pnl

Member of Leal Group

Annual Report 2015

WHERE PEOPLE MATTER

CONTENTS

Member of Leal Group

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

WHERE PEOPLE MATTER

We respect and value the individuality and diversity that each and everyone bring to the business, with the utmost consideration for all our employees, shareholders and stakeholders.

OUR AIM

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.

7
OWN BRANDS
Bébécalin, Nin's, Des Iles, Clean & Shine, Tipiti, Tender & Trébon

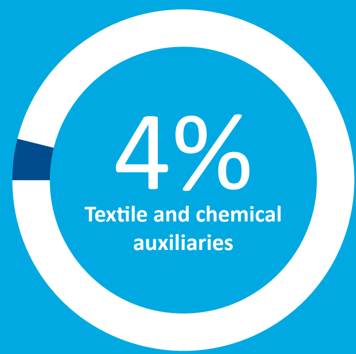
95
CONSUMER GOODS BRANDS
5 main categories: Personal care, Food, Beverage, Home care, Babycare & Nutrition

90
GMS
GRANDES ET MOYENNES SURFACE

309
EMPLOYEES

300
PHARMACIES

1,700
LTG
LOCAL TRADITIONAL GROCERIES



Chairman and CEO Statement

Mr Eric Michel Georges LEAL
Executive Chairman

Mr Daniel de LABAUVE d'ARIFAT
Chief Executive Officer

"The year under review has been an exceptionally good year for PNL Group with a Profit Before Tax reaching Rs 57.5M, representing a growth of 55% over the previous year.

This group performance was achieved through a record breaking turnover of Rs 1.48 billion which is an increase of 13.5% over last year, attributable mainly to the continuous development of our portfolio of existing brands and new categories."

On behalf of the Board of Directors, we are pleased to introduce the annual report of Pharmacie Nouvelle Limited (PNL) for the Financial Year 2014-2015

The year under review has been an exceptionally good year for PNL Group with a Profit Before Tax reaching Rs 57.5M, representing a growth of 55% over the previous year. The Group Operating profit also increased significantly to reach Rs 70.9M.

This group performance was achieved through a record breaking turnover of Rs 1.48 billion which is an increase of 13.5% over last year, attributable mainly to the continuous development of our portfolio of existing brands and new categories. Operational and finance costs were also well contained during the year.

At company level, the PNL Consumer division achieved a solid 13% growth in turnover over previous year, driven by strong growth across all categories, as well as a successful introduction of some new products in the food segment. We have been able to gain significant market share with specific products within our cosmetics and home care range despite fierce competition. The PNL Consumer department accounts for 66% of turnover and has a solid base for development in the future.

PNL Health continues to develop its activities both with the private and the public businesses and registered a 15% growth in turnover over previous year. The very competitive environment coupled with the low margin realized in the public business has slightly impacted the cluster's profitability.

Our textile and chemical auxiliaries division (PNL Chemicals) has, contrary to previous year, gone through tough times, mainly in the chemical activity.

The business model of our retail outlet, OID Ltée, continues to evolve and has showed encouraging prospects during 2014-15, with a turnover reaching Rs 38.4M. Going forward, the business model will continue to evolve with specific retail projects in the pipeline.

For the coming year, we will remain focused on executing our development strategy while consolidating our core categories. We will create a ''Center of Excellence'' for our trade execution and keep improving our customer service level.

We are also proud to announce that, in the 2015-16 financial year, we have taken over the distribution of the Diageo portfolio of imported spirits brands for the Mauritian territory. Diageo is the world's leading premium drinks supplier with an outstanding collection of brands across spirits, beer, wine and adult premium alcoholic drinks. For Mauritius, PNL Consumer is the official and sole distributor for Diageo spirits which include leading brands like Johnnie Walker, J&B, Ciroc, Baileys, Captain Morgan, Tanqueray and a great portfolio of Single Malts. The shared ambition of Diageo and PNL in Mauritius is to enhance the distribution, availability and marketing of Diageo's products for the benefits of our customers and consumers.

PNL Consumer will also, during the next financial year 2015-16, represent the prestigious portfolio of French wine from ''Famille CASTEL''. Investment in an appropriate structure and a dedicated outlet has already been made in order to promote the development of this new category of products.

Although we foresee more and more aggressive competition in the near future, putting a lot of pressure on margins, we nevertheless expect some positive changes in the market environment. Also, the dynamics of the market should leave some room for expansion and we are ready and well-armed to take up the challenge.

We also take this opportunity to express our gratitude to the Board Members, the Management team and the Staff of PNL Group for their continued dedication and loyalty. A special thanks to our customers, suppliers and partners for their valuable support and trust in PNL.

A WEALTH OF WORLD-LEADING BRANDS

pnl
Member of Leal Group

CONSUMER - REPRESENTATIVE BRANDS

Personal Care

Aquafresh
LUX
SENSODYNE
Melyssa
AXE
MISS DEN PARIS
BRUT
NIVEA
Closeup
Rexonamen
Signal
Rexona Women
Dove
sunsilk
Impulse
tender
Timotei
inov8
Vaseline
labello
Desfles
Lifebuoy
Nin's intime

Food & Beverage

Bagatelle
Johnnie Walker Keep Walking.
Castle Lager The Perfect Moment
J&B
Castle Lite Look Good. Feel Good
Baileys
EDENA
Tanqueray
isostar
CÎROC Ultra Premium Vodka
Lucozade Energy
Ketel One Vodka
Ovaltine
Don Julio
PANZANI
Gordon's London Dry Gin
PERONI ITALY
TALISKER
Villars
Zacapa
Ribena
The Singleton of Dufftown
Trébon
CARDHU Single Malt Scotch Whisky
BULLEIT BOURBON

CONSUMER - REPRESENTATIVE BRANDS

Homecare

Baygon
Cif
glade
Handy Andy
Jewel
KIWI
OMO
Persil
pledge
Raid
Skip

CONSUMER - REPRESENTATIVE BRANDS

Baby Care & Nutrition

BébéCâlin
blédina
Tipiti

CHEMICAL - REPRESENTATIVE SUPPLIERS

DyStar
Bayer
DOW
LANXESS Energizing Chemistry

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

CONSUMER

REPRESENTATIVE BRANDS

AQUAFRESH
AXE
BAGATELLE
BAILEYS
BAYGON
BLEDINA
BRUT
BULLEIT
CAJOLINE
CAPTAIN MORGAN
CAOL ISLAY
CARDHU
CASTLE
CIF
CIROC
CLOSE-UP
CRAGGANMORE
DALWHINNIE HIGHLAND
DIMPLE
DON JULIO
DOVE
DTOWN
DUCK
EDENA
FAIR & LOVELY
GLADE
GLENKINCHIE
GORDON'S GIN
HANDY
HANSAPLAST
IMPULSE
INOV 8
ISOSTAR
JEWEL
JOHNNIE WALKER
J&B
KETEL ONE
KIWI
LABELLO
LAGAVULIN
LIFEBUOY
LUCOZADE
LUX
MELYSSA
MISS DEN
NIVEA
OBAN HIGHLAND
OMO
OVALTINE
PANZANI
PERSIL
PIMMS
PLEDGE
PERONI
RAID
REXONA
RIBENA
SENSODYNE
SIGNAL
SKIP
SINGLETON
SUNLIGHT
TABASCO
TALISKER
TANQUERAY
TENDER
TIMOTEI
VASELINE
VAT69
VIM
VILLARS
WHITE HORSE
ZACAPA

OWN BRANDS

BEBECALIN
CLEAN & SHINE
TENDER
DES ILES
NIN'S
TIPITI
TREBON

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

PHARMACIE NOUVELLE LIMITED | ANNUAL REPORT 2015

Corporate Information

Directors

Mr Eric Michel Georges LEAL *(Executive Chairman)*

Mr Daniel de LABAUVE d'ARIFAT *(Chief Executive Officer)*

Mr Virrsing RAMDENY

Mr Jean Marie Eugène GREGOIRE

Mr Marie Joseph Jean Paul CHASTEAU DE BALYON
(Also alternate to Mr Jean Marie Eugène GREGOIRE)

Mr Joseph Jacques Vivian COLLET-SERRET

Mr Marie Louis Désiré René France DUCASSE
(Also alternate to Mr Bernard Aimé Jacques ROCHECOUSTE COLLET)

Mr Gilbert Patrick Stéphane LEAL

Mr Georges LEUNG SHING

Mr Marie Octave Regis NICOLIN

Mr Désiré Pierre Ariste Maxime REY

Mr Bernard Aimé Jacques ROCHECOUSTE COLLET
(Also alternate to Mr Marie Désiré René France DUCASSE)

Senior Management Team	**Position**
Mr Daniel de LABAUVE d'ARIFAT	*Chief Executive Officer*
Mr Jean Noël LENNON	*Chief Operating Officer, Sales, Marketing and Supply Chain department*
Mr Lingon VEERASAMY	*Chief Operating Officer, Administration and Human Resource*
Mr Hugo VICTOIRE	*Chief Finance Officer*

Company Secretary

Navitas Corporate Services Ltd
Navitas House, Robinson Road
Floréal
Republic of Mauritius

