472,440,341**	**94,268,004**
At 30 June 2013				
Trade and other payables	103,289,383	103,289,383	103,289,383	-
Bank overdrafts	168,378,468	168,378,468	168,378,468	-
Bank loans	126,125,000	136,158,250	136,158,250	-
Obligations under finance leases	9,276,631	10,568,071	4,287,829	6,280,242
Import loans	151,545,095	151,545,095	151,545,095	-
	558,614,577	569,939,267	563,659,025	6,280,242

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

5 FAIR VALUE MEASUREMENT

5.1 Fair value measurement of financial instruments

Financial assets measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

The following table shows the Levels within which the hierarchy of financial asset measured at fair value on a recurring basis at 30 June 2013 and 30 June 2014:

30 June 2014

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
The Group and the Company				
Asset				
Forward exchange contracts	-	**302,680**	-	**302,680**

30 June 2013

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
The Group and the Company				
Asset				
Forward exchange contracts	-	237,400	-	237,400

There were no transfers between Level 1 and Level 2 in 2013 and 2014.

Valuation techniques are selected based on the characteristics of each instrument, with overall objective of maximising the use of market-based information. The valuation techniques used for the instruments categorised in Level 2 are described below:

The Group's foreign currency forward contracts are not traded in an active market. These have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contracts. The effects of non-observable inputs are not significant for foreign currency forward contracts.

5.2 Fair value of financial assets and liabilities not carried at fair value

The Group's and the Company's other financial assets and financial liabilities are measured at their carrying amounts which approximate their fair values.

5 FAIR VALUE MEASUREMENT (continued)

5.3 Fair value measurement of non-financial assets

The following table shows the levels within the hierarchy of non-financial assets measured at fair value at 30 June 2014.

	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
The Group and the Company				
Property and equipment				
Land and building	-	-	**74,790,003**	**74,790,003**
Investment property				
Land and building	-	-	**85,600,000**	**85,600,000**

Fair value of the Group's land and building and investment property is estimated based on appraisals performed by professionally-qualified property valuers. Land and building and investment property are revalued if market forces indicate a material change in fair value. The Group engages external, independent and qualified valuers to determine the fair value of the land and building and investment property. The fair value of the land and building and investment property has been determined by Broll Indian Ocean Ltd, Chartered Valuation Surveyors, on 30 June 2013.

The appraisal was carried out using a market approach that reflects observed prices for recent market transactions for similar properties and incorporates adjustments for factors specific to the building in question, including size, location and encumbrances and current use.

The significant unobservable input is the adjustment for factors specific to the building in question. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

The reconciliation of the carrying amounts of non-financial assets classified within level 3 is as follows:

The Group and the Company	Land and building Rs	Investment property Rs
Balance at 01 July 2013	**74,790,003**	**85,600,000**
Gains recognised in profit or loss:		
Increase in fair value of investment property	-	-
Gain recognised in other comprehensive income:		
Revaluation of land and building	-	-
	74,790,003	**85,600,000**
Total amount included in profit or loss for unrealised gains on Level 3 assets	-	-

The carrying values of the non-financial assets detailed above approximate their fair values.

Other non-financial assets include lease prepayments, inventories and non-financial liabilities include Value Added Tax (VAT) for which fair value is not applicable since these are not measured at fair value on a recurring or non-recurring basis in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (continued)
for the year ended 30 June 2014

6 CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders.

by pricing products and services commensurately with the level of risk.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

The Group sets the amount of capital in proportion to its overall financing structure, that is, equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

	The Group		The Company	
	2014 Rs	2013 Rs	**2014 Rs**	2013 Rs
Total borrowings (Note 16)	**417,954,990**	461,530,651	**417,058,170**	455,325,194
Less: cash and cash equivalents (Note 14)	**(13,579,000)**	(8,854,687)	**(11,231,737)**	(7,258,034)
Net debt	**404,375,990**	452,675,964	**405,826,433**	448,067,160
Total equity	**260,528,982**	255,573,085	**282,516,441**	273,386,765
Total capital	**664,904,972**	708,249,049	**688,341,874**	721,453,925
Gearing ratio (%)	**61%**	64%	**59%**	62%

The directors consider that the level of gearing is reasonable given the nature of operations of the Group and the Company.

7 INTANGIBLE ASSET

The Group and the Company

	Rs
Gross carrying amount	
Balance at 01 July 2013 and 30 June 2014	**634,410**
Amortisation	
Balance at 01 July 2013	**(317,206)**
Amortisation during the year	**(105,735)**
Balance at 30 June 2014	**(422,941)**
Carrying amount at 30 June 2014	**211,469**
Gross carrying amount	
Balance at 01 July 2012 and 30 June 2013	634,410
Amortisation	
Balance at 01 July 2012	(211,471)
Amortisation during the year	(105,735)
Balance at 30 June 2013	(317,206)
Carrying amount at 30 June 2013	317,204

8 PROPERTY, PLANT AND EQUIPMENT

8.1 The Group

	Freehold land Rs	Buildings Rs	Motor vehicles Rs	Furniture & equipment Rs	Total Rs
Gross carrying amount					
At 01 July 2013	30,900,000	47,897,389	52,190,080	132,959,297	263,946,766
Additions	-	222,035	3,060,500	5,552,876	8,835,411
Disposals	-	(3,227,425)	(3,285,540)	(3,830,227)	(10,343,192)
Write off	-	-	-	(1,133,051)	(1,133,051)
Balance at 30 June 2014	30,900,000	44,891,999	51,965,040	133,548,895	261,305,934
Depreciation					
At 01 July 2013	-	177,768	33,754,774	107,514,581	141,447,123
Charge for the year	-	919,354	4,739,880	6,486,834	12,146,068
Disposals	-	(95,126)	(2,633,544)	(2,051,559)	(4,780,229)
Write off	-	-	-	(474,737)	(474,737)
Balance at 30 June 2014	-	1,001,996	35,861,110	111,475,119	148,338,225
Carrying amount At 30 June 2014	**30,900,000**	**43,890,003**	**16,103,930**	**22,073,776**	**112,967,709**

8 PROPERTY, PLANT AND EQUIPMENT (continued)

8.1 The Group (continued)

	Freehold land Rs	Buildings Rs	Motor vehicles Rs	Furniture & equipment Rs	Total Rs
Gross carrying amount					
At 01 July 2012	22,450,000	44,472,260	54,309,520	130,882,305	252,114,085
Revaluation increase/ (decrease)	8,450,000	(242,580)	-	-	8,207,420
Additions	-	3,667,709	705,100	5,022,343	9,395,152
Disposals	-	-	(2,824,540)	(2,945,351)	(5,769,891)
Balance at 30 June 2013	30,900,000	47,897,389	52,190,080	132,959,297	263,946,766
Depreciation					
At 01 July 2012	-	1,674,469	30,955,008	103,717,368	136,346,845
Charge for the year	-	961,385	4,877,112	6,685,144	12,523,641
Disposals	-	-	(2,077,346)	(2,887,931)	(4,965,277)
Revaluation adjustment	-	(2,458,086)	-	-	(2,458,086)
Balance at 30 June 2013	-	177,768	33,754,774	107,514,581	141,447,123
Carrying amount At 30 June 2013	**30,900,000**	**47,719,621**	**18,435,306**	**25,444,716**	**122,499,643**