Registered Office

Michael Leal Avenue
Les Pailles
Republic of Mauritius

Legal Adviser

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

Auditors

Grant Thornton
Ebène Tower, 52 Cybercity
Ebène 72201
Republic of Mauritius

Bankers

The Mauritius Commercial Bank Ltd

SBM Bank (Mauritius) Ltd

Barclays Bank Mauritius Limited

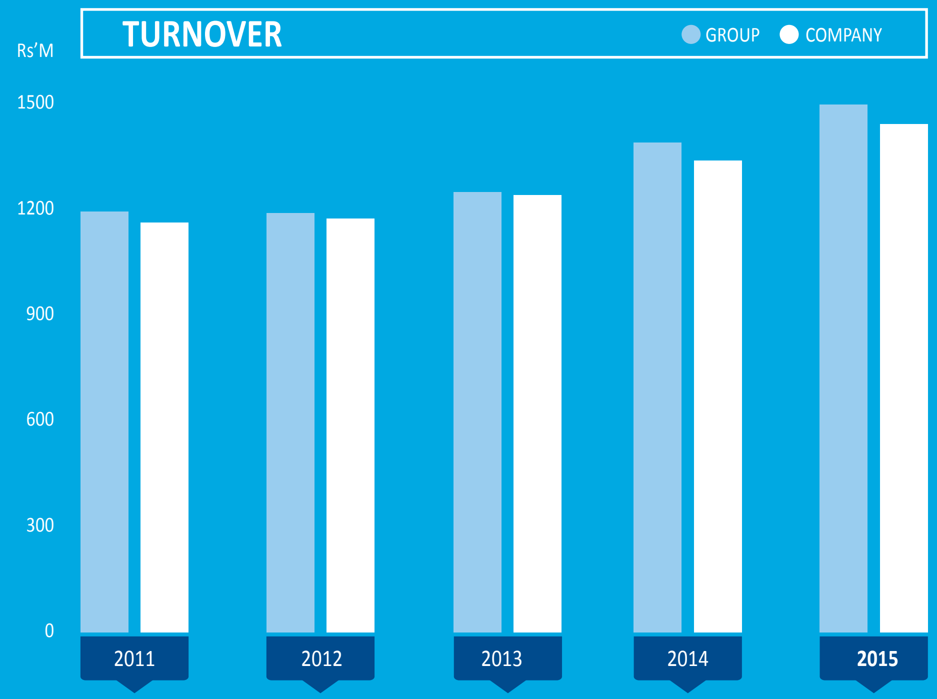
Bank One Limited

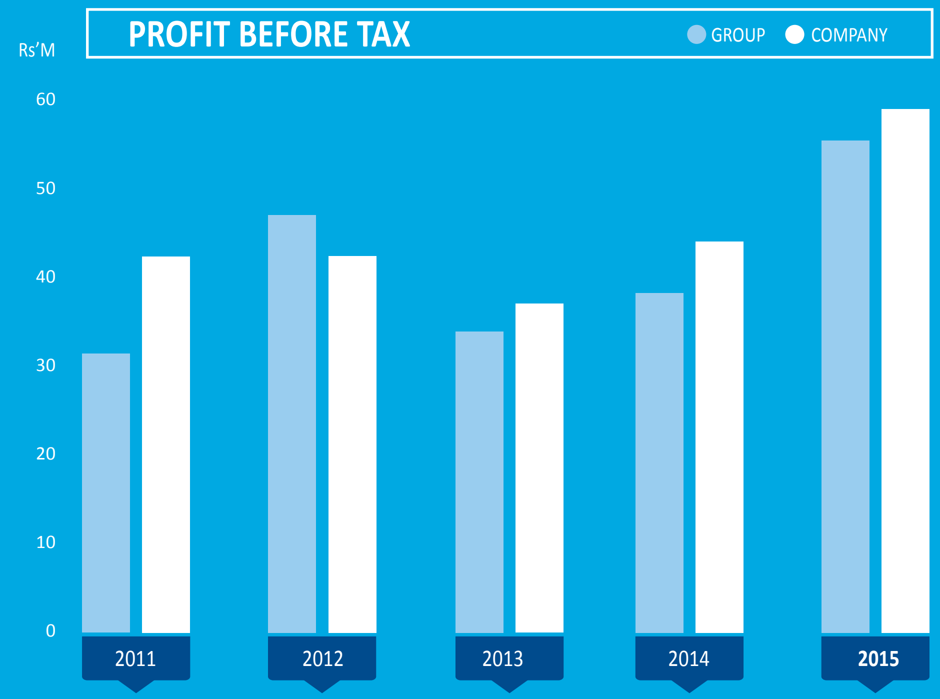
AfrAsia Bank Limited

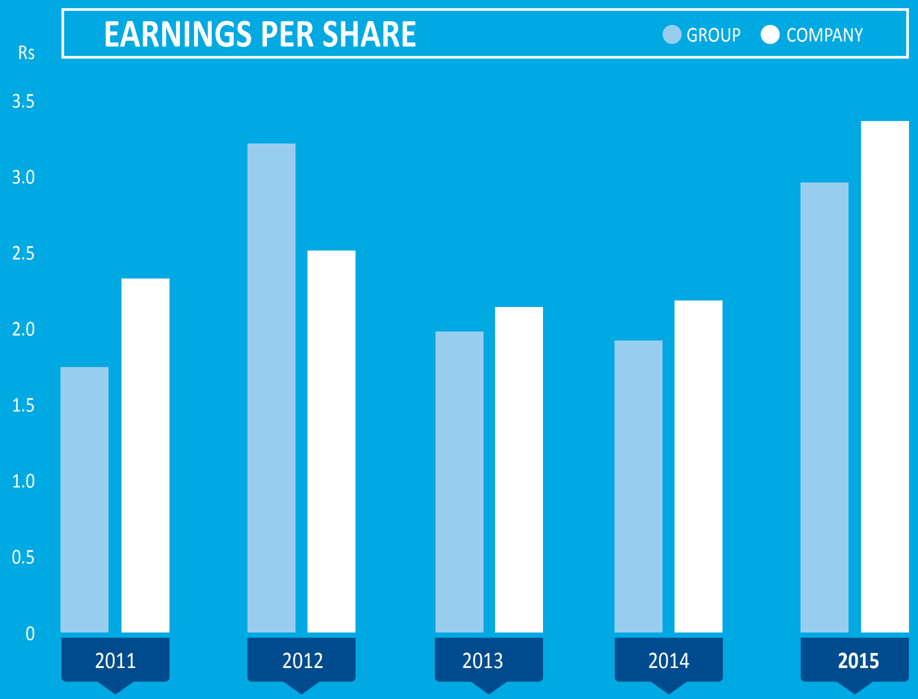
Mauritius Post and Co-operative Bank Ltd

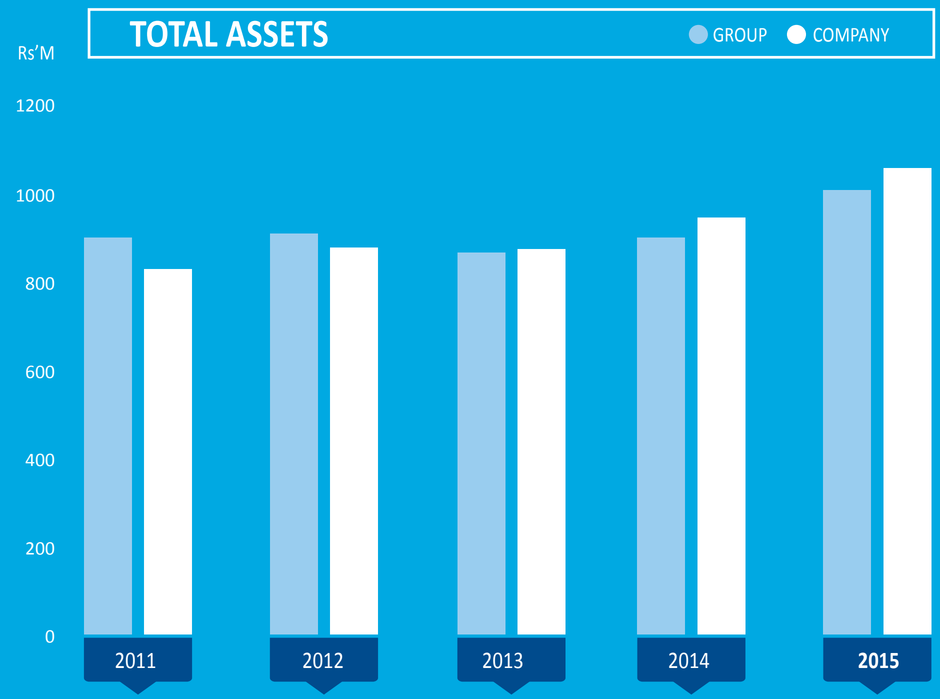
Habib Bank Limited

Financial Highlights









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 2015.

Incorporation

The Company was incorporated in the Republic of Mauritius on 8 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 engage in retail of liquor and alcoholic products;

(iii) to act as general retailer for foodstuff and non-foodstuff;

(iv) to act as merchant/wholesale dealer; and

(v) to manufacture cosmetics.

Results and dividends

The results for the year are as shown on page 47.
The directors have recommended the payment of a dividend of **Rs 13,524,872** for the year under review (30 June 2014: Rs 13,524,872).

Directors

The present composition of the Board is set out on page 16.

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 requirements of the Mauritius Companies Act 2001 and the Financial Reporting Act 2004.

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;

Directors' responsibilities in respect of the consolidated financial statements (continued)

- 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.

<u>Internal Control</u>

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 Audit and Risk Committee.

<u>Risk Management</u>

The Board of Directors has overall responsibility for risk management. Through the Group 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:

	2015	**2014**
	Rs	Rs
Full time executive directors		
- Company	**6,700,080**	4,440,570
- Group	**6,700,080**	4,440,570
Non-executive directors		
- Company	**1,670,234**	3,683,571
- Group	**1,670,234**	3,683,571

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	
	2015	2014	**2015**	2014
	Rs	Rs	**Rs**	Rs
Fees for:				
- Audit services (VAT exclusive)	**1,160,000**	1,105,000	**925,000**	840,000
- Other services (VAT exclusive)	**215,000**	190,000	**135,000**	105,000

Approved by the Board of Directors on 28 September 2015 and signed on its behalf by:

Mr. Eric Michel Georges LEAL
Director and Chairman

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

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

Michael Leal Avenue, Les Pailles, Republic of Mauritius

Statement of Compliance

(SECTION 75(3) OF THE FINANCIAL REPORTING ACT)

Name of Public Interest Entity ('PIE'): Pharmacie Nouvelle Limited

Reporting Period: Financial year ended 30th June 2015

We, the undersigned, being the Directors of Pharmacie Nouvelle Limited (the 'Company'), confirm that to the best of our knowledge 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 2.5.5: Independence of Chairman
2. Section 2.8: Remuneration of Directors / Remuneration Philosophy
3. Section 2.10: Board and Director Appraisal
4. Section 7.3: Code of Ethics

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

Section	Page Number
1. Independence of Chairman	26 (under Chairman and Chief Executive Officer)
2. Remuneration of Directors / Remuneration Philosophy	39 (under Board and board committees fees)
3. Board and Director Appraisal	33 (under Assessment of directors)
4. Code of Ethics	40 (under Ethics)

Eric Michel Georges LEAL
Chairman

Daniel de LABAUVE d'ARIFAT
Director and Chief Executive Officer

28 September 2015

Corporate Governance Report

Compliance with the code of corporate governance

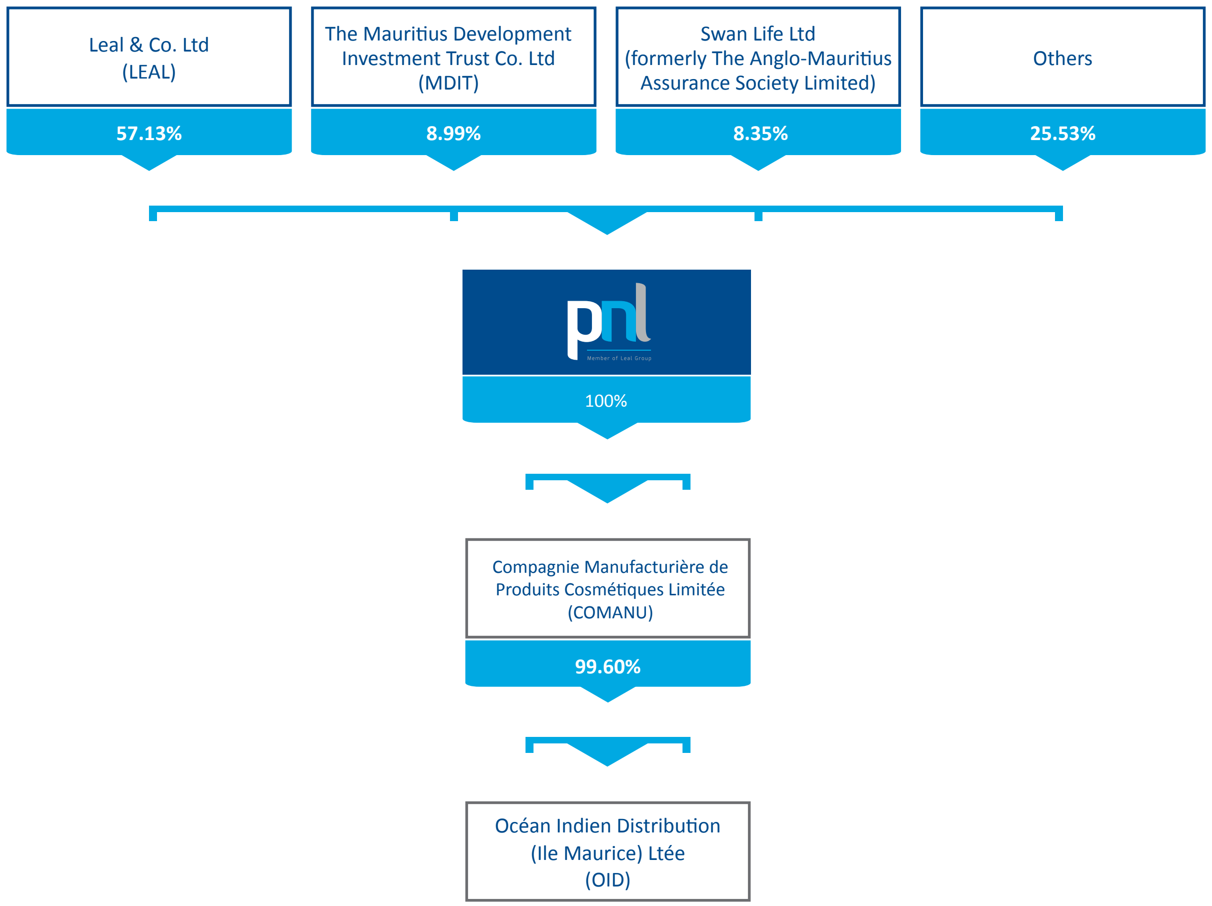
The Board of Directors and management of Pharmacie Nouvelle Limited (the "Company" or "PNL") are committed to the highest standards of business integrity, transparency and professionalism to ensure that the activities within the Company are managed ethically and responsibly to enhance business value for all stakeholders.

This report describes, amongst others, the main corporate governance framework and compliance requirements of the Company with its Constitution, the Mauritius Companies Act 2001, the Securities Act 2005, the disclosures required under the Code and the Terms of Reference of the Board Committees.

Cascade holding structure

The stated capital of the Company is currently Rs 135,248,720 divided into 13,524,872 ordinary shares of par value Rs10 each.

The holding structure of PNL is as follows:



Description of subsidiaries' activities

Name of subsidiary	Activity
COMANU	Agent for import and export, manufacturer of perfumes and cosmetics and distribution of general merchandise.
OID	OID acts as an agent for import and export and also holds several licences namely: (i) for retailer/dealer of liquor and alcoholic products, (ii) for general retailer for foodstuff and non-foodstuff, and (iii) for merchant/wholesale dealer.

During the year under review, Compagnie Mauricienne d'Exportation Limited and Distrimed Ltée were wound up.

Common directors

The names of the common Directors are as follows:

Directors	PNL	COMANU	OID	LEAL	MDIT
Eric Michel Georges LEAL	√*	√	√	√*	
Daniel de LABAUVE d'ARIFAT	√	√	√		
Virrsing RAMDENY	√	√	√	√	
Jean Marie Eugène GREGOIRE	√	√	√	√	
Joseph Jacques Vivian COLLET-SERRET	√			√	
Marie Louis Désiré René France DUCASSE	√			√	
Georges LEUNG SHING	√				√
Bernard Aimé Jacques ROCHECOUSTE COLLET	√			√	

** Chairman*

Substantial shareholders

The following shareholders held more than 5% of the stated capital of the Company as at 30th June 2015:

Name of Shareholders	Number of Ordinary Shares	% Holding
Leal & Co. Ltd	7,726,456	57.13
The Mauritius Development Investment Trust Co Ltd	1,217,238	8.99
Swan Life Ltd	1,129,390	8.35

Shareholders' Agreement

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

Company's Constitution

Except for Clause 14 that provides for a detailed procedure regarding transfer of shares, the other clauses of the Constitution are not deemed material enough for special disclosure.

A copy of the PNL's Constitution is available upon request in writing to the Company Secretary.

Dividend Policy

Dividend payments are determined by the profitability of the Company, its cash flows, capital expenditure requirements, its future investments and growth opportunities, and are approved by the Board of Directors.

Dividends are normally declared and paid twice yearly. Directors ensure that the Company satisfies the solvency test for each declaration of dividend and a Solvency Test Certificate is signed by all directors when a dividend is declared by the Board.

For the year under review, the Company has declared and paid an interim dividend of 5% in November 2014 (payable in December 2014) and a final dividend of 5% in May 2015 (payable in June 2015).

The Board of Directors

The Board of Directors is PNL's ultimate decision-making entity and assumes responsibility for leading and controlling the Company and meeting all legal and regulatory requirements.

It is ultimately accountable and responsible for the performance and affairs of the Company, namely, the review and adoption of strategic plans, the overview of business performance, the adoption of appropriate risk management systems, and the establishment of proper internal control systems.

Besides, it is also the Board's responsibility to apply effective corporate governance principles and to be the focal point of the corporate governance system.

Chairman and Chief Executive Officer

During the year under review, there was a clear separation of the roles and functions of the Chairman and the Chief Executive Officer. Upon recommendation of the Leal Group Corporate Governance Committee, since 1st October 2014, the post of Executive Chairman is held by Mr Eric Michel Georges LEAL and Mr Daniel de LABAUVE d'ARIFAT has been promoted from Deputy Chief Executive Officer to Chief Executive Officer of PNL on that same date.

In his role as Executive Chairman of the Company, Mr Eric Michel Georges LEAL is responsible for leading the Board and assertaning its effectiveness. He is also responsible for ensuring that the Directors receive accurate, timely and clear information and he encourages the active participation of all Board members in discussions and decisions.

On the other hand, Mr Daniel de LABAUVE d'ARIFAT in his capacity as Chief Executive Officer of PNL is responsible for the executive management of the PNL's operations and for developing the long-term strategy and vision of the Company. Mr Daniel de LABAUVE d'ARIFAT also ensures effective communication with the stakeholders.

Board Composition

The PNL's Constitution provides that the Board of Directors shall consist of not less than five (5) and not more than twelve (12) directors.

For the year under review, the Company was headed by a unitary Board of twelve (12) members comprising of:

- Two (2) Executive Directors;
- Five (5) Non-Executive Directors; and
- Five (5) Independent Non-Executive Directors.

On 29th September 2014, upon recommendation of the Leal Group Corporate Governance Committee, Mr Joseph Jacques Vivian COLLET-SERRET has been appointed as a Non-Executive Director of the Company in view of his long business experience.

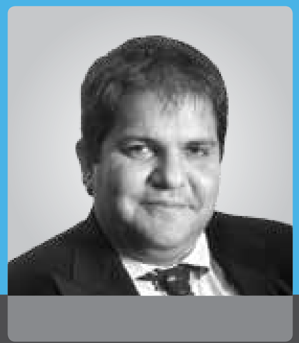
The Board of the Company is of the view that its composition is adequately balanced and that the current directors have the range of skills, expertise and experience to carry out their duties properly. The Board further believes that the responsibilities of the directors should not be confined in a board charter and has consequently resolved not to adopt a charter.

The Independent Non-Executive Directors bring a wide range of experience and skills to the Board. These directors are free from any business or other relationships which would materially affect their ability to exercise independent judgement and are critical observors.

Pursuant to Clause 23.6 of the PNL's Constitution, one third (1/3) of the number of Non-Executive Directors and Independent Non-Executive Directors shall retire by rotation at every Annual Meeting of the Company. The directors who are due to retire at an annual meeting of the Company shall be eligible to offer themselves for re-election at such Annual Meeting.

Directors' profile

The names of all directors, their profile and their categorisation as well as their directorship details in listed companies are provided thereafter.



Eric Michel Georges LEAL

(Executive Chairman)

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.

Daniel de LABAUVE d'ARIFAT

(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 Islands Region. Before joining Pharmacie Nouvelle Limited in 2010, he was the Commercial & Marketing Director at Les Brasseries STAR Madagascar for 4 years. Mr d'Arifat has recently been appointed Director of West Coast Primary School Ltd.

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.

Jean Marie Eugène GREGOIRE

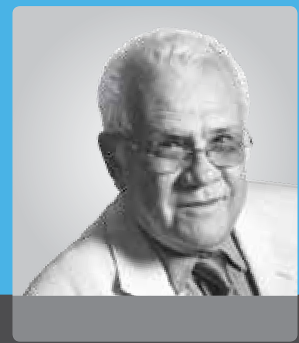
(Non-Executive Director)

Mr Jean Marie Eugène 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.

Marie Joseph Jean Paul CHASTEAU DE BALYON

(Independent Non-Executive Director and Alternate Director to Mr Jean Marie Eugène 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 Directors of MCCI Business School Ltd.



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.

Gilbert Patrick Stéphane LEAL

(Independent Non-Executive Director)

Mr Gilbert Patrick Stéphane LEAL holds a Bachelor of Science Degree from Boston College in 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 21 years.

Directors' profile (continued)

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, Standard Bank Mauritius Ltd and the Sugar Insurance Fund Board. He is also a member of the Advisory Council of the Chartered Financial Analyst Society Mauritius and the Financial Reporting Assessment Review Committee.

Directorships in companies listed on the Official Market of the SEM:
- Omnicane Ltd
- The Mauritius Development Investment Trust Co Ltd

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.

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, and then in the sugar industry. 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 SWAN, one of the market leaders in the local Insurance sector, where he is at present holding the position of Senior Manager - Group Finance, Loans & Legal. He also serves as director to a number of companies in the commercial, financial, investment, sugar and tourism sectors, and is a member of various board committees. He was appointed as Director of the Company in February 2011.

Alternate director's profile

The profiles of the other Alternate Directors already appear in the Directors' profile section.

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 Ltee.

Joseph Jacques Vivian COLLET-SERRET

(Non-Executive Director)

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.

Patrice Michel LEAL

(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 profile of Mr Daniel de LABAUVE d'ARIFAT already appears in the Directors' profile section.

Jean Noël LENNON

(Chief Operating Officer, Sales, Marketing and Supply Chain department)

Mr Jean Noël LENNON holds a Bachelor degree in Commerce and a Diploma in Sales & Marketing Management. He has accumulated 26 years of continuous employment within the Company and has completed a General Management Program through ESSEC Business School in June 2013.

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 36 years of service within the management team of the Administration and Human Resource Department of the Company.

Hugo VICTOIRE

(Chief Finance Officer)

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 9 years of service within the Company.

Director's induction

An induction program is organised to introduce newly appointed directors to the Group's businesses and Senior Executives. 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.

Assessment of directors

During the year under review, no Board evaluation has been 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.

Board meetings

The Board meetings are held once each quarter and at any additional times as the Company requires. Decisions taken between meetings are confirmed by way of resolutions in writing, agreed and signed by all directors then entitled to receive notice.

The Board meetings are conducted in accordance with the Company's Constitution and the Mauritius Companies Act 2001 and are convened by giving appropriate notice to the directors. Detailed agenda, as determined by the Chairman, together with other supporting documents are circularised in advance to the directors to enable them to make focused and informed deliberations at Board meetings. To address specific urgent business needs, meetings are at times called at shorter notice. Furthermore, the directors have the right to request independent professional advice at PNL's expense.

A quorum of five (5) directors is currently required for a Board Meeting of PNL and in case of equality of votes, the Chairman has a casting vote.

A director of PNL, who has declared his interest, shall not vote on any matter relating to transaction or proposed transaction in which he is interested and shall not be counted in the quorum present for the purpose of that decision.

During the year under review, the Board met four (4) times with an attendance rate of 75%. Decisions were also taken by way of resolutions in writing, agreed and signed by all directors then entitled to receive notice of the meeting.

The minutes of proceedings of each Board meeting are recorded by the Company Secretary and are entered in the Minutes Book of the Company. The minutes of each Board meeting are submitted for confirmation at its next meeting and these are then signed by the Chairman and the Company Secretary.

Board committees

In line with the Code and in order to facilitate effective management, the following Group Board Committees have been established by the Board. These committees operate within defined Terms of Reference and independently to the Board.

The Chairman of the Board Committees report on the proceedings of the Committees at each Board meeting of the Company and the Committees regularly recommend actions to the Board.

The Company Secretary acts as secretary to the Board Committees.

The Board Committees are authorised to obtain, at the Company's expense, professional advice both within and outside the Company in order for them to perform their duties.

Board committees (continued)

Leal Group Corporate Governance Committee

The composition of the Leal Group Corporate Governance Committee has remained unchanged during the year under review. At the date of this report, the membership of the said Committee is as follows:

Members	Category
Jean Marie Eugène GREGOIRE - *Chairman*	Independent Non-Executive Director of Leal & Co. Ltd
Marie Joseph Jean Paul CHASTEAU DE BALYON	Independent Non-Executive Director
Marie Louis Désiré René France DUCASSE	Independent Non-Executive Director of Leal & Co. Ltd
Gérald LINCOLN	Independent Non-Executive Director of Leal & Co. Ltd
In attendance (when deemed appropriate)	
Eric Michel Georges LEAL	Group Chairman, Executive Director and Chief Executive Officer of Leal & Co. Ltd
Daniel de LABAUVE d'ARIFAT	Chief Executive Officer - Executive Director of Pharmacie Nouvelle Limited
Joseph Jacques Vivian COLLET-SERRET	Deputy Chief Executive Officer of Leal & Co. Ltd - Non-Executive Director of Pharmacie Nouvelle Limited

The Leal Group Corporate Governance Committee operates under the Terms of Reference approved by the Board and a quorum of two (2) members is currently required for a meeting of the said Committee.

In accordance with its Terms of Reference, the Leal Group Corporate Governance Committee 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 performs the duties of the Nomination and Remuneration Committee. In its role as Remuneration Committee, the Leal Group Corporate Governance Committee determines and develops the Company's and Group's general policy on executive and senior management remuneration and makes recommendations to the Board on all the essential components of remuneration whilst determining the adequate remuneration to be paid to Directors and senior Management. In its role as Nomination Committee, the said Group Committee reviews the structure, size and composition of the Board, identifies and makes recommendations to the Board on matters relating to appointment or re-appointment of directors and succession plans for directors whilst assessing the independence of the Independent Non-Executive Directors.

The Leal Group Corporate Governance Committee met two (2) times during the year under review with an attendance rate of 75%.

The said Group Committee, which reviewed and approved the present corporate governance section on 22 September 2015, confirms that it has met its responsibilities for the year under review, in compliance with its terms of reference.

Board committees (continued)

Leal Group Audit and Risk Committee

The composition of the Leal Group Audit & Risk Committee has remained unchanged during the year under review. At the date of this report, the membership of the said Committee is as follows:

Members	Category
Virrsing RAMDENY - *Chairman*	Independent Non-Executive Director of Leal & Co. Ltd
Marie Louis Désiré René France DUCASSE	Independent Non-Executive Director of Leal & Co. Ltd
Jean Marie Eugène GREGOIRE	Independent Non-Executive Director of Leal & Co. Ltd
Désiré Pierre Ariste Maxime REY	Independent Non-Executive Director
In attendance (when deemed appropriate)	
Eric Michel Georges LEAL	Group Chairman, Executive Director and Chief Executive Officer of Leal & Co. Ltd
Daniel de LABAUVE d'ARIFAT	Chief Executive Officer - Executive Director of Pharmacie Nouvelle Limited
Joseph Jacques Vivian COLLET-SERRET	Deputy Chief Executive Officer of Leal & Co. Ltd - Non-Executive Director
Hugo VICTOIRE	Chief Finance Officer of Pharmacie Nouvelle Limited
Yousouf REHMALLY	Group Chief Finance Officer of Leal & Co. Ltd
PriceWaterhouseCoopers	Internal Auditors

The Leal Group Audit & Risk Committee operates under the Terms of Reference approved by the Board of Directors.

The Board is of the view that the members of the Leal Group Audit & Risk Committee have sufficient financial management expertise and experience to discharge their responsibilities properly, and a quorum of two (2) members is currently required for a meeting of the said Committee.

The Leal Group Audit and Risk Committee is governed by an Audit Charter and is responsible to assist the Board in fulfilling its financial reporting responsibilities. The Committee also reviews the financial reporting process, the internal control system and the management of risks. The Committee is also responsible for the appointment of internal and external auditors.

The Leal Group Audit and Risk Committee met nine (9) times during the year under review with an attendance rate of 94%.

The said Group Committee met on 22 September 2015 to recommend to the Board the approval of the annual financial statements at 30 June 2015 and the relevant abridged audited consolidated results for publication.

The Leal Group Audit and Risk Committee confirms that it has fulfilled its responsibilities for the year under review, in accordance with its Terms of Reference.