8.2 The Company

	Freehold land Rs	Buildings Rs	Motor vehicles Rs	Furniture & equipment Rs	Total Rs
At 01 July 2013	30,900,000	44,669,964	49,389,096	96,149,106	221,108,166
Additions	-	222,035	3,060,500	5,212,579	8,495,114
Disposals	-	-	(3,242,948)	-	(3,242,948)
Balance at 30 June 2014	30,900,000	44,891,999	49,206,648	101,361,685	226,360,332
Depreciation					
At 01 July 2013	-	104,156	31,892,885	74,347,359	106,344,400
Charge for the year	-	897,840	4,188,202	5,827,061	10,913,103
Disposals	-	-	(2,590,955)	-	(2,590,955)
Balance at 30 June 2014	-	1,001,996	33,490,132	80,174,420	114,666,548
Carrying amount At 30 June 2014	**30,900,000**	**43,890,003**	**15,716,516**	**21,187,265**	**111,693,784**

8 PROPERTY, PLANT AND EQUIPMENT (continued)

8.2 The Company (continued)

	Freehold land Rs	Buildings Rs	Motor vehicles Rs	Furniture & equipment Rs	Total Rs
Gross carrying amount					
At 01 July 2012	22,450,000	41,329,835	51,508,536	91,528,261	206,816,632
Revaluation increase/ (decrease)	8,450,000	(242,580)	-	-	8,207,420
Additions	-	3,582,709	705,100	4,620,845	8,908,654
Disposals	-	-	(2,824,540)	-	(2,824,540)
Balance at 30 June 2013	30,900,000	44,669,964	49,389,096	96,149,106	221,108,166
Depreciation					
At 01 July 2012	-	1,663,992	29,644,794	68,734,587	100,043,373
Charge for the year	-	898,250	4,325,437	5,612,772	10,836,459
Disposals	-	-	(2,077,346)	-	(2,077,346)
Revaluation adjustment	-	(2,458,086)	-	-	(2,458,086)
Balance at 30 June 2013	-	104,156	31,892,885	74,347,359	106,344,400
Carrying amount At 30 June 2013	**30,900,000**	**44,565,808**	**17,496,211**	**21,801,747**	**114,763,766**

8.3 During the year 2013, an independent valuation of the Group's freehold land and buildings were undertaken by Broll Indian Ocean Ltd, Chartered Valuation Surveyors, to determine the fair value of the freehold land and buildings. Valuations were made on the basis of the market value for existing use. The carrying values of the properties were adjusted to the revalued amounts and the resultant surplus was credited to revaluation reserves in other comprehensive income.

If the buildings were stated on the historical cost basis, the amounts would be as follows:

	The Group		The Company	
	2014 Rs	2013 Rs	**2014 Rs**	2013 Rs
Cost	**22,379,279**	22,017,244	**22,154,279**	21,932,244
Accumulated depreciation	**(4,612,174)**	(4,167,388)	**(4,608,774)**	(4,165,688)
Net book values	**17,767,105**	17,849,856	**17,545,505**	17,766,556

8 PROPERTY, PLANT AND EQUIPMENT (continued)

8.4 Assets held under finance leases comprise the followings:

	The Group		The Company	
	2014 Rs	2013 Rs	**2014 Rs**	2013 Rs
8.4.1 Motor vehicles				
Cost	**22,025,714**	22,224,589	**21,120,164**	21,319,039
Accumulated depreciation	**(6,809,984)**	(8,948,417)	**(6,221,376)**	(8,359,809)
Carrying amount	**15,215,730**	13,276,172	**14,898,788**	12,959,230
8.4.2 Furniture and equipment				
Cost	**3,950,840**	3,950,840	**3,655,640**	3,655,640
Accumulated depreciation	**(3,950,840)**	(3,950,840)	**(3,655,640)**	(3,655,640)
Carrying amount	**-**	-	**-**	-

8.5 Property, plant and equipment have been pledged as security for borrowings.

9 INVESTMENT PROPERTY

The Group and the Company

	2014 Rs	2013 Rs
Carrying amount at 01 July	**85,600,000**	70,300,000
Change in fair value	**-**	15,300,000
Carrying amount at 30 June	**85,600,000**	85,600,000

9.1 The investment property was revalued by Broll Indian Ocean Ltd, Chartered Valuation Surveyors, on 30 June 2013. The value of the investment property amounted to Rs 85,600,000 based on market conditions prevailing at that time and the resulting gain on revaluation of Rs 15,300,000 was included within "Other income".

9.2 The Company's rental income for the year under review amounted to **Rs 4,687,640** (30 June 2013: Rs 4,825,570) and are included within "Other Income". During the year under review, the tenants incurred operating expenses towards the investment property.

9.3 The operating lease commitments are mainly with related companies amounting to **Rs 8,926,648** (30 June 2013: Rs 7,592,790) and renewable on an annual basis.

9.4 Investment property has been pledged as security for borrowings.

10 INVESTMENTS IN SUBSIDIARIES

10.1 **Unquoted and at cost/carrying amount**

	The Company	
	2014 Rs	2013 Rs
Balance at 01 July	**50,791,496**	13,580,300
Transfer from share application monies (Note 12 below)	**-**	38,641,713
Impairment losses during the year	**(1,212,981)**	(1,430,517)
Balance at 30 June	**49,578,515**	50,791,496

10.2 Details of the Company's subsidiaries at 30 June are as follows:

Name of subsidiaries	Principal activities	Types of investment	Number of ordinary shares held	Carrying amount 2014 Rs	Carrying amount 2014 Rs	Cost 2013 and 2013 RS
Compagnie Manufacturière de Produits Cosmétiques Limitée ("COMANU LTEE")	Manufacturing of cosmetics	Equity	109,368	**10,936,800**	**10,936,800**	**10,936,800**
Océan Indien Distribution (Ile Maurice) Ltée ("OID LTEE")	General retailing business	Non-equity: Capital contribution	-	**38,641,713**	**38,641,713**	**38,641,713**
Compagnie Mauricienne d'Exportation Limited ("COMEX LTD")	Dormant	Equity	10,435	**1**	**1**	**1,043,500**
Distrimed Ltée	Dormant	Equity	160,000	**1**	**1,212,982**	**1,600,000**
				49,578,515	**50,791,496**	**52,222,013**

10.3 All the subsidiaries are incorporated in the Republic of Mauritius.

10.4 The Company has 100% holding in COMANU LTEE, Distrimed Ltée and COMEX LTD and the proportion of the voting rights in these subsidiaries undertakings held directly by the Company does not differ from the proportion of ordinary shares held. The Company also controls 100% of the voting rights of Océan Indien Distribution (Ile Maurice) Ltée through its wholly owned subsidiary, COMANU LTEE.