Internal audit function

Internal Control and Risk Management

The Company recognises that proper risk management and internal control help organisations understand the risks they are exposed to, put controls in place to counter threats, and effectively pursue their objectives. They are therefore an important aspect of an organisation's governance, management, and operations.

Internal audit function (continued)

Internal Control and Risk Management (continued)

The Board has delegated to the Audit & Risk Committee (AC) its overall responsibility to translate its vision on risks management. The AC reviews the risks philosophy, strategy and policies recommended by management. Compliance with policies and procedures is constantly monitored.

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 2014–2015

For the financial year end 2015, PwC carried out four internal audit assignments. The assignments were performed in accordance to the 3-year internal audit plan that was presented to and approved by the Group Audit & Risk Committee in 2013.

The following areas were audited from July 2014 to June 2015:

- Stock management;
- Fleet management and distribution;
- Navision upgrade review; and
- Contract management.

As a follow-up of the risk assessment workshop carried out last year, PwC assisted the different risk owners with the updating of the risk registers with details of action plans for mitigating existing risks.

Management monitors risks in the day-to-day operations and the most important ones are listed hereunder:

Financial risk

Financial risk is the risk that cash flows and financial risks are not managed cost-effectively to (a) maximize cash availability, (b) reduce uncertainty of currency, interest rate, credit and other financial risks, or (c) move cash funds quickly and without loss of value to wherever they are needed most.

Strategic risk

Strategic risk is 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.

Integrity risk

Integrity risk is the risk associated with the authorization, completeness and accuracy of transactions as they are entered into, processed by, summarized by and reported by the various application systems deployed by the firm.

Operational risk

Operational risk is 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.

Internal audit function (continued)

Information system and information security risk

Information system and information security risk is 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.

Human capital risk

Human capital risk is 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.

Environment risk (Legal and Regulatory)

Environmental risk is 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.

Board structure and attendance

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

Directors	Category	Board Meetings	Leal Group Audit & Risk Committee	Leal Group Corporate Governance Committee
Eric Michel Georges LEAL - ***Executive Chairman***	ED	4 out of 4	*6 out of 9	*2 out of 2
Daniel de LABAUVE d'ARIFAT - ***Chief Executive Officer***	ED	4 out of 4	*6 out of 6	*2 out of 2
Virrsing RAMDENY	NED	4 out of 4	9 out of 9	
Jean Marie Eugène GREGOIRE	NED	4 out of 4	8 out of 9	2 out of 2
Marie Joseph Jean Paul CHASTEAU DE BALYON *(Director and Alternate to Mr Jean Marie GREGOIRE)*	INED	3 out of 4		1 out of 2
Joseph Jacques Vivian COLLET-SERRET	NED	3 out of 3		*1 out of 2
Marie Louis Désiré René France DUCASSE *(Director and Alternate to Bernard ROCHECOUSTE COLLET)*	NED	3 out of 4	8 out of 9	1 out of 2
Gilbert Patrick Stéphane LEAL	INED	0 out of 4		
Georges LEUNG SHING	INED	2 out of 4		
Marie Octave Regis NICOLIN	INED	4 out of 4		
Désiré Pierre Ariste Maxime REY	INED	3 out of 4	9 out of 9	
Bernard Aimé Jacques ROCHECOUSTE COLLET *(Director and alternate to Marie Louis Désiré René France DUCASSE)*	NED	4 out of 4		
Gérald LINCOLN - ***Independent Director of Leal & Co. Ltd***	-			2 out of 2
In attendance				
Hugo VICTOIRE	-		*5 out of 5	
Yousouf REHMALLY	-		*8 out of 8	
Internal Auditors	-		*4 out of 4	

** In attendance – not a member. Given that the above mentioned Committees are Group Committees, those who were in attendance were present only for meetings for which they were concerned.*

ED: Executive Director
NED: Non-Executive Director
INED: Independent Non-executive Director

Board structure and attendance (continued)

Group Company Secretary

PNL has a service agreement with Navitas Corporate Services Ltd for the provision of company secretarial services.

All Directors have access to the advice and services of the Company Secretary who is responsible for providing detailed guidance to the Chairman and the directors as to their fiduciary duties, responsibilities and powers. The Company Secretary also ensures that the Company is at all times complying with its Constitution, Terms of Reference, applicable laws, rules and regulations.

Moreover, the Company Secretary assists the Chairman and the Board in implementing and strengthening good governance practices and processes with a view to enhance long-term stakeholders' value. The Company Secretary also administers, attends and prepares minutes of all Board meetings, Board Committee meetings and Shareholders' meetings.

The Company Secretary is also the primary channel of communication between the Company and its shareholders as well as the regulatory bodies.

Directors' and officers' liability insurance

A Directors' and Officers' liability insurance policy has been subscribed to by 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:

Directors	Direct Interest %	Indirect Interest %
Eric Michel Georges LEAL	-	19.370
Daniel de LABAUVE d'ARIFAT	-	-
Virrsing RAMDENY	-	2.134
Jean Marie Eugène GREGOIRE	1.874	0.089
Marie Joseph Jean Paul CHASTEAU DE BALYON	-	-
Joseph Jacques Vivian COLLET-SERRET	-	0.164
Marie Louis Désiré René France DUCASSE	0.860	0.274
Gilbert Patrick Stéphane LEAL	0.132	0.456
Georges LEUNG SHING	-	0.217
Marie Octave Regis NICOLIN	0.097	-
Désiré Pierre Ariste Maxime REY	-	-
Bernard Aimé Jacques ROCHECOUSTE COLLET	0.860	0.102
Senior Management Team		
Jean Noël LENNON	0.002	0.002
Lingon VEERASAMY	0.031	0.003
Hugo VICTOIRE	-	-

None of the Directors and Officers had any material interest in the equity of subsidiaries of PNL.

CORPORATE GOVERNANCE REPORT

Board and board committees' fees

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

The Chief Executive Officer has a service contract with the Company with no expiry terms.

The Non-Executive Directors and Independent Non-Executive Directors receive a remuneration consisting of a fixed fee as well as an attendance fee for each Board and Committee meeting attended by them.

The Board of Directors has resolved not to disclose the remuneration paid to directors on an individual basis due to the commercial sensitivity of the information.

For the remuneration and benefits received by the directors from the Company and its subsidiaries as at 30 June 2015, please refer to page 6 of the Annual Report.

Remuneration philosophy

The Board has delegated to the Leal Group Corporate Governance Committee the responsibility of determining the adequate remuneration to be paid to the Executive Chairman of the Board, the Independent Non-Executive Directors, the Non-Executive Directors, the Executive Director, and the senior management staff.

The Group's underlying philosophy is to set remuneration at an appropriate level to retain, motivate and attract high calibre personnel and directors, and to reward them in accordance with their individual as well as collective contribution towards the achievement of the Company's objectives and performance, whilst taking into account current market conditions and/or other factors which may be determined from time to time.

Employee Share Option Plan

PNL has no Employee Share Option Plan.

Related party transactions

For details on Related Party Transactions, please refer to Note 25 of the audited consolidated financial statements.

Corporate Social Responsibility

In line with its continued commitment and responsibility within society, PNL has contributed to the welfare of the community through the Mauritius Employers' Federation(MEF) CSR Fund.

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

- Training & Integration of Persons with Disabilities
- Entrepreneurship and SME Development
- Life Skills and Functional Literacy Training
- Support to Needy Students
- HIV/AIDS
- Youth Empowerment
- Protection & Preservation of the Environment

The associations that were supported were Association des Parents d'Enfants Inadaptée de L'île Maurice (APEIM), Haemophilia Association of Mauritius, Morisyen San Frontyer Charitable Trust, Ti Diams, Positive Approach to Total Health (PATH), E-Inclusion Foundation, Centre d'Education et de Développement pour les Enfants Mauriciens (CEDEM), Mission Verte, and Fondation Solidarité.

Third party management agreement

Save and except for management services rendered by Leal & Co. Ltd to its subsidiary, PNL, there were no agreement between third parties and the Company or its subsidiaries during the year under review.

Donations

Donations made by the Company and its subsidiaries during the years ended 30 June 2015 and 2014 were as follows:

Category	**2015**	2014
	Rs	Rs
Charitable	-	50,000
Non-charitable	-	-

The Corporate Social Responsibility contributions amounting to Rs 1,077,125 (2014: Rs 525,257) are excluded from the above. Political donations for the year under review amounted to Rs 2M.

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, the following events were organised by the Company:

Dates	Details
September 2014	On the World Heart Day, the Company in collaboration with Fortis Clinique Darné has organised *"Dépistage du diabète"* and free counselling
November 2014	Medical tests on blood pressure and blood glucose were carried out at Rotary Club of Rose Belle to raise awareness on diabetes and hypertension
November 2014	Fire Drill was organised at MFD for the Company's employees
February 2015	*"Dépistage du diabète"* exercise was conducted for the Company's employees
April 2015	Free Eye Screening for the Company's employees
June 2015	Fire Training was organised by Ignitech Ltd & First Aid Training was organised by the Mauritius Red Cross Society
August 2015	Free health check up for PNL employees conducted by the Ministry of Health & Quality of Life

Ethics

The Board of Directors 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.

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.

The Company is committed to a policy for fair, honest dealing and integrity in the conduct of its business. This commitment, which is actively endorsed by the Board, is based on a fundamental belief that business should be conducted honestly, fairly and legally.

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 namely **www.pnl.mu**, information is provided to all stakeholders on the activities of the Company, on the latest news and on new products which have been launched.

Shareholders are also invited to attend the Company's Annual Meeting, which remains the ideal forum for discussions with the directors and the management team. The Annual Report, including the Notice of the Annual Meeting of Shareholders, is sent to each shareholder of the Company and the Notice of the Annual Meeting is published in two daily newspapers at least 14 days before the meeting.

Timetable of important events

Month	Events
September 2015	Publication of abridged audited financial statements for the year ended 30 June 2015
November 2015	Publication of 1st quarter results
December 2015	Annual meeting
December 2015	Interim dividend
February 2016	Publication of 2nd quarter results
May 2016	Publication of 3rd quarter results
June 2016	Financial year end
June 2016	Final dividend

Jean Marie GREGOIRE
Chairman of the Leal Group
Corporate Governance Committee

Navitas Corporate Services Ltd
Company Secretary

28 September 2015

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 2015.

Navitas Corporate Services Ltd
Secretary

Registered address:

Navitas House
Robinson Road
Floreal
Republic of Mauritius

28 September 2015

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 2015, 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 94 give a true and fair view of the financial position of the Company and its subsidiaries as at 30 June 2015, 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
Chartered Accountants

K RAMCHURUN, FCCA
Licensed by FRC

28 September 2015

Ebène 72201,
Republic of Mauritius

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

		The Group		The Company	
		2015	2014	**2015**	2014
	Notes	**Rs**	Rs	**Rs**	Rs
ASSETS					
Non-current					
Intangible asset	7	**105,734**	211,469	**105,734**	211,469
Property, plant and equipment	8	**121,235,551**	112,967,709	**119,742,678**	111,693,784
Investment property	9	**85,600,000**	85,600,000	**85,600,000**	85,600,000
Deferred tax assets	21	**6,300,893**	12,044,399	**-**	-
Investments in subsidiaries	10	**-**	-	**49,578,513**	49,578,515
Non-current assets		**213,242,178**	210,823,577	**255,026,925**	247,083,768
Current					
Inventories	11	**332,194,428**	263,775,785	**330,669,709**	253,771,525
Trade and other receivables	12	**412,388,026**	386,262,932	**408,548,046**	380,917,046
Cash and cash equivalents	13	**19,459,406**	13,579,000	**19,145,896**	11,231,737
Current assets		**764,041,860**	663,617,717	**758,363,651**	645,920,308
Total assets		**977,284,038**	874,441,294	**1,013,390,576**	893,004,076
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the parent:					
Stated capital	14	**137,676,614**	137,676,614	**137,676,614**	137,676,614
Revaluation reserves		**42,221,873**	42,221,873	**42,221,873**	42,221,873
Retirement benefit reserves		**(50,198,052)**	(30,381,748)	**(50,198,052)**	(30,381,748)
Retained earnings		**135,650,723**	111,012,243	**164,958,558**	132,999,702
Total equity		**265,351,158**	260,528,982	**294,658,993**	282,516,441

Approved by the Board of Directors on 28 September 2015 and signed on its behalf by:

Eric Michel Georges LEAL
Director and Chairman

Daniel de LABAUVE d'ARIFAT
Director and Chief Executive Officer

Virrsing RAMDENY
Director and Chairman of Group Audit and Risk Committee

The notes on pages 52 to 94 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION - (continued)

as at 30 June 2015

	Notes	The Group 2015 Rs	The Group 2014 Rs	The Company 2015 Rs	The Company 2014 Rs
Liabilities					
Non-current					
Borrowings	15	**76,338,106**	87,079,532	**76,338,106**	87,074,676
Retirement benefit obligations	16	**72,817,934**	50,631,887	**72,817,934**	50,631,887
Deferred tax liabilities	21	**3,024,984**	2,734,286	**3,024,984**	2,734,286
Non-current liabilities		**152,181,024**	140,445,705	**152,181,024**	140,440,849
Current					
Trade and other payables	17	**135,677,071**	138,479,832	**145,164,434**	135,951,975
Borrowings	15	**419,422,724**	330,875,458	**416,734,064**	329,983,494
Current tax liabilities	21	**4,652,061**	4,111,317	**4,652,061**	4,111,317
Current liabilities		**559,751,856**	473,466,607	**566,550,559**	470,046,786
Total liabilities		**711,932,880**	613,912,312	**718,731,583**	610,487,635
Total equity and liabilities		**977,284,038**	874,441,294	**1,013,390,576**	893, 004,076