10.5 The directors have assessed the recoverable amounts of these investments and confirmed that only the investment in Distrimed Ltée have suffered impairment in value amounting to Rs 1,212,981.

11 INVENTORIES

	The Group		The Company	
	2014 Rs	2013 Rs	**2014 Rs**	2013 Rs
Raw materials	**13,869,265**	21,492,936	**-**	-
Finished goods	**268,964,679**	277,380,207	**265,764,266**	281,075,174
	282,833,944	298,873,143	**265,764,266**	281,075,174
Less provision for write down of inventories	**(19,058,159)**	(9,926,993)	**(11,992,741)**	(6,475,604)
	263,775,785	288,946,150	**253,771,525**	274,599,570

The cost of inventories recognised as an expense during the year was as follows:

	The Group		The Company	
	2014 Rs	2013 Rs	**2014 Rs**	2013 Rs
Cost of inventories recognised as an expense	**1,062,436,531**	970,860,891	**1,054,612,155**	976,786,722

12 SHARE APPLICATION MONIES

Share application monies represented amounts receivable from Océan Indien Distribution (Ile Maurice) Ltée, a subsidiary, and which was meant to be converted into equity shares. During the year 2013, the share application monies were classified as a non-equity investment in a subsidiary since the directors consider these advances as a long-term investment in the subsidiary.

13 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014 Rs	2013 Rs	**2014 Rs**	2013 Rs
Trade receivables, gross	**327,311,000**	283,251,749	**319,088,488**	279,212,166
Allowance for credit losses	**(7,121,938)**	(5,737,044)	**(6,146,011)**	(5,335,297)
Trade receivables, net of allowances for credit losses	**320,189,062**	277,514,705	**312,942,477**	273,876,869
Due from the subsidiaries (Note 27)	**-**	-	**3,996,147**	8,160,772
Due from the substantial shareholder (Note 27)	**195,069**	95,301	**195,069**	95,301
Due from related companies (Note 27)	**1,433,950**	1,270,479	**1,433,950**	1,270,479
Other receivables	**12,029,680**	15,709,154	**10,014,210**	12,028,787
Advance payment to suppliers	**47,716,492**	40,505,955	**47,716,492**	40,505,955
Prepayments	**4,698,679**	6,651,726	**4,618,701**	6,373,720
	386,262,932	341,747,320	**380,917,046**	342,311,883

13 TRADE AND OTHER RECEIVABLES (continued)

13.1 The average credit period on sales of goods is 90 days. No interest is charged on trade receivables. Trade receivables over 90 days are assessed for impairment based on estimated irrecoverable amounts as determined by reference to past default experience.

13.2 The directors have assessed the recoverable amounts of these receivables and confirmed that only the amount receivable from Distrimed Ltée has suffered impairment in value amounting to Rs 49,865 and consequently written off at the reporting date.

The amounts receivable from the subsidiaries are unsecured, interest free and receivable on demand.

	The Company	
	2014	2013
	Rs	Rs
Balance at 01 July	**8,160,772**	46,448,510
Funds received during the year	**23,468,807**	56,294,014
Repayment during the year	**(27,583,567)**	(94,189,528)
Amounts written off	**(49,865)**	(392,224)
Balance at 30 June	**3,996,147**	8,160,772

13.3 The carrying amount of the trade receivables and amounts due from the subsidiaries are considered as reasonable approximation of the fair values as these financial assets are short-term and hence the time value of money is not significant.

13.4 The Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of Rs **7,121,938** (2013: Rs 5,737,044) has been recorded accordingly within "Other expenses".

The movements in the allowance for credit losses are presented below.

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
Balance at 01 July	**5,737,044**	8,204,569	**5,335,297**	7,733,870
Impairment loss	**2,599,867**	3,751,896	**2,025,687**	3,515,884
Amounts written off	**(1,214,973)**	(6,219,421)	**(1,214,973)**	(5,914,457)
Balance at 30 June	**7,121,938**	5,737,044	**6,146,011**	5,335,297

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that no further credit provision is required in excess of the allowance for doubtful debts.

14 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
Cash in hand in:				
MUR	**3,060,052**	1,834,379	**3,055,052**	1,802,135
Cash at bank in:				
MUR	**2,687,287**	423,868	**389,109**	247,870
EUR	**6,365,296**	3,452,072	**6,347,479**	2,940,821
USD	**1,212,628**	3,048,068	**1,186,360**	2,170,908
GBP	**11,010**	-	**11,010**	-
ZAR	**242,727**	96,300	**242,727**	96,300
	13,579,000	8,854,687	**11,231,737**	7,258,034

15 STATED CAPITAL

	The Company	
	2014	2013
	Rs	Rs
Issued and fully paid		
13,524,872 ordinary shares of Rs 10 each	**135,248,720**	135,248,720
Share premium	**2,427,894**	2,427,894
At 30 June	**137,676,614**	137,676,614

16 BORROWINGS

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
16.1 **Non-current**				
Bank and other loans (Note 16.2)	**82,226,784**	-	**82,226,784**	-
Obligations under finance leases (Note 16.3)	**4,852,748**	6,588,637	**4,847,892**	5,691,815
	87,079,532	6,588,637	**87,074,676**	5,691,815
Current				
Bank overdrafts	**137,517,093**	172,287,622	**137,517,093**	168,378,468
Bank and other loans (Note 16.2)	**71,359,859**	126,125,000	**71,359,859**	126,125,000
Obligations under finance leases (Note 16.3)	**4,388,096**	4,984,297	**3,496,132**	3,584,816
Import loans	**117,610,410**	151,545,095	**117,610,410**	151,545,095
	330,875,458	454,942,014	**329,983,494**	449,633,379
Total borrowings	**417,954,990**	461,530,651	**417,058,170**	455,325,194

16 BORROWINGS (continued)

16.2 Bank loans

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
Bank loans				
Repayable by instalments				
- within one year	**71,359,859**	126,125,000	**71,359,859**	126,125,000
- after one year and before five years	**82,226,784**	-	**82,226,784**	-
	153,586,643	126,125,000	**153,586,643**	126,125,000

16.2.1 The bank and other loans and overdrafts are secured by floating and fixed charges on the assets of the Group.

16.2.2 The rates of interest vary between 5.50% and 8.40% per annum (2013: 7.0% and 9.25% per annum).

16.3 Obligations under finance leases

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
Finance lease liabilities				
Minimum lease payments				
Not later than 1 year	**5,009,964**	5,839,063	**4,080,131**	4,287,829
Later than 1 year and not later than 5 years	**5,335,418**	7,214,938	**5,330,559**	6,280,242
	10,345,382	13,054,001	**9,410,690**	10,568,071
Less future finance charges	**(1,104,538)**	(1,481,067)	**(1,066,666)**	(1,291,440)
Present value of finance lease liabilities	**9,240,844**	11,572,934	**8,344,024**	9,276,631
Representing lease liabilities:				
Repayable within 1 year	**4,388,096**	4,984,297	**3,496,132**	3,584,816
Repayable after more than 1 year	**4,852,748**	6,588,637	**4,847,892**	5,691,815
	9,240,844	11,572,934	**8,344,024**	9,276,631