Approved by the Board of Directors on 28 September 2015 and signed on its behalf by:

Eric Michel Georges LEAL
Director and Chairman

Daniel de LABAUVE d'ARIFAT
Director and Chief Executive Officer

Virrsing RAMDENY
Director and Chairman of Group Audit and Risk Committee

The notes on pages 52 to 94 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 30 June 2015

	Notes	The Group 2015 Rs	The Group 2014 Rs	The Company 2015 Rs	The Company 2014 Rs
Revenue	18	**1,481,490,739**	1,303,739,329	**1,449,596,585**	1,291,086,686
Cost of sales	11	**(1,205,586,381)**	(1,062,436,531)	**(1,174,143,212)**	(1,054,612,155)
Gross profit		**275,904,358**	241,302,798	**275,453,373**	236,474,531
Other income	19	**99,233,908**	91,134,945	**95,552,898**	87,707,487
Distribution costs		**(102,090,198)**	(79,227,812)	**(99,990,396)**	(78,848,917)
Administrative expenses		**(26,045,239)**	(23,318,328)	**(25,435,818)**	(21,766,481)
Employee benefits expense	24	**(131,580,137)**	(125,093,569)	**(131,008,137)**	(120,378,260)
Other expenses		**(33,338,531)**	(35,090,906)	**(31,910,984)**	(31,168,878)
Depreciation and amortisation		**(11,181,099)**	(12,251,803)	**(10,373,718)**	(11,018,838)
Operating profit		**70,903,062**	57,455,325	**72,287,218**	61,000,644
Net foreign exchange gains		**15,389,521**	11,509,852	**14,913,896**	11,530,891
Finance income	20.1	**-**	-	**481,776**	-
Finance costs	20.2	**(28,742,576)**	(31,825,288)	**(28,556,013)**	(31,447,621)
Profit before tax		**57,550,007**	37,139,889	**59,126,877**	41,083,914
Tax expense	21	**(19,386,655)**	(10,935,897)	**(13,643,149)**	(11,003,879)
Profit for the year attributable to the owners of the parent		**38,163,352**	26,203,992	**45,483,728**	30,080,035
Earnings per share	22	**2.82**	1.94	**3.36**	2.22

The notes on pages 52 to 94 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

	The Group		The Company	
	2015	2014	**2015**	2014
	Rs	Rs	**Rs**	Rs
Profit for the year	**38,163,352**	26,203,992	**45,483,728**	30,080,035
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Actuarial losses on defined benefit pension plans	**(19,816,304)**	(7,723,223)	**(19,816,304)**	(7,425,487)
Items that will be reclassified subsequently to profit or loss	**-**	-	**-**	-
Other comprehensive income for the year, net of tax	**(19,816,304)**	(7,723,223)	**(19,816,304)**	(7,425,487)
Total comprehensive income for the year attributable to owners of the parent company	**18,347,048**	18,480,769	**25,667,424**	22,654,548

The notes on pages 52 to 94 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

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 2014	**137,676,614**	**42,221,873**	**(30,381,748)**	**111,012,243**	**260,528,982**
Dividends (Note 23)	-	-	-	(13,524,872)	(13,524,872)
Transactions with owners	-	-	-	(13,524,872)	(13,524,872)
Profit for the year	-	-	-	38,163,352	38,163,352
Other comprehensive income	-	-	(19,816,304)	-	(19,816,304)
Total comprehensive income for the year	-	-	(19,816,304)	38,163,352	18,347,048
Balance at 30 June 2015	**137,676,614**	**42,221,873**	**(50,198,052)**	**135,650,723**	**265,351,158**
Balance at 01 July 2013	**137,676,614**	**42,221,873**	**(22,658,525)**	**98,333,123**	**255,573,085**
Dividends (Note 23)	-	-	-	(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**

The notes on pages 52 to 94 form an integral part of these consolidated financial statements.

The Company

	Stated capital Rs	Revaluation reserves Rs	Retirement benefit reserves Rs	Retained earnings Rs	Total Rs
Balance at 01 July 2014	**137,676,614**	**42,221,873**	**(30,381,748)**	**132,999,702**	**282,516,441**
Dividends (Note 23)	-	-	-	(13,524,872)	(13,524,872)
Transactions with owners	-	-	-	(13,524,872)	(13,524,872)
Profit for the year	-	-	-	45,483,728	45,483,728
Other comprehensive income	-	-	(19,816,304)	-	(19,816,304)
Total comprehensive income for the year	-	-	(19,816,304)	45,483,728	25,667,424
Balance at 30 June 2015	**137,676,614**	**42,221,873**	**(50,198,052)**	**164,958,558**	**294,658,993**
Balance at 01 July 2013	**137,676,614**	**42,221,873**	**(22,956,261)**	**116,444,539**	**273,386,765**
Dividends (Note 23)	-	-	-	(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**

The notes on pages 52 to 94 form an integral part of these consolidated financial statements.

	The Group 2015 Rs	The Group 2014 Rs	The Company 2015 Rs	The Company 2014 Rs
Operating activities				
Profit before tax	**57,550,007**	37,139,889	**59,126,877**	41,083,914
Adjustments for:				
Finance costs	**28,742,576**	31,825,288	**28,556,013**	31,447,621
Finance income	**-**	-	**(481,776)**	-
(Gain)/loss on disposal of property, plant and equipment	**256,700**	(3,998,930)	**370,595**	198,080
Depreciation and amortisation	**11,181,099**	12,251,803	**10,373,718**	11,018,838
Change in fair value of investment property	-	**-**	-	-
Loss on write off of property, plant and equipment	**11,995**	658,318	**-**	-
Impairment losses	**-**	-	**2**	1,212,981
Retirement benefit obligations	**2,369,743**	1,285,793	**2,369,743**	1,388,986
Non-cash flow adjustments	**42,562,113**	42,022,272	**41,188,295**	45,266,506
Changes in working capital:				
Increase in trade and other receivables	**(26,125,094)**	(44,515,612)	**(27,631,000)**	(38,605,163)
(Increase)/decrease in inventories	**(68,418,643)**	25,170,365	**(76,898,184)**	20,828,045
(Decrease)/increase in trade and other payables	**(2,802,761)**	39,088,215	**9,212,459**	32,662,592
Net changes in working capital	**(97,346,498)**	19,742,968	**(95,316,725)**	14,885,474
Cash from operations	**2,765,622**	98,905,129	**4,998,447**	101,235,894
Interest paid	**(28,742,576)**	(31,530,455)	**(28,556,013)**	(31,447,621)
Taxes paid	**(12,811,707)**	(5,981,473)	**(12,811,707)**	(5,981,473)
Net cash (used in)/from operating activities	**(38,788,661)**	61,393,201	**(36,369,273)**	63,806,800
Investing activities				
Interest received	**-**	-	**481,776**	-
Purchase of property, plant and equipment	**(22,745,152)**	(8,835,411)	**(21,645,724)**	(8,495,114)
Proceeds from disposal of property, plant and equipment	**3,133,251**	9,561,890	**2,958,252**	453,913
Net cash (used in)/from investing activities	**(19,611,901)**	726,479	**(18,205,696)**	(8,041,201)
Financing activities				
Proceeds/(repayment) from bank and import loans	**102,964,957**	(6,767,875)	**102,964,957**	(6,473,042)
Net repayment of finance leases	**4,457,633**	(2,332,091)	**5,349,596**	(932,607)
Dividends paid	**(13,524,872)**	(13,524,872)	**(13,524,872)**	(13,524,872)
Net cash from/(used in) financing activities	**93,897,718**	(22,624,838)	**94,789,681**	(20,930,521)
Net change in cash and cash equivalents	**35,497,156**	39,494,842	**40,214,712**	34,835,078
Cash and cash equivalents, beginning of year	**(123,938,093)**	(163,432,935)	**(126,285,356)**	(161,120,434)
Cash and cash equivalents, end of year	**(88,440,937)**	(123,938,093)	**(86,070,644)**	(126,285,356)
Cash and cash equivalents made up of:				
Cash in hand and cash at bank (Note 13)	**19,459,406**	13,579,000	**19,145,896**	11,231,737
Bank overdrafts (Note 15)	**(107,900,343)**	(137,517,093)	**(105,216,540)**	(137,517,093)
	(88,440,937)	(123,938,093)	**(86,070,644)**	(126,285,356)

The notes on pages 52 to 94 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 Michael Leal Avenue, 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 engage in retail of liquor and alcoholic products;

(iii) to act as general retailer for foodstuff and non foodstuff;

(iv) to act as merchant/wholesale dealer; and

(v) to manufacture cosmetics.

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 2014

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 2014:

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)
IFRIC 21	Levies
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)
Various	Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycles

The directors have assessed the impact of these revised standards and amendments and concluded that none of them have an impact on the disclosures of these financial statements.

2 APPLICATION OF NEW AND REVISED IFRS (continued)

2.1 New and revised standards that are effective for annual periods beginning on 01 July 2014 (continued)

In the prior year, IAS 19, *Employee Benefits,* was mandatory for the first time and was applied retrospectively in accordance with the transitional provisions of the IAS. Consequently, the Group 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 16).

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.

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 (2014)
IFRS 15	Revenue from Contracts with Customers
IAS 1	Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)
IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
IFRS 14	Regulatory Deferral Accounts
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
IAS 27	Equity Method in Separate Financial Statements (Amendments to IAS 27)
IAS 16 and IAS 41	Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
IFRS for SMEs	Amendments to the International Financial Reporting Standard for Small and Medium Sized Entities
Various	Annual Improvements to IFRSs 2011-2014 Cycles

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 expects that IFRS 9 and IFRS 15 will have an impact on the consolidated financial statements as detailed below:

IFRS 9 'Financial Instruments' (2014)

The IASB recently released IFRS 9 '*Financial Instruments' (2014)*, representing the completion of its project to replace IAS 39 '*Financial Instruments: Recognition and Measurement*'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

Management has not yet started to assess the impact of IFRS 9 and is not in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Group's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed;
- an expected credit loss-based impairment will need to be recognised on the Group's trade receivables, unless classified as at fair value through profit or loss in accordance with the new criteria.

IFRS 9 is effective for annual reporting periods beginning on or after 01 January 2018.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 '*Revenue*', IAS 11 '*Construction Contracts*', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018.

Management has not yet started to assess the impact of IFRS 15 and is not in a position to provide quantified information.

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 2015. 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.

3 SUMMARY OF ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

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.

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

3 SUMMARY OF ACCOUNTING POLICIES (continued)

3.3 Property, plant and equipment (continued)

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".

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 SUMMARY OF ACCOUNTING POLICIES (continued)

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.

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.The Group has inventory management in place overseeing and controlling the inventory movement and also the storage of its products. Where necessary, provision is made for obsolete and slow moving inventories.

3.8 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.

3.9 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 maturing within 90 days from the date of acquisition 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.

3.10 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.

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 SUMMARY OF ACCOUNTING POLICIES (continued)

3.11 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 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.

3.12 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.

3.13 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.

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.

3 SUMMARY OF ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

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, other receivables (excluding prepayments and advance payments) and cash and cash equivalents 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.

3.14 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.*

3.15 Revenue

Revenue comprises revenue from the sale of goods. Revenue from major products is shown in Note 18.

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.

3 SUMMARY OF ACCOUNTING POLICIES (continued)

3.15 Revenue (continued)

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.

3.16 Operating expenses

Operating expenses are recognised in the statement of profit or loss upon utilisation of the service or as incurred.

3.17 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'.

3.18 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.

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.

3.19 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 SUMMARY OF ACCOUNTING POLICIES (continued)

3.20 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.

3.21 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.

3.22 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.

3.23 Comparatives

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

3.24 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.

3 SUMMARY OF ACCOUNTING POLICIES (continued)

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

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.

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	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
Financial assets				
Loans and receivables:				
Current				
Trade and other receivables*	**367,161,847**	329,703,242	**363,808,840**	326,266,832
Cash and cash equivalents	**19,459,406**	13,579,000	**19,145,896**	11,231,737
Total financial assets	**386,621,253**	343,282,242	**382,954,736**	337,498,569

4 FINANCIAL INSTRUMENT RISK (continued)

Risk management objectives and policies (continued)

Financial assets and financial liabilities

	The Group		The Company	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
Financial liabilities				
Financial liabilities measured at amortised cost:				
Non-current				
Borrowings	**76,338,106**	87,079,532	**76,338,106**	87,074,676
Current				
Trade and other payables**	**135,664,611**	138,392,083	**145,164,434**	135,951,975
Borrowings	**419,422,724**	330,875,458	**416,734,064**	329,983,494
Total financial liabilities	**631,425,441**	556,347,073	**638,236,604**	553,010,145

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

*** Trade and other payables considered as financial liabilities exclude TDS payable*

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.