Finance leases relate to motor vehicles and furniture and equipment with lease terms of 5 years. The Group has option to purchase the leased assets for a nominal amount at the conclusion of the lease arrangements.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The fair value of the finance lease liabilities is approximately equal to their carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (continued)
for the year ended 30 June 2014

17 RETIREMENT BENEFIT OBLIGATIONS

The Group	**2014**	2013	2012
		Restated	Restated
	Rs	Rs	Rs
Amounts recognised in the statement of financial position			
Present value of funded obligations	**104,407,343**	87,495,941	73,336,549
Fair value of plan assets	**(53,775,456)**	(45,873,070)	(39,872,527)
Net liability in the statement of financial position	**50,631,887**	41,622,871	33,464,022

The Group	**2014**	2013	2012
		Restated	Restated
	Rs	Rs	Rs
Movement in liability recognised in the statement of financial position			
Balance as reported at 01 July	**19,646,814**	18,592,879	17,492,028
Effect of adopting IAS 19 (Revised)	**21,976,057**	14,871,143	11,020,766
Restated balance at 01 July	**41,622,871**	33,464,022	28,512,794
Total expenses	**7,460,310**	7,039,471	6,924,422
Remeasurement of net defined benefit liability	**7,723,223**	7,994,171	4,207,697
Transfer from COMANU LTEE	**(297,736)**	-	-
Contributions paid	**(5,876,781)**	(6,874,793)	(6,180,891)
At 30 June	**50,631,887**	41,622,871	33,464,022

The Group	**2014**	2013	2012
		Restated	Restated
	Rs	Rs	Rs
Change in defined benefit obligations			
Present value of defined benefit obligations at 01 July	**(87,495,941)**	(73,336,549)	(79,766,833)
Current service cost	**(3,417,409)**	(2,942,612)	(2,628,122)
Interest cost	**(6,817,973)**	(7,236,258)	(7,816,571)
Actuarial losses	**(6,690,096)**	(6,577,997)	(2,577,744)
Benefits paid	**14,076**	2,597,475	19,452,721
Present value of defined benefit obligations at 30 June	**(104,407,343)**	(87,495,941)	(73,336,549)

17 RETIREMENT BENEFIT OBLIGATIONS (continued)

The Group	2014 Rs	2013 Restated Rs	2012 Restated Rs
Change in plan assets			
Fair value of plan assets at 01 July	**45,873,070**	39,872,527	51,254,039
Expected return on plan assets	**3,597,341**	3,952,442	4,417,085
Employer's contribution	**5,876,781**	6,874,793	6,180,891
Scheme expenses	**(226,127)**	(256,035)	(241,284)
Cost of insuring risk benefits	**(596,142)**	(557,008)	(655,530)
Actuarial losses	**(735,391)**	(1,416,174)	(1,629,953)
Benefits paid	**(14,076)**	(2,597,475)	(19,452,721)
Fair value of plan assets at 30 June	**53,775,456**	45,873,070	39,872,527

The assets in the plan and the expected rate of return were:

The Group	Value at 30 June 2014 Rs	Value at 30 June 2013 Restated Rs	Value at 30 June 2012 Restated Rs
Total market value of qualifying insurance policies	**53,775,456**	45,873,070	39,872,527
Present value of plan liability	**(104,407,343)**	(87,495,941)	(73,336,549)
Net liability for retirement obligations recognised in the statement of financial position	**(50,631,887)**	(41,622,871)	(33,464,022)

The Group	2014 Rs	2013 Restated Rs	2012 Restated Rs
Amounts recognised in the statement of profit or loss			
Current service cost	**3,417,409**	2,942,612	2,628,122
Net interest cost	**3,220,632**	3,283,816	3,399,486
Scheme expenses	**226,127**	256,035	241,284
Cost of insuring risk benefits	**596,142**	557,008	655,530
Total pension costs included in employee benefits expense	**7,460,310**	7,039,471	6,924,422

17 RETIREMENT BENEFIT OBLIGATIONS (continued)

The Group	2014 Rs	2013 Restated Rs	2012 Restated Rs
Amounts recognised in the other comprehensive income			
Losses on pension scheme assets	**735,391**	1,416,174	1,629,953
Experience losses on the liabilities	**6,690,096**	6,577,997	2,577,744
Transfer from COMANU LTEE	**297,736**	-	-
Actuarial loss recognised in other comprehensive income	**7,723,223**	7,994,171	4,207,697

The Company	2014 Rs	2013 Restated Rs	2012 Restated Rs
Amounts recognised in the statement of financial position			
Present value of funded obligations	**104,407,343**	85,634,489	71,689,978
Fair value of plan assets	**(53,775,456)**	(43,817,075)	(38,068,246)
Net liability in the statement of financial position	**50,631,887**	41,817,414	33,621,732

The Company	2014 Rs	2013 Restated Rs	2012 Restated Rs
Movement in liability recognised in the statement of financial position			
Balance as reported at 01 July	**19,564,780**	18,592,879	17,492,028
Effect of adopting IAS 19 (Revised)	**22,252,634**	15,028,853	10,277,425
Restated balance at 01 July	**41,817,414**	33,621,732	27,769,453
Total expenses	**7,460,310**	6,918,005	6,644,421
Transfer from COMANU LTEE	**(194,543)**	-	-
Remeasurement of net defined benefit liability	**7,425,487**	7,758,382	4,920,454
Contributions paid	**(5,876,781)**	(6,480,705)	(5,712,596)
At 30 June	**50,631,887**	41,817,414	33,621,732

On 01 July 2013, the Company's subsidiary, Compagnie Manufacturiere de Produits Cosmetiques Limitée ("COMANU LTEE") transferred its pension plan to the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (continued)
for the year ended 30 June 2014

17 RETIREMENT BENEFIT OBLIGATIONS (continued)

The Company	2014 Rs	2013 Restated Rs	2012 Restated Rs
Change in defined benefit obligations			
Present value of defined benefit obligations at 01 July	**(85,634,489)**	(71,689,978)	(77,687,278)
Current service cost	**(3,417,409)**	(2,857,766)	(2,480,870)
Interest cost	**(6,817,973)**	(7,071,970)	(7,606,175)
Actuarial losses	**(6,690,096)**	(6,405,965)	(3,347,322)
Transfer from COMANU LTEE	**(1,861,452)**	-	-
Benefits paid	**14,076**	2,391,190	19,431,667
Present value of defined benefit obligations at 30 June	**(104,407,343)**	(85,634,489)	(71,689,978)