4 FINANCIAL INSTRUMENT RISK (continued)

Risk management objectives and policies (continued)

4.1 Market risk analysis (continued)

Foreign currency sensitivity (continued)

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	
	2015	2014	**2015**	2014
	Rs	Rs	**Rs**	Rs
MUR	**350,130,109**	302,482,465	**346,508,517**	296,742,877
EUR	**28,999,626**	36,595,226	**28,984,090**	36,577,409
USD	**3,315,770**	1,667,105	**3,286,381**	1,640,837
ZAR	**4,163,850**	2,526,436	**4,163,850**	2,526,436
GBP	**11,898**	11,010	**11,898**	11,010
	386,621,253	343,282,242	**382,954,736**	337,498,569

Financial liabilities

	The Group		The Company	
	2015	2014	**2015**	2014
	Rs	Rs	**Rs**	Rs
MUR	**572,886,201**	392,427,640	**581,082,286**	389,479,484
EUR	**23,488,552**	82,511,259	**23,488,552**	82,511,259
USD	**19,128,166**	41,733,034	**19,128,166**	41,733,034
ZAR	**15,781,875**	35,953,020	**14,396,953**	35,564,248
GBP	**140,647**	3,722,120	**140,647**	3,722,120
	631,425,441	556,347,073	**638,236,604**	553,010,145

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, ZAR/MUR and GBP/MUR exchange rates "all other things being equal".

It assumes the following changes in exchanges rates for the year ended 30 June 2015, 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.

	2015	2014
EUR/MUR	**4.00%**	0.44%
USD/MUR	**16.79%**	1.92%
GBP/MUR	**8.05%**	5.35%
ZAR/MUR	**0.34%**	7.55%

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.

4 FINANCIAL INSTRUMENT RISK (continued)

Risk management objectives and policies (continued)

4.1 Market risk analysis (continued)

Foreign currency sensitivity (continued)

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

Profit & Equity

	The Group		The Company	
	2015	2014	**2015**	2014
	Rs	Rs	**Rs**	Rs
EUR	**220,216**	(200,950)	**219,595**	(201,028)
USD	**(2,655,658)**	(768,037)	**(2,660,594)**	(768,541)
GBP	**(10,366)**	(198,455)	**(10,366)**	(198,455)
ZAR	**(39,517)**	(2,522,761)	**(34,806)**	(2,493,420)
Total	**(2,485,325)**	(3,690,203)	**(2,486,171)**	(3,661,444)

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

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	
		2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
		RS	RS	**RS**	RS	**RS**	RS	**Rs**	Rs
	<u>**Outstanding contracts:**</u>								
4.1.1	Buy EUR Currency								
	Less than 3 months	**39.30**	41.36	**910,000**	610,000	**35,763,000**	25,224,300	**36,490,090**	25,475,480
4.1.2	Buy ZAR Currency								
	Less than 3 months	**2.89**	2.84	**1,900,000**	500,000	**5,482,900**	1,418,500	**5,605,000**	1,470,000
4.1.3	Buy USD Currency								
	Less than 3 months	**35.26**	-	**348,000**	-	**12,269,140**	-	**12,477,888**	-
						53,515,040	26,642,800	**54,572,978**	26,945,480

During the year ended 30 June 2015, 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 1,057,938 for the year under review (30 June 2014: Rs 302,680).

Interest rate sensitivity

At 30 June 2015, 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.

4 FINANCIAL INSTRUMENT RISK (continued)

Risk management objectives and policies (continued)

4.1 Market risk analysis (continued)

Foreign currency sensitivity (continued)

Interest rate sensitivity analysis

The following table illustrates the sensitivity of profit and equity to reasonably possible change in interest rates of +/- 1% (2014: +/-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 2015	**(4,957,608)**	**4,957,608**
At 30 June 2014	(4,069,550)	4,069,550

The Company	Profit for the year and equity Rs	
	+1%	-1%
At 30 June 2015	**(4,930,722)**	**4,930,722**
At 30 June 2014	(4,060,582)	4,060,582

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	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
Trade and other receivables	**367,161,847**	329,703,242	**363,808,840**	326,266,832
Cash and cash equivalents	**19,459,406**	13,579,000	**19,145,896**	11,231,737
	386,621,253	343,282,242	**382,954,736**	337,498,569

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.

4 FINANCIAL INSTRUMENT RISK (continued)

Risk management objectives and policies (continued)

4.2 Credit risk analysis (continued)

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	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
More than 90 days but less than 180 days	**28,378,311**	22,153,945	**27,622,383**	19,594,527
More than 180 days	**44,407,208**	27,682,317	**40,782,766**	25,336,550
Total	**72,785,519**	49,836,262	**68,405,149**	44,931,077

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.

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.

4 FINANCIAL INSTRUMENT RISK (continued)

Risk management objectives and policies (continued)

4.3 Liquidity risk analysis (continued)

As at 30 June 2015, 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 2015				
Trade and other payables	**135,664,611**	**135,664,611**	**135,664,611**	**-**
Bank overdrafts	**107,900,343**	**107,900,343**	**107,900,343**	**-**
Bank loans	**207,312,556**	**221,015,270**	**147,539,615**	**73,475,655**
Obligations under finance leases	**13,698,477**	**15,906,870**	**4,936,071**	**10,970,799**
Import loans	**166,849,454**	**166,849,454**	**166,849,454**	**-**
	631,425,441	**647,336,548**	**562,890,094**	**84,446,454**
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

The Company	Carrying amount Rs	Contractual cash flows Rs	Less than 1 year Rs	More than 1 year Rs
At 30 June 2015				
Trade and other payables	**145,164,434**	**145,164,434**	**145,164,434**	**-**
Bank overdrafts	**105,216,540**	**105,216,540**	**105,216,540**	**-**
Bank loans	**207,312,556**	**221,015,270**	**147,539,615**	**73,475,655**
Obligations under finance leases	**13,693,620**	**15,902,013**	**4,931,214**	**10,970,799**
Import loans	**166,849,454**	**166,849,454**	**166,849,454**	**-**
	638,236,604	**654,147,711**	**569,701,257**	**84,446,454**
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

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 2014 and 30 June 2015:

30 June 2015	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
The Group and the Company				
Asset				
Forward exchange contracts	-	**1,057,938**	-	**1,057,938**

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

There were no transfers between Level 1 and Level 2 in 2014 and 2015.

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.

30 June 2015	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
Property and equipment				
Land and building	-	-	**75,982,755**	**75,982,755**
Investment property				
Land and building	-	-	**85,600,000**	**85,600,000**

30 June 2014	Level 1 Rs	Level 2 Rs	Level 3 Rs	Total Rs
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 2014	**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	-	-
Additions during the year	**2,133,257**	-
Depreciation charge for the year	**(940,505)**	-
	75,982,755	**85,600,000**
Total amount included in profit or loss for unrealised gains on Level 3 assets	-	-

5 FAIR VALUE MEASUREMENT (continued)

5.3 Fair value measurement of non-financial assets (continued)

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

Other non-financial assets include intangible assets, deferred tax assets, investments in subsidiaries, advance payments to suppliers, Value Added Tax (VAT) receivable, prepayments, inventories and non-financial liabilities include VAT and TDS payable. For these non-financial instruments, 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.

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	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
Total borrowings (Note 15)	**495,760,830**	417,954,990	**493,072,170**	417,058,170
Less: cash and cash equivalents (Note 13)	**(19,459,406)**	(13,579,000)	**(19,145,896)**	(11,231,737)
Net debt	**476,301,424**	404,375,990	**473,926,274**	405,826,433
Total equity	**265,351,158**	260,528,982	**294,658,993**	282,516,441
Total capital	**741,652,582**	664,904,972	**768,585,267**	688,342,874
Gearing ratio (%)	**64%**	61%	**62%**	59%

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 2014 and 30 June 2015	**634,410**
Amortisation	
Balance at 01 July 2014	**(422,941)**
Amortisation during the year	**(105,735)**
Balance at 30 June 2015	**(528,676)**
Carrying amount at 30 June 2015	**105,734**
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

8 PROPERTY, PLANT AND EQUIPMENT

8.1 The Group

	Freehold land Rs	Buildings Rs	Motor vehicles Rs	Furniture, computer & equipment Rs	Total Rs
Gross carrying amount					
At 01 July 2014	30,900,000	44,891,999	51,965,040	133,548,895	261,305,934
Additions	-	2,133,257	10,053,200	10,558,695	22,745,152
Disposals	-	-	(15,221,213)	(305,525)	(15,526,738)
Scrapped	-	-	-	(23,605,680)	(23,605,680)
Balance at 30 June 2015	30,900,000	47,025,256	46,797,027	120,196,385	244,918,668
Depreciation					
At 01 July 2014	-	1,001,996	35,861,110	111,475,119	148,338,225
Charge for the year	-	940,505	3,451,152	6,683,707	11,075,364
Disposals	-	-	(11,892,369)	(244,418)	(12,136,787)
Scrapped	-	-	-	(23,593,685)	(23,593,685)
Balance at 30 June 2015	-	1,942,501	27,419,893	94,320,723	123,683,117
Carrying amount 30 June 2015	**30,900,000**	**45,082,755**	**19,377,134**	**25,875,662**	**121,235,551**

8 PROPERTY, PLANT AND EQUIPMENT (continued)

8.1 The Group

	Freehold land Rs	Buildings Rs	Motor vehicles Rs	Furniture, computer & 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)
Scrapped	-	-	-	(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)
Scrapped	-	-	-	(474,737)	(474,737)
Balance at 30 June 2014	-	1,001,996	35,861,110	111,475,119	148,338,225
Carrying amount 30 June 2014	**30,900,000**	**43,890,003**	**16,103,930**	**22,073,776**	**112,967,709**

8.2 The Company

	Freehold land Rs	Buildings Rs	Motor vehicles Rs	Furniture, computer & equipment Rs	Total Rs
Gross carrying amount					
At 01 July 2014	30,900,000	44,891,999	49,206,648	101,361,685	226,360,332
Additions	-	2,133,257	10,053,200	9,459,267	21,645,724
Disposals	-	-	(15,221,213)	-	(15,221,213)
Scrapped	-	-	-	(23,605,680)	(23,605,680)
Balance at 30 June 2015	30,900,000	47,025,256	44,038,635	87,215,272	209,179,163
Depreciation					
At 01 July 2014	-	1,001,996	33,490,132	80,174,420	114,666,548
Charge for the year	-	940,505	3,081,015	6,246,463	10,267,983
Disposals	-	-	(11,892,366)	-	(11,892,366)
Scrapped	-	-	-	(23,605,680)	(23,605,680)
Balance at 30 June 2015	-	1,942,501	24,678,781	62,815,203	89,436,485
Carrying amount 30 June 2015	**30,900,000**	**45,082,755**	**19,359,854**	**24,400,069**	**119,742,678**

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8 PROPERTY, PLANT AND EQUIPMENT (continued)

8.2 The Company

	Freehold land Rs	Buildings Rs	Motor vehicles Rs	Furniture, computer & equipment Rs	Total Rs
Gross carrying amount					
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					
30 June 2014	**30,900,000**	**43,890,003**	**15,716,516**	**21,187,265**	**111,693,784**

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	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
Cost	**24,512,536**	22,379,279	**24,287,536**	22,154,279
Accumulated depreciation	**(5,837,801)**	(4,612,174)	**(5,094,525)**	(4,608,774)
Carrying amount	**18,674,735**	17,767,105	**19,193,011**	17,545,505

8.4 Assets held under finance leases comprise the followings:

	The Group		The Company	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
8.4.1 **Motor vehicles**				
Cost	**16,857,701**	22,025,714	**15,952,151**	21,120,164
Accumulated depreciation	**(7,476,425)**	(6,809,984)	**(6,887,817)**	(6,221,376)
Carrying amount	**9,381,276**	15,215,730	**9,064,334**	14,898,788

8 PROPERTY, PLANT AND EQUIPMENT (continued)

	The Group		The Company	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
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

	2015 Rs	2014 Rs
Carrying amount at 01 July	**85,600,000**	85,600,000
Change in fair value	**-**	-
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.

9.2 The Company's rental income for the year under review amounted to **Rs 4,717,060** (30 June 2014: Rs 4,687,640) and are included within "Other Income". During the year under review, the tenants incurred operating expenses towards the investment property.

9.3 Investment property has been pledged as security for borrowings.

10 INVESTMENTS IN SUBSIDIARIES

10.1 Unquoted and at cost/carrying amount

	The Company	
	2015 Rs	2014 Rs
Balance at 01 July	**49,578,515**	50,791,496
Impairment losses during the year	**(2)**	(1,212,981)
Balance at 30 June	**49,578,513**	49,578,515

10 INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of subsidiaries	Principal activities	% holding	Carrying amount 2015 Rs	Carrying amount 2014 Rs	Cost 2015 Rs	Cost 2014 Rs
Compagnie Manufacturière de Produits Cosmétiques Limitée ("COMANU LTEE")	Manufacturing of cosmetics	100	**10,936,800**	10,936,800	**10,936,800**	10,936,800
Océan Indien Distribution (Ile Maurice) Ltée ("OID LTEE")	General retailing business	100	**38,641,713**	38,641,713	**38,641,713**	38,641,713
Compagnie Mauricienne d'Exportation Limited ("COMEX LTD")	Note 10.5	100	-	1	-	1,043,500
Distrimed Ltée	Note 10.5	100	-	1	-	1,600,000
			49,578,513	49,578,515	**49,578,513**	52,222,013

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

10.4 The proportion of the voting rights in the subsidiary undertakings held directly by the Company does not differ from the proportion of ordinary shares/equity instruments held. The Company has invested an amount of Rs 38,641,713 as capital contribution in OID LTEE (2014: Rs 38,641,713).

10.5 During the year ended 30 June 2015, COMEX LTD and Distrimed Ltd have ceased to operate and have obtained the required clearance from the regulatory authorities to be removed from the Register of Companies under Section 309 (1) (d) of the Companies Act 2001. Consequently an amount of Rs 2 was written off in respect of these investments in these financial statements.

10.6 The directors have assessed the recoverable amounts of the investments in COMANU LTEE and OID LTEE and confirmed that these investments have not suffered any impairment in value.

11 INVENTORIES

	The Group		The Company	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
Raw materials	**3,188,586**	13,869,265	**-**	-
Finished goods	**336,305,888**	268,964,679	**334,085,993**	265,764,266
	339,494,474	282,833,944	**334,085,993**	265,764,266
Less provision for write down of inventories	**(7,300,046)**	(19,058,159)	**(3,416,284)**	(11,992,741)
	332,194,428	263,775,785	**330,669,709**	253,771,525

11 INVENTORIES (continued)

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

	The Group		The Company	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
Cost of inventories recognised as an expense	**1,205,586,381**	1,062,436,531	**1,174,143,212**	1,054,612,155

12 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
Trade receivables, gross	**369,439,539**	327,311,000	**362,334,314**	319,088,488
Allowance for credit losses (Note 12.4)	**(16,061,513)**	(7,121,938)	**(14,522,269)**	(6,146,011)
Trade receivables, net of allowances for credit losses	**353,378,026**	320,189,062	**347,812,045**	312,942,477
Due from the subsidiaries (Note 12.2 and Note 25)	**-**	-	**3,198,686**	3,996,147
Due from the substantial shareholder (Note 25)	**93,510**	195,069	**93,510**	195,069
Due from related companies (Note 25)	**1,785,142**	1,433,950	**1,785,142**	1,433,950
Other receivables	**14,104,395**	12,029,680	**12,664,808**	10,014,210
Advance payments to suppliers	**40,508,568**	47,716,492	**40,508,568**	47,716,492
Prepayments	**2,518,385**	4,698,679	**2,485,287**	4,618,701
	412,388,026	386,262,932	**408,548,046**	380,917,046

12.1 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.

12.2 The directors have assessed the recoverable amounts of these receivables from subsidiaries and confirmed that these receivables have not impaired at the reporting date. In the prior year, an amount of Rs 49,865 receivable from Distrimed Ltee was impaired and consequently written off.

The amounts receivable from the subsidiaries are unsecured, carries interest at 6.50% per annum and is receivable on demand.

	The Company	
	2015 Rs	2014 Rs
Balance at 01 July	**3,996,147**	8,160,772
Funds received during the year	**26,234,767**	23,468,807
Repayment during the year	**(27,032,228)**	(27,583,567)
Amounts written off	**-**	(49,865)
Balance at 30 June	**3,198,686**	3,996,147

12 TRADE AND OTHER RECEIVABLES (continued)

12.3 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.

12.4 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 16,061,513** (2014: Rs 7,121,938) has been recorded accordingly within "Other expenses".

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

	The Group		The Company	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
Balance at 01 July	**7,121,938**	5,737,044	**6,146,011**	5,335,297
Impairment loss	**10,198,932**	2,599,867	**9,635,615**	2,025,687
Amounts written off	**(1,259,357)**	(1,214,973)	**(1,259,357)**	(1,214,973)
Balance at 30 June	**16,061,513**	7,121,938	**14,522,269**	6,146,011

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.

13 CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
Cash in hand in:				
MUR	**1,781,593**	3,060,052	**1,776,593**	3,055,052
Cash at bank in:				
MUR	**10,616,720**	2,687,287	**10,353,135**	389,109
EUR	**3,047,497**	6,365,296	**3,031,961**	6,347,479
USD	**1,536,991**	1,212,628	**1,507,602**	1,186,360
GBP	**11,897**	11,010	**11,897**	11,010
ZAR	**2,464,708**	242,727	**2,464,708**	242,727
	19,459,406	13,579,000	**19,145,896**	11,231,737

14 STATED CAPITAL

The Group and the Company

	2015 Rs	2014 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

15 BORROWINGS

	The Group		The Company	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
15.1 **Non-current**				
Bank and other loans (Note 15.2)	**66,666,131**	82,226,784	**66,666,131**	82,226,784
Obligations under finance leases (Note 15.3)	**9,671,975**	4,852,748	**9,671,975**	4,847,892
	76,338,106	87,079,532	**76,338,106**	87,074,676
Current				
Bank overdrafts	**107,900,343**	137,517,093	**105,216,540**	137,517,093
Bank and other loans (Note 15.2)	**140,646,425**	71,359,859	**140,646,425**	71,359,859
Obligations under finance leases (Note 15.3)	**4,026,502**	4,388,096	**4,021,645**	3,496,132
Import loans	**166,849,454**	117,610,410	**166,849,454**	117,610,410
	419,422,724	330,875,458	**416,734,064**	329,983,494
Total borrowings	**495,760,830**	417,954,990	**493,072,170**	417,058,170

	The Group		The Company	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
15.2 **Bank and other loans**				
Repayable by instalments				
- within one year	**140,646,425**	71,359,859	**140,646,425**	71,359,859
- after one year and before five years	**66,666,131**	82,226,784	**66,666,131**	82,226,784
	207,312,556	153,586,643	**207,312,556**	153,586,643

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

15.2.2 The rates of interest vary between 4.50 % and 8.50 % per annum (2014: 5.50 % and 8.40% per annum).

15 BORROWINGS (continued)

	The Group		The Company	
	2015	2014	**2015**	2014
	Rs	Rs	**Rs**	Rs
15.3 Obligations under finance leases				
Finance lease liabilities				
Minimum lease payments				
Not later than 1 year	**4,936,071**	5,009,964	**4,931,214**	4,080,131
Later than 1 year and not later than 5 years	**10,970,799**	5,335,418	**10,970,799**	5,330,559
	15,906,870	10,345,382	**15,902,013**	9,410,690
Less future finance charges	**(2,208,393)**	(1,104,538)	**(2,208,393)**	(1,066,666)
Present value of finance lease liabilities	**13,698,477**	9,240,844	**13,693,620**	8,344,024
Representing lease liabilities:				
Repayable within 1 year	**4,026,502**	4,388,096	**4,021,645**	3,496,132
Repayable after more than 1 year	**9,671,975**	4,852,748	**9,671,975**	4,847,892
	13,698,477	9,240,844	**13,693,620**	8,344,024

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.

16 RETIREMENT BENEFIT OBLIGATIONS

The Group and the Company

	2015	2014
	Rs	Rs
Amounts recognised in the statement of financial position		
Present value of funded obligations	**130,306,504**	104,407,343
Fair value of plan assets	**(57,488,570)**	(53,775,456)
Net liability in the statement of financial position	**72,817,934**	50,631,887

16 RETIREMENT BENEFIT OBLIGATIONS (continued)

The Group and the Company

	2015	2014
	Rs	Rs
Movement in liability recognised in the statement of financial position		
Balance as reported at 01 July	**50,631,887**	19,646,814
Effect of adopting IAS 19 (Revised)	**-**	21,976,057
Restated balance at 01 July	**50,631,887**	41,622,871
Total expenses	**8,801,563**	7,460,310
Remeasurement of net defined benefit liability	**19,816,304**	7,723,223
Transfer from COMANU LTEE	**-**	(297,736)
Contributions paid	**(6,431,820)**	(5,876,781)
At 30 June	**72,817,934**	50,631,887

The Group and the Company

	2015	2014
	Rs	Rs
Change in defined benefit obligations		
Present value of defined benefit obligations at 01 July	**(104,407,343)**	(87,495,941)
Current service cost	**(3,875,341)**	(3,417,409)
Interest cost	**(7,934,328)**	(6,817,973)
Actuarial losses	**(19,048,163)**	(6,690,096)
Benefits paid	**4,958,671**	14,076
Present value of defined benefit obligations at 30 June	**(130,306,504)**	(104,407,343)

The Group and the Company

	2015	2014
	Rs	Rs
Change in plan assets		
Fair value of plan assets at 01 July	**53,775,456**	45,873,070
Expected return on plan assets	**3,946,593**	3,597,341
Employer's contribution	**6,431,820**	5,876,781
Scheme expenses	**(242,948)**	(226,127)
Cost of insuring risk benefits	**(695,539)**	(596,142)
Actuarial losses	**(768,141)**	(735,391)
Benefits paid	**(4,958,671)**	(14,076)
Fair value of plan assets at 30 June	**57,488,570**	53,775,456

16 RETIREMENT BENEFIT OBLIGATIONS (continued)

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

The Group and the Company

	Value at 30 June 2015 Rs	Value at 30 June 2014 Rs
Total market value of qualifying insurance policies	**57,488,570**	53,775,456
Present value of plan liability	**(130,306,504)**	(104,407,343)
Net liability for retirement obligations recognised in the statement of financial position	**(72,817,934)**	(50,631,887)

The Group and the Company

	2015 Rs	2014 Rs
Amounts recognised in the statement of profit or loss		
Current service cost	**3,875,341**	3,417,409
Net interest cost	**3,987,735**	3,220,632
Scheme expenses	**242,948**	226,127
Cost of insuring risk benefits	**695,539**	596,142
Total pension costs included in employee benefits expense	**8,801,563**	7,460,310

	The Group		The Company	
	2015 Rs	2014 Rs	2015 Rs	2014 Rs
Amounts recognised in the other comprehensive income				
Losses on pension scheme assets	**768,141**	735,391	**768,141**	735,391
Experience losses on plan liabilities	**12,114,386**	6,690,096	**12,114,386**	6,690,096
Transfer from COMANU LTEE	**-**	297,736	**-**	-
Changes in assumptions underlying the present value of the scheme	**6,933,777**	-	**6,933,777**	-
Actuarial losses recognised in other comprehensive income	**19,816,304**	7,723,223	**19,816,304**	7,425,487

Amounts for the current and prior periods:

The Group and the Company

	2015 Rs	2014 Rs
Defined benefit obligations	**(130,306,504)**	(104,407,343)
Plan Assets	**57,488,570**	53,775,456
Deficit	**(72,817,934)**	(50,631,887)
Experience losses on plan liabilities	**(12,114,386)**	(6,690,096)
Experience losses on plan assets	**(768,141)**	(735,391)

16 RETIREMENT BENEFIT OBLIGATIONS (continued)

The assets of the plan are invested in Swan Life 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 and the Company

	2015	2014
Pre-discount rate	**6.50%**	7.50%
Future long-term salary increase	**5.00%**	6.00%
NPS ceiling increases	**5.00%**	6.00%
Future guaranteed pension increases	**0.00%**	0.00%
Post retirement mortality table	**Swan Annuity Rates**	

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 scheme.

Retirement benefit obligations have been calculated using the Projected Unit Credit method and are based on the report dated 07 September 2015 submitted by Swan Life Ltd.

The Group and the Company's actual return on plan assets was Rs 3,178,452 for the year ended 30 June 2015 (2014: Rs 2,861,950).

The Group and the Company expects to make a contribution of Rs 13.8M to the defined benefit plan during the next financial year (2014:Rs 10.8m).

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 2,529,943 to the defined contribution scheme during the year ended 30 June 2015 (2014: Rs 1,971,645).

In 2014, the Group has applied IAS 19, *Employee Benefits* (revised) and it was adopted retrospectively in accordance in IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.* The Group had adjusted opening equity as of 01 July 2012 and the figures for 2013 had been restated as if IAS 19 (revised) had always been applied.

17 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2015	2014	**2015**	2014
	Rs	Rs	**Rs**	Rs
Trade payables	**105,192,495**	108,327,607	**103,647,162**	107,749,888
Due to subsidiaries	**-**	-	**11,531,716**	-
Due to substantial shareholder (Note 25)	**719,031**	798,843	**719,031**	798,843
Due to related companies (Note 25)	**847,058**	278,623	**847,058**	278,623
Other payables and accrued expenses	**28,918,487**	29,074,759	**28,419,467**	27,124,621
	135,677,071	138,479,832	**145,164,434**	135,951,975

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.