The Company	2014 Rs	2013 Restated Rs	2012 Restated Rs
Change in plan assets			
Fair value of plan assets at 01 July	**43,817,075**	38,068,246	49,917,825
Expected return on plan assets	**3,597,341**	3,774,503	4,264,211
Employer's contribution	**5,876,781**	6,480,705	5,712,596
Scheme expenses	**(226,127)**	(239,635)	(219,795)
Cost of insuring risk benefits	**(596,142)**	(523,137)	(601,792)
Actuarial losses	**(735,391)**	(1,352,417)	(1,573,132)
Transfer from COMANU LTEE	**2,055,995**	-	-
Benefits paid	**(14,076)**	(2,391,190)	(19,431,667)
Fair value of plan assets at 30 June	**53,775,456**	43,817,075	38,068,246

The assets in the plan and the expected rate of return were:

The Company	Value at 30 June 2014 Rs	Value at 30 June 2013 Restated Rs	Value at 30 June 2012 Restated Rs
Total market value of qualifying insurance policies	**53,775,456**	43,817,075	38,068,246
Present value of plan liability	**(104,407,343)**	(85,634,489)	(71,689,978)
Net liability for retirement obligations recognised in the statement of financial position	**(50,631,887)**	(41,817,414)	(33,621,732)

17 RETIREMENT BENEFIT OBLIGATIONS (continued)

The Company	2014 Rs	2013 Restated Rs	2012 Restated Rs
Amounts recognised in the statement of profit or loss			
Current service cost	**3,417,409**	2,857,766	2,480,870
Net interest cost	**3,220,632**	3,297,467	3,341,964
Scheme expenses	**226,127**	239,635	219,795
Cost of insuring risk benefits	**596,142**	523,137	601,792
Total pension costs included in employee benefits expense	**7,460,310**	6,918,005	6,644,421

The Company	2014 Rs	2013 Restated Rs	2012 Restated Rs
Amounts recognised in other comprehensive income			
Losses on pension scheme assets	**735,391**	1,352,417	1,573,132
Experience losses on the liabilities	**6,690,096**	6,405,965	3,347,322
Actuarial loss recognised in other comprehensive income	**7,425,487**	7,758,382	4,920,454

Amounts for the current and prior periods:

The Group	2014 Rs	2013 Restated Rs	2012 Restated Rs
Defined benefit obligation	**(104,407,343)**	(87,495,941)	(73,336,549)
Plan Assets	**53,775,456**	45,873,070	39,872,527
Deficit	**(50,631,887)**	(41,622,871)	(33,464,022)
Experience losses on plan liabilities	**(6,690,096)**	(6,577,997)	(2,577,744)
Experience losses on plan assets	**(735,391)**	(1,416,174)	(1,629,953)

The Company	2014 Rs	2013 Restated Rs	2012 Restated Rs
Defined benefit obligation	**(104,407,343)**	(85,634,489)	(71,689,978)
Plan Assets	**53,775,456**	43,817,075	38,068,246
Deficit	**(50,631,887)**	(41,817,414)	(33,621,732)
Experience losses on plan liabilities	**(6,690,096)**	(6,405,965)	(3,347,322)
Experience losses on plan assets	**(735,391)**	(1,352,417)	(1,573,132)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (continued)
for the year ended 30 June 2014

17 RETIREMENT BENEFIT OBLIGATIONS (continued)

The assets of the plan are invested in Anglo Mauritius deposit administration fund. The latter is expected to produce a smooth progression of return from one year to the next. The breakdown of the assets above corresponds to a notional allocation of the underlying investments based on the long-term strategy of the fund.

As the fund is expected to produce a smooth return, a fairly reasonable indication of future returns can be obtained by looking at historical ones. Therefore, the long term expected return on asset assumption has been based on historical performance of the fund.

In terms of the individual expected returns, the expected return on equities has been based on an equity risk premium above a risk free rate. The risk free rate has been measured in accordance to the yields on government bonds at the measurement date.

The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at the measurement date.

The main actuarial assumptions used for accounting purposes were as follows:

	The Group			The Company		
	2014	2013	2012	**2014**	2013	2012
Discount rate	**7.50%**	7.50%	7.50%	**7.50%**	7.50%	7.50%
Expected return on plan assets	**7.50%**	7.50%	7.50%	**7.50%**	7.50%	7.50%
Future salary increase	**6.00%**	6%	6.00%	**6.00%**	6.00%	6.00%
Future guaranteed pension increase	**-**	-	-	**-**	-	-
Post retirement mortality table	**a(90)**	a(90)	a(90)	**a(90)**	a(90)	a(90)

General description of the plan

The scheme is a final salary Defined Benefit Plan. The plan provides for a pension at retirement and a benefit on death or disablement in service before retirement. The scheme for managers and directors are included in Pharmacie Nouvelle Limited group's (the parent company) scheme and the contributions were paid by the respective companies.

Retirement benefit obligations have been calculated using the Projected Unit Credit method and are based on the report dated 02 September 2014 submitted by Anglo-Mauritius Assurance Society Limited.

The Group and the Company's actual return on plan assets was Rs 2,861,950 for the year ended 30 June 2014 (Group 2013: Rs 2,536,268 and Company 2013: Rs 2,422,086).

The Group and the Company expects to make a contribution of Rs 10.8m to the defined benefit plan during the next financial year (Group 2013 : Rs 6.0m and Company 2013: Rs 5.9m).

The Group also operates a defined contribution scheme for employees who joined as from 01 July 2006 and no pension liability arises from this scheme. The Group has made a contribution of Rs 1,971,645 to the defined contribution scheme during the year ended 30 June 2014 (30 June 2013: Rs 2,069,868).

18 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014 Rs	2013 Rs	**2014 Rs**	2013 Rs
Trade payables	**108,327,607**	82,722,718	**107,749,888**	80,507,418
Due to subsidiaries	**-**	-	**-**	8,367,138
Due to substantial shareholder (Note 27)	**798,843**	1,100,308	**798,843**	1,100,308
Due to related companies (Note 27)	**278,623**	472,506	**278,623**	472,506
Other payables and accrued expenses	**29,074,759**	15,096,085	**27,124,621**	12,842,013
	138,479,832	99,391,617	**135,951,975**	103,289,383

The average credit period for payments is 30 days. No interest is charged on trade payables for overdue balances. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

The carrying amount of trade and other payables is considered to be a reasonable approximation of the fair value.

19 REVENUE

Revenue represents amounts invoiced to clients in respect of goods sold, net of returns, taxes and discounts.