18 REVENUE

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

	The Group		The Company	
	2015	2014	**2015**	2014
	Rs	Rs	**Rs**	Rs
Consumer goods	**999,959,879**	881,307,419	**968,072,105**	873,456,160
Pharmaceutical products	**423,824,699**	365,468,091	**423,824,699**	365,468,091
Textile and chemical auxiliaries	**46,975,849**	56,963,819	**46,969,469**	52,162,435
Beverages	**10,730,312**	-	**10,730,312**	-
	1,481,490,739	1,303,739,329	**1,449,596,585**	1,291,086,686

19 OTHER INCOME

	The Group		The Company	
	2015	2014	**2015**	2014
	Rs	Rs	**Rs**	Rs
Rental income	**4,417,060**	4,387,640	**4,717,060**	4,687,640
Commission earned	**85,549,417**	78,348,724	**85,549,417**	78,340,461
(Loss)/gain on disposal of property, plant and equipment	**(256,700)**	3,998,930	**(370,595)**	(198,080)
Others	**9,524,131**	4,399,651	**5,657,016**	4,877,466
	99,233,908	91,134,945	**95,552,898**	87,707,487

20 FINANCE INCOME/ (COSTS)

	The Group		The Company	
	2015	2014	**2015**	2014
	Rs	Rs	**Rs**	Rs
20.1 **Finance income**				
Interest income on:				
- Loans	**-**	-	**481,776**	-
20.2 **Finance costs**				
Interest expense on:				
- Bank overdrafts	**(8,448,237)**	(12,598,028)	**(8,357,805)**	(12,415,766)
- Borrowings	**(18,262,377)**	(16,703,456)	**(18,262,377)**	(16,703,456)
- Obligations under finance leases	**(1,866,869)**	(2,387,064)	**(1,826,537)**	(2,235,312)
- Others	**(165,093)**	(136,740)	**(109,294)**	(93,087)
	(28,742,576)	(31,825,288)	**(28,556,013)**	(31,447,621)

21 TAXATION

21.1 Income tax expense

The Company

The Company had an income tax expense of Rs 13,643,149 for the year ended 30 June 2015 (year ended 30 June 2014: Rs 11,003,879).

The Subsidiaries

The subsidiaries are liable to income tax at the rate of 15% on their chargeable income and at 30 June 2015, they had no income tax liabilities (year ended 30 June 2014: 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).

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. Further to the Finance Act 2015, Section 44A of the Income Tax Act 1995 in respect of AMT was repealed.

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.

21 TAXATION (continued)

21.2.1 Statement of comprehensive income

	The Group		The Company	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
Income tax on the adjusted profit	**11,216,147**	8,492,378	**11,216,147**	8,492,378
Movement in deferred taxation (Note 21.4 below)	**6,034,204**	1,986,244	**290,698**	1,986,244
Over-provision in respect of prior years	**-**	(67,982)	**-**	-
CSR activities (Note 21.6 below)	**1,077,125**	525,257	**1,077,125**	525,257
Tax assessment for prior years	**1,059,179**	-	**1,059,179**	-
	19,386,655	10,935,897	**13,643,149**	11,003,879

21.2.2 Statement of financial position

	The Group		The Company	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
Non-current				
Deferred tax asset	**6,300,893**	12,044,399	**-**	-
Deferred tax liabilities	**(3,024,984)**	(2,734,286)	**(3,024,984)**	(2,734,286)
Net balance (Note 21.4)	**3,275,909**	9,310,113	**(3,024,984)**	(2,734,286)
Current				
Current tax liabilities (Note 21.3)	**4,652,061**	4,111,317	**4,652,061**	4,111,317

21.3 Movement in current tax liabilities

	The Group		The Company	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
At 01 July	**4,111,317**	1,143,137	**4,111,317**	1,075,155
Charge for the year	**11,216,147**	8,492,378	**11,216,147**	8,492,378
Tax paid during the year	**(5,830,900)**	(1,049,056)	**(5,830,900)**	(1,049,056)
Tax deducted at source	**(1,397,943)**	(754,742)	**(1,397,943)**	(754,742)
Tax deducted under the Advanced Payment Scheme	**(5,582,864)**	(4,177,675)	**(5,582,864)**	(4,177,675)
(Over)/under provision in respect of prior years	**-**	(67,982)	**-**	-
CSR activities (Note 21.6 below)	**1,077,125**	525,257	**1,077,125**	525,257
Tax assessment for prior years	**1,059,179**	-	**1,059,179**	-
	4,652,061	4,111,317	**4,652,061**	4,111,317

21 TAXATION (continued)

21.4 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	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
At 01 July	**(9,310,113)**	(11,296,357)	**2,734,286**	748,042
Movement during the year	**6,034,204**	1,986,244	**290,698**	1,986,244
Net balance	**(3,275,909)**	(9,310,113)	**3,024,984**	2,734,286

21.5 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	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
Profit before tax	**57,550,007**	37,139,889	**59,126,877**	41,083,914
Tax at 15 %	**8,632,501**	5,570,983	**8,869,031**	6,162,587
Accelerated capital allowances	**(487,176)**	248,559	**(469,198)**	200,891
Non-allowable items	**3,305,066**	3,500,355	**3,125,060**	2,128,900
Exempt income	**(593,047)**	(671,668)	**(308,746)**	-
Tax losses utilised	**(24,989)**	(110,563)	**-**	-
Timing difference	**383,792**	(45,288)	**-**	-
Tax charge	**11,216,147**	8,492,378	**11,216,147**	8,492,378

21.6 Contribution to CSR activities

	The Group		The Company	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
2% of preceeding chargeable income	**1,077,125**	525,257	**1,077,125**	525,257

22 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	
	2015	2014	**2015**	2014
	Rs	Rs	**Rs**	Rs
Profit for the year attributable to equity holders (Rs)	**38,163,352**	26,203,992	**45,483,728**	30,080,035
Number of ordinary shares in issue	**13,524,872**	13,524,872	**13,524,872**	13,524,872
Earnings per share (Rs)	**2.82**	1.94	**3.36**	2.22

23 DIVIDENDS

	The Group		The Company	
	2015	2014	**2015**	2014
	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

24 PROFIT BEFORE TAX

	The Group		The Company	
	2015	2014	**2015**	2014
	Rs	Rs	**Rs**	Rs
The above is stated after charging/(crediting):				
Cost of inventories expensed	**1,205,586,381**	1,062,436,531	**1,174,143,212**	1,054,612,155
Depreciation and amortisation	**11,181,099**	12,251,803	**10,373,718**	11,018,838
Loss/(gain) on disposal of property, plant and equipment	**256,700**	(3,998,930)	**370,595**	198,080
Auditors' remuneration	**1,160,000**	1,105,000	**925,000**	840,000
Directors' remuneration (note below)	**8,370,314**	8,124,141	**8,370,314**	8,124,141
Staff costs (note below)	**98,140,337**	88,452,781	**98,140,337**	85,887,198
Net foreign exchange gains	**(15,389,521)**	(11,509,852)	**(14,530,891)**	11,530,891
Interest expense (Note 20.2)	**28,742,576**	31,825,288	**28,556,013**	31,447,621

24 PROFIT BEFORE TAX (continued)

Directors' remuneration

	The Group		The Company	
	2015	2014	**2015**	2014
	Rs	Rs	**Rs**	Rs
- Full-time executive directors	**6,700,080**	4,440,570	**6,700,080**	4,440,570
- Non-executive directors	**1,670,234**	3,683,571	**1,670,234**	3,683,571
	8,370,314	8,124,141	**8,370,314**	8,124,141

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

	The Group		The Company	
	2015	2014	**2015**	2014
	Rs	Rs	**Rs**	Rs
Salaries and relevant contributions	**118,360,103**	112,699,598	**117,788,103**	108,057,306
Social security costs	**4,849,720**	4,269,830	**4,849,720**	4,196,813
	123,209,823	116,969,428	**122,637,823**	112,254,119
Number of employees at end of year	**309**	269	**309**	266
Total staff costs (including directors remunerations)	**131,580,137**	125,093,569	**131,008,137**	120,378,260

25 RELATED PARTY TRANSACTIONS

25.1 **Substantial shareholder**

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

The Company	**2015**	2014
	Rs	Rs
25.1.1 Transactions during the year:		
Dividends paid	**7,717,711**	7,522,530
Management fees	**2,554,794**	2,504,700
Sales	**1,251,516**	1,165,444
Purchases	**5,755,074**	6,938,490
25.1.2 Amounts due to the substantial shareholder	**719,031**	798,843
25.1.3 Amounts due from the substantial shareholder	**93,510**	195,069

25 RELATED PARTY TRANSACTIONS (continued)

The Subsidiaries

COMANU LTEE	**2015 Rs**	2014 Rs
25.1.4 Transactions during the year:		
Purchases	-	669

OID LTEE	**2015 Rs**	2014 Rs
25.1.5 Transactions during the year:		
Sales	45,212	-

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

25.2 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		LEAL ENERGIE LTD (formerly SETL MEECO LTD)	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs	**2015 Rs**	2014 Rs	**2015 Rs**	2014 Rs	**2015 Rs**	2014 Rs
25.2.1 Transactions during the year:										
Rental income	-	-	-	-	**934,560**	934,560	**1,854,000**	1,739,000	**1,628,500**	1,714,080
Sales	**14,330**	15,778	**23,418**	26,129	**49,958**	56,869	**767,703**	710,601	**280,000**	187,500
Purchases	**2,370,100**	1,560,878	**772,273**	880,179	**899,525**	828,466	-	-	-	-
25.2.2 Amounts owed by companies under common directorship	**1,687**	2,390	**4,784**	-	**184,065**	95,165	**251,751**	243,651	**1,342,855**	1,092,744
25.2.3 Amounts owed to companies under common directorship	**650,890**	15,654	**110,040**	151,382	**86,128**	111,587	-	-	-	-

25 RELATED PARTY TRANSACTIONS (continued)

The subsidiaries:

OID LTEE

The Company	LEAL ENERGIE LTD		DISTRIPC LTD	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
25.2.7 Transactions during the year:				
Sales	**2,118**		**14,848**	7,495
25.2.5 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 (COMANU LTEE, COMEX LTD and Distrimed Ltée) and the companies within the Leal Group as mentioned above.

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

	COMANU LTEE		OID LTEE	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
25.3.1 Transactions during the year:				
Finance (cost)/income	-	-	**481,776**	(93,087)
Rental income	**13,166**	-	**300,000**	300,000
Sales	-	192,240	**7,006,538**	8,861,063
Trade discount	-	-	**(450,000)**	(500,000)
Other income	-	650,728	**644,022**	388,740
Distribution costs	**(109,295)**	(24,663)	**(268,860)**	(417,720)
Purchases	**(10,628,921)**	(3,708,587)	-	-
25.3.2 Amounts owed by subsidiaries	-	933,638	**3,198,686**	3,062,509
25.3.3 Amount owed to subsidiaries	**11,531,716**	-	-	-

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.

25 RELATED PARTY TRANSACTIONS (continued)

25.4 **Subsidiaries**

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

	OID LTEE	
	2015 Rs	2014 Rs
25.4.1 Transactions during the year:		
Finance costs	-	10,866
Sales	-	121,798
Purchases	-	42,027
25.4.2 Amounts owed by subsidiaries	-	-
25.4.3 Amount owed to subsidiaries	-	-

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).

25.5 **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	
	2015 Rs	2014 Rs	**2015 Rs**	2014 Rs
25.5.1 Transactions during the year:				
Dividends paid	**516,498**	415,464	**516,498**	415,464
Sales	**134,206**	190,675	**64,226**	76,438
Salaries and other emoluments	**8,370,314**	8,124,141	**8,370,314**	8,124,141
25.5.2 Amount owed by directors and key management personnel	**1,810**	4,392	**1,810**	920

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

26 CONTINGENT LIABILITIES AND GUARANTEES

(i) The Group had contingent liabilities which amounted to Rs 7,145,968 in respect of bank guarantees arising in the ordinary course of business.

(ii) The Company has also provided a corporate guarantee of Rs 5M to Ocean Indien Distribution (Ile Maurice) Ltée for an import line with a local commercial bank.

(iii) The Company has received tax assessments dated 12 May 2015 and 22 June 2015 from the tax authorities for the years of assessment 2010 to 2012 for a total amount of Rs 5,859,951. The Company has filed a Notice of Objection to that effect.

The directors anticipate that no material liabilities will arise from the above.

27 COMMITMENTS

27.1 **Operating lease arrangements where the Group is the lessee**

	2015 Rs	2014 Rs
Minimum lease payments under operating leases recognised in statement of comprehensive income	**13,901,760**	8,926,648

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

	2015 Rs	2014 Rs
Within one year	**16,390,968**	9,365,693
Between 2 to 5 years	**32,123,747**	18,752,443

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.

27.1.1 **Operating lease arrangements where the Group/Company is the lessor**

Rental income for the year are detailed in Note 19.

The freehold land and building was leased out on operating leases.

27 COMMITMENTS (continued)

27.2 Capital Commitments

	The Group		The Company	
	2015	2014	**2015**	2014
	Rs	Rs	**Rs**	Rs
Approved and contracted for	**18,918,070**	18,003,245	**18,918,070**	18,003,245

The capital commitments comprise of commitments for renovation of building and acquisition of motor vehicles, furniture, computer and equipment.

28 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 30 June 2015.

29 HOLDING COMPANY

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

NOTES

NOTES

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