	The Group		The Company	
	2014 Rs	2013 Rs	**2014 Rs**	2013 Rs
Consumer goods	**881,307,419**	858,862,165	**873,456,160**	851,672,991
Pharmaceutical products	**365,468,091**	302,148,324	**365,468,091**	302,148,324
Textile and chemical auxiliaries	**56,963,819**	45,945,244	**52,162,435**	47,369,156
	1,303,739,329	1,206,955,733	**1,291,086,686**	1,201,190,471

20 OTHER INCOME

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
Rental income	**4,387,640**	4,525,570	**4,687,640**	4,825,570
Commission earned	**78,348,724**	66,812,236	**78,340,461**	66,812,236
Gain/(loss) on disposal of property, plant and equipment	**3,998,930**	141,691	**(198,080)**	(322,628)
Net gain in fair value of investment property	**-**	15,300,000	**-**	15,300,000
Others	**4,399,651**	3,020,712	**4,877,466**	2,432,025
	91,134,945	89,800,209	**87,707,487**	89,047,203

21 FINANCE INCOME/ (COSTS)

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
21.1 **Finance income**				
Interest income on:				
- Loans	**-**	-	**-**	38,704
21.2 **Finance costs**				
Interest expense on:				
- Bank overdrafts	**(12,598,028)**	(12,229,048)	**(12,415,766)**	(11,894,070)
- Borrowings	**(16,703,456)**	(19,232,677)	**(16,703,456)**	(18,944,233)
- Obligations under finance leases	**(2,387,064)**	(4,304,413)	**(2,235,312)**	(3,991,453)
- Others	**(136,740)**	(119,116)	**(93,087)**	-
	(31,825,288)	(35,885,254)	**(31,447,621)**	(34,829,756)

22 TAXATION

22.1 **Income tax expense**

The Company

The Company is liable to income tax at the rate of 15% on its chargeable income and at 30 June 2014, it had an income tax liability of Rs 4,111,317 (year ended 30 June 2013: Rs 1,075,155).

The Subsidiaries

The subsidiaries are liable to income tax at the rate of 15% on their chargeable income and at 30 June 2014, they had no income tax liabilities (year ended 30 June 2013: Rs Nil).

The Company and its subsidiaries are subject to the Alternative Minimum Tax (AMT), the Advanced Payment Scheme (APS) and the Corporate Social Responsibility Fund (CSR Fund).

22 TAXATION (continued)

22.1 **Income tax expense** (continued)

The Subsidiaries (continued)

The AMT applies where a company's "normal tax payable" is less than 7.5% of its book profit. It is not applicable where a company is exempt from tax or where 10% of any dividend declared does not exceed the "normal tax payable". At 30 June 2014, the AMT did not apply to the Company.

Under the APS, the Company and its subsidiaries are required to submit an APS Statement and pay tax quarterly on the basis of either last year's income or the income for the current quarter.

Contribution to the CSR Fund is a rate of 2% on chargeable income of the preceeding financial year (2013: 2% on the book profit of the preceeding financial year).

22.2.1 **Statement of comprehensive income**

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
Income tax on the adjusted profit	**8,492,378**	3,939,428	**8,492,378**	3,939,428
Movement in deferred taxation (Note 22.4 below)	**1,986,244**	190,374	**1,986,244**	-
(Over)/under provision in respect of prior years	**(67,982)**	1,094,425	**-**	1,094,425
CSR activities (Note 22.6 below)	**525,257**	1,031,261	**525,257**	1,031,261
Tax penalty	**-**	226,786	**-**	226,786
	10,935,897	6,482,274	**11,003,879**	6,291,900

22.2.2 **Statement of financial position**

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
Non-current				
Deferred tax asset	**12,044,399**	12,044,399	**-**	-
Deferred tax liabilities	**(2,734,286)**	(748,042)	**(2,734,286)**	(748,042)
Net balance (Note 22.4)	**9,310,113**	11,296,357	**(2,734,286)**	(748,042)
Current				
Current tax liabilities (Note 22.3)	**4,111,317**	1,143,137	**4,111,317**	1,075,155

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (continued)
for the year ended 30 June 2014

22 TAXATION (continued)

22.3 Movement in current tax liabilities

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
At 01 July	**1,143,137**	1,964,661	**1,075,155**	1,881,179
Charge for the year	**8,492,378**	3,939,428	**8,492,378**	3,939,428
Tax paid during the year	**(1,049,056)**	(3,217,890)	**(1,049,056)**	(3,202,390)
Tax deducted at source	**(754,742)**	(591,237)	**(754,742)**	(591,237)
Tax deducted under the Advanced Payment Scheme	**(4,177,675)**	(3,304,297)	**(4,177,675)**	(3,304,297)
(Over)/under provision in respect of prior years	**(67,982)**	1,094,425	**-**	1,094,425
CSR activities (Note 22.6 below)	**525,257**	1,031,261	**525,257**	1,031,261
Tax penalty	**-**	226,786	**-**	226,786
	4,111,317	1,143,137	**4,111,317**	1,075,155

22.4 Deferred taxation

Deferred income taxes are calculated on all temporary differences under the liability method at the rate of 15%.

The movement on the deferred taxation is as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
At 01 July	**(11,296,357)**	(11,486,731)	**748,042**	748,042
Movement during the year	**1,986,244**	190,374	**1,986,244**	-
Net balance	**(9,310,113)**	(11,296,357)	**2,734,286**	748,042

22.5 Income tax reconciliation

The tax on the Group's and the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
Profit before tax	**37,139,889**	34,268,662	**41,083,914**	36,626,588
Tax at 15 %	**5,570,983**	5,140,299	**6,162,587**	5,493,988
Accelerated capital allowances	**248,559**	(844,055)	**200,891**	(807,816)
Non-allowable items	**3,500,355**	2,284,903	**2,128,900**	1,558,383
Exempt income	**(671,668)**	(2,375,143)	**-**	(2,305,127)
Tax losses utilised	**(110,563)**	(266,576)	**-**	-
Timing difference	**(45,288)**	-	**-**	-
Tax charge	**8,492,378**	3,939,428	**8,492,378**	3,939,428

22 TAXATION (continued)

22.6 Contribution to CSR activities

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
2% of preceeding chargeable income	**525,257**	1,031,261	**525,257**	1,031,261

23 EARNINGS PER SHARE

The earnings and number of ordinary shares in issue used in the calculation of earnings per share are as follows:

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
Profit for the year attributable to equity holders (Rs)	**26,203,992**	27,786,388	**30,080,035**	30,334,688
Number of ordinary shares in issue	**13,524,872**	13,524,872	**13,524,872**	13,524,872
Earnings per share (Rs)	**1.94**	2.05	**2.22**	2.24

24 DIVIDENDS

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
Interim dividend paid	**6,762,436**	6,762,436	**6,762,436**	6,762,436
Final dividend paid	**6,762,436**	6,762,436	**6,762,436**	6,762,436
	13,524,872	13,524,872	**13,524,872**	13,524,872
Dividend per share (Rs)	**1.00**	1.00	**1.00**	1.00

25 PRIOR YEAR ADJUSTMENT

In the current year, the Group has applied IAS 19, *Employee Benefits* (Revised) and was adopted retrospectively in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. The most recent actuarial valuations of the retirement gratuity liabilities and defined benefit obligations were carried out at 30 June 2014 by Anglo-Mauritius Assurance Society Limited.

25 PRIOR YEAR ADJUSTMENT (continued)

The Group has adjusted opening equity as of 01 July 2012 and the figures for 2013 have been restated as if IAS 19 (Revised) had always been applied.

The effects of the application of IAS 19 (Revised) on the consolidated statement of financial position at 01 July 2012 and 30 June 2013 are:

The Group	Retirement benefit obligations	Equity
	Rs	Rs
Balance as reported at 01 July 2012	18,968,694	253,135,562
Effect of adopting IAS 19		
- Prior years before 01 July 2011	10,456,657	(10,456,657)
- total comprehensive income for the year	4,038,671	(4,038,671)
Restated balance at 01 July 2012	33,464,022	238,640,234

	Retirement benefit obligations	Equity
	Rs	Rs
Balance as reported at 30 June 2013	19,646,814	277,549,142
Effect of adopting IAS 19		
- brought forward	14,495,328	(14,495,328)
- total comprehensive income for the year	7,480,729	(7,480,729)
Restated balance at 30 June 2013	41,622,871	255,573,085

The effects of the application of IAS 19 (Revised) on the consolidated statement of comprehensive income for the year ended 30 June 2012 and 30 June 2013 are:

	2013	2012
	Rs	Rs
Decrease in employee benefits expense	513,442	169,026
Increase in profit for the year	513,442	169,026
Increase in profit for the year attributable to:		
Owners of the parent	513,442	169,026

The Group	2013	2012
	Rs	Rs
Increase in profit for the year	513,442	169,026
Other comprehensive income:		
Decrease in gain on remeasurement of net defined liability	(7,994,171)	(4,207,697)
Decrease in other comprehensive income	(7,994,171)	(4,207,697)
Decrease in total comprehensive income	(7,480,729)	(4,038,671)
Decrease in profit for the year attributable to:		
Owners of the parent	(7,480,729)	(4,038,671)

25 PRIOR YEAR ADJUSTMENT (continued)

The effects of the application of IAS 19 (Revised) on the Company's statement of financial position at 01 July 2012 and 30 June 2013 are:

The Company	Retirement benefit obligations	Equity
	Rs	Rs
Balance as reported at 01 July 2012	18,592,879	268,698,678
Effect of adopting IAS 19:		
- Prior years before 01 July 2011	10,277,425	(10,277,425)
- total comprehensive income for the year	4,751,428	(4,751,428)
Restated balance at 01 July 2012	33,621,732	253,669,825

	Retirement benefit obligations	Equity
	Rs	Rs
Balance as reported at 30 June 2013	19,564,780	295,639,399
Effect of adopting IAS 19:		
- brought forward	15,028,853	(15,028,853)
- total comprehensive income for the year	7,223,781	(7,223,781)
Restated balance at 30 June 2013	41,817,414	273,386,765

The effects of the application of IAS 19 (Revised) on the Company's statement of comprehensive income for the year ended 30 June 2012 and 30 June 2013 are:

The Company	2013	2012
	Rs	Rs
Decrease in employee benefits expense	534,601	169,026
Increase in profit for the year	534,601	169,026
Increase in profit for the year	534,601	169,026
Other comprehensive income:		
Decrease in gain on remeasurement of net defined liability	(7,758,382)	(4,920,454)
Decrease in other comprehensive income	(7,758,382)	(4,920,454)
Decrease in total comprehensive income	(7,223,781)	(4,751,428)

The application of IAS 19 (Revised) did not have a material impact on the consolidated statement of cash flows and on earnings per share for the year ended 30 June 2012 and 30 June 2013.

26 PROFIT BEFORE TAX

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
The above is stated after charging/(crediting):				
Cost of inventories expensed	**1,062,436,531**	970,860,891	**1,054,612,155**	976,786,722
Depreciation and amortisation	**12,252,132**	12,629,376	**11,018,838**	10,942,194
(Profit)/loss on disposal of property, plant and equipment	**(3,998,930)**	(141,691)	**198,080**	322,628
Auditors' remuneration	**1,105,000**	1,076,000	**840,000**	801,000
Directors' remuneration (note below)	**8,124,141**	10,560,426	**8,124,141**	10,560,426
Staff costs (note below)	**88,452,781**	83,704,563	**85,887,198**	77,705,642
Net foreign exchange gains	**(11,509,852)**	(10,729,933)	**(11,530,891)**	(10,574,843)
Interest expense (Note 21.2)	**31,825,288**	35,885,254	**31,447,621**	34,829,756

Directors' remuneration

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
- Full-time executive directors	**4,440,570**	5,560,543	**4,440,570**	5,560,543
- Non-executive directors	**3,683,571**	4,999,883	**3,683,571**	4,999,883
	8,124,141	10,560,426	**8,124,141**	10,560,426

Analysis of staff costs (excluding directors' remuneration and fees) and number of employees

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
Salaries and relevant contributions	**84,182,951**	79,524,730	**81,690,385**	73,815,931
Social security costs	**4,269,830**	4,179,833	**4,196,813**	3,889,711
	88,452,781	83,704,563	**85,887,198**	77,705,642
Number of employees at end of year	**269**	271	**266**	248

27 RELATED PARTY TRANSACTIONS

The Group's related parties include a substantial shareholder, its subsidiaries (as described in Note 10), companies with common directorship, key management personnel, post-employment benefit plans for the Group's employees and others as described below.

27.1 Substantial shareholder

Transactions and balances held with the substantial shareholder are as follows:

The Company

	2014	2013
	Rs	Rs
27.1.1 Transactions during the year:		
Dividends paid	**7,522,530**	7,522,530
Management fees	**2,504,700**	2,504,500
Sales	**1,165,444**	133,547
Purchases	**6,938,490**	1,726,879
27.1.2 Amounts due to the substantial shareholder	**798,843**	1,100,308
27.1.3 Amounts due from the substantial shareholder	**195,069**	95,301

The Subsidiaries

COMANU LTEE

	2014	2013
	Rs	Rs
27.1.4 Transactions during the year:		
Purchases	669	59,631
Disposal of freehold land and building	-	70,000,000

Note that no transactions occurred between the other subsidiaries (OID LTEE, COMEX LTD and Distrimed Ltée) and the substantial shareholder.

27 RELATED PARTY TRANSACTIONS (continued)

27.2 **Common directorship**

Transactions and balances held by the Company (and its subsidiaries) with companies under common directorship are as follows:

The Company

	LEAL COMMUNICATIONS & INFORMATICS LTD		LEAL EQUIPEMENTS COMPAGNIE LTEE		UNITED MOTORS LTD		DISTRIPC LTD		HEAVY DUTIES MOTORS LTD		SETL MEECO LTD	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs	**Rs**	Rs	**Rs**	Rs	**Rs**	Rs	**Rs**	Rs
27.2.1 Transactions during the year:												
Rental income	**-**	-	**-**	-	**1,074,744**	2,808,372	**1,912,900**	1,716,000	**-**	506,000	**1,885,488**	-
Sales	**15,778**	19,072	**26,129**	23,491	**56,869**	43,044	**710,601**	602	**-**	-	**187,500**	-
Purchases	**1,560,878**	252,328	**880,179**	798,187	**828,466**	354,850	**-**	-	**-**	-	**-**	-
27.2.2 Amounts owed by companies under common directorship	**2,390**	2,451	**-**	1,506	**95,166**	-	**243,651**	760,522	**-**	506,000	**1,092,744**	-
27.2.3 Amounts owed to companies under common directorship	**15,654**	57,351	**151,382**	128,956	**111,587**	286,199	**-**	-	**-**	-	**-**	-

The subsidiaries:

COMANU LTEE

	LEAL COMMUNICATIONS & INFORMATICS LTD		LEAL EQUIPEMENTS COMPAGNIE LTEE		UNITED MOTORS LTD	
	2014	2013	**2014**	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs	**Rs**	Rs
27.2.4 Transactions during the year:						
Purchases	**-**	37,680	**-**	65,561	**-**	21,053
27.2.5 Amounts owed by companies under common directorship	**-**	-	**-**	-	**-**	-
27.2.6 Amount owed to companies under common directorship	**-**	-	**-**	23,574	**-**	-

27 RELATED PARTY TRANSACTIONS (continued)

OID LTEE

	DISTRIPC LTD	
	2014	2013
	Rs	Rs
27.2.7 Transactions during the year:		
Sales	**7,495**	-
27.2.8 Amounts owed by companies under common directorship	**1,317**	-

Sales of goods to the above related parties were made at the Company's usual prices. Purchases were made at market prices discounted to reflect the quantity of goods purchased in the normal course of business.

No expense has been recognised in the reporting period for bad or doubtful debts in respect of the amounts owed by the related parties.

Note that no transactions occurred between the other subsidiaries (COMEX LTD and Distrimed Ltée) and the companies within the Leal Group as mentioned above.

27.3 Transactions and balances held by the Company with the subsidiaries are as follows:

	COMANU LTEE		OID LTEE		COMEX LTD		DISTRIMED LTEE	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs	**Rs**	Rs	**Rs**	Rs
27.3.1 Transactions during the year:								
Finance (cost)/income	**-**	-	**(93,087)**	(56,532)	**-**	38,704	**-**	-
Rental income	**-**	-	**300,000**	300,000	**-**	-	**-**	-
Rental charge	**-**	-	**(297,720)**	(297,720)	**-**	-	**-**	-
Sales	**192,240**	1,423,913	**8,861,063**	5,795,760	**-**	-	**-**	-
Margin compensation	**650,728**	-	**137,140**	-	**-**	-	**-**	
Trade discount	**-**	-	**(500,000)**	-	**-**	-	**-**	-
Other income	**-**	-	**251,600**	-	**-**	-	**-**	-
Distribution cost	**(24,663)**	-	**(120,000)**	-	**-**	-	**-**	
Purchases	**(3,708,587)**	(33,658,029)	**-**	-	**-**	-	**-**	-
27.3.2 Amounts owed by subsidiaries	**933,638**	8,160,772	**3,062,509**	-	**-**	-	**-**	-
27.3.3 Amount owed to subsidiaries	**-**	-	**-**	7,150,156	**-**	-	**-**	1,216,982

Sales of goods to the above related parties were made at the Company's usual prices. Purchases were made at market prices discounted to reflect the quantity of goods purchased in the normal course of business.

An amount of Rs 1,216,982 payable to DISTRIMED LTEE was written back at the reporting date. No other expense has been recognised in the reporting period for bad or doubtful debts in respect of the amounts owed by the related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - (continued)
for the year ended 30 June 2014

27 RELATED PARTY TRANSACTIONS (continued)

27.4 Subsidiaries

Transactions and balances held by COMANU LTEE with related companies (OID LTEE, COMEX LTD and Distrimed Ltée) are as follows:

	OID LTEE	
	2014	2013
	Rs	Rs
27.4.1 Transactions during the year:		
Finance costs	**10,866**	321,266
Sales	**121,798**	47,464
Purchases	**42,027**	-
27.4.2 Amounts owed by subsidiaries	**-**	-
27.4.3 Amount owed to subsidiaries	**-**	321,265

Sales of goods to the above related parties were made at the Company's usual prices. Purchases were made at market prices discounted to reflect the quantity of goods purchased in the normal course of business.

No expense has been recognised in the period for bad or doubtful debts in respect of the amounts owed by the related parties.

Note that no transactions occurred between the other subsidiaries (COMEX LTD and Distrimed Ltée).

27.5 Directors and key management personnel

Transactions and balances held with the Company's directors and key management personnel are as follows :

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
27.5.1 Transactions during the year:				
Dividends paid	**415,464**	653,237	**415,464**	653,237
Sales	**190,675**	372,895	**76,438**	145,764
Salaries and other emoluments	**8,124,141**	10,560,426	**8,124,141**	10,560,426
27.5.2 Amount owed by directors and key management personnel	**4,392**	6,071	**920**	6,071

The remuneration of directors and key executives is determined by the Corporate Governance Committee, which also performs the duties of the Nomination and Remuneration Committee, having regard to the performance of individuals and market trends.

28 CONTINGENT LIABILITIES AND GUARANTEES

At 30 June 2014, the Group had contingent liabilities which amounted to Rs 11,886,812, in respect of bank guarantees arising in the ordinary course of business and for which the directors anticipate that no material liabilities will arise.

29 COMMITMENTS

29.1 Operating lease arrangements where the Group is the lessee

	2014	2013
	Rs	Rs
Minimum lease payments under operating leases recognised in statement of comprehensive income	**8,926,648**	7,592,790

At the reporting date, the Group had outstanding commitments under operating leases which fall due as follows:

	2014	2013
	Rs	Rs
Within one year	**9,365,693**	8,033,772
Between 2 to 5 years	**18,752,443**	21,155,304

Operating lease payments represent rental for motor vehicles and warehouses. The leases are negotiated for an average term of 5 years and rentals are fixed for an average of 5 years.

29.1.1 Operating lease arrangements where the Group is the lessor

Rental income for the year amounted to Rs **4,687,640** (2013: Rs 4,825,570).

The freehold land and building was leased out on operating leases. At the reporting date, the Group had outstanding commitments for rental income which fall due as follows:

	2014	2013
	Rs	Rs
Within one year	**3,718,080**	2,807,560
Between 2 to 5 years	**258,000**	3,993,560

29.2 Capital Commitments

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
Approved and contracted for	**18,003,245**	4,075,857	**18,003,245**	4,075,857

The capital commitments comprise of commitments for acquisition of office equipment and IT equipment.

30 EVENTS AFTER THE REPORTING PERIOD

The Group and The Company

There has been no material events after the reporting date which require disclosure or adjustment to the consolidated financial statements for the year ended 3o June 2014.

31 HOLDING COMPANY

The directors consider Leal & Co. Ltd, a company incorporated in the Republic of Mauritius, as the Company's holding company.

32 EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2014	2013	**2014**	2013
	Rs	Rs	**Rs**	Rs
Wages and salaries	**94,444,878**	89,536,198	**89,605,904**	84,185,575
Pensions and contributions	**20,629,775**	20,372,695	**20,801,161**	20,005,420
Other staff expenses	**10,018,916**	8,995,949	**9,971,195**	8,706,778
	125,093,569	118,904,842	**120,378,260**	112,897,773

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