SEYCHELLES TRADING COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

SEYCHELLES TRADING COMPANY LIMITED

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CORPORATE INFORMATION

DIRECTORS	:	Charles Morin (Chairman) Veronique Laporte (Chief Executive Officer) Steve Fanny Ronny Brutus Mike Laval Annie Vidot
SECRETARY	:	Vanessa Marie
REGISTERED OFFICE	:	P O Box 634, Latanier Road, Latanier House, Victoria, Seychelles
PRINCIPAL PLACE OF BUSINESS	:	Latanier Road, Latanier House, Seychelles
AUDITORS	:	BDO Associates Chartered Accountants Seychelles
BANKERS	:	(1) The Mauritius Commercial Bank (Seychelles) Limited (2) Bank of Baroda (Seychelles) Limited (3) Seychelles International Mercantile Banking Corporation Limited (4) Barclays Bank (Seychelles) Limited (5) Seychelles Commercial Bank Limited

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the year ended December 31, 2013.

PRINCIPAL ACTIVITY

The principal activities of the Company comprises of the importation, storage and distribution of essential commodities so as to ensure their continuous provision on the local market at most competitive prices.

RESULTS

	SR
Profit before tax	**33,981,257**
Tax expense	**(10,656,399)**
Profit for the year	**23,324,858**
Retained earnings brought forward	**89,802,700**
Retained earnings carried forward	**113,127,558**

DIVIDENDS

The Directors did not propose any dividends for the year under review (2012: Nil).

PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment amounted to **SR 8.5 million** during the year ended December 31, 2013 (2012: SR 11.6 million). These are made up mainly of plant and machinery, office and computer equipment, furniture and fittings, motor vehicles and work-in-progress.

Property, plant and equipment are stated at cost less accumulated depreciation. The Directors are of the opinion that the carrying amounts of the assets approximate their fair values and do not require any adjustments for impairment.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Company since the date of the last report and to date are:

Charles Morin (Chairman)

Veronique Laporte (Chief Executive Officer)

Steve Fanny

Ronny Brutus

Mike Laval

Annie Vidot

None of the Directors had any interest in the shares of the Company during the year (2012: Nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the overall management of the affairs of the Company including the operations of the Company and making investment decisions.

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the Seychelles Companies Act, 1972. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies that fall within the accounting policies adopted by the Company; and making accounting estimates that are reasonable in the circumstances. The Directors have the general responsibility of safeguarding the assets, both owned by the Company and those that are held in trust and used by the Company.

The Directors consider they have met their aforesaid responsibilities.

AUDITORS

The retiring auditors, Messrs. BDO Associates, being eligible offer themslves for re-appointment.

APPROVAL

Charles Morin
Director

Veronique Laporte
Director

Steve Fanny
Director

Ronny Brutus
Director

M.Laval
Mike Laval
Director

Annie Vidot
Director

Dated: June 3,2014
Victoria, Seychelles

BDO

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SEYCHELLES TRADING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of Seychelles Trading Company Limited, (the "Company"), as a body, in terms of our engagement to conduct the audit on their behalf. Our audit work has been undertaken so that we might state to the members those matters which 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the attached financial statements of Seychelles Trading Company Limited set out on pages 4 to 37 which comprise the Statement of Financial Position at December 31, 2013, the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Board's Responsibility for the Financial Statements

As stated on page 2(a) of the Directors' Report, the Board of Directors are responsible for preparation of the financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on those financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

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

BDO

SEYCHELLES TRADING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Basis of Qualified Opinion

Foreign exchange differences

We were unable to validate and ensure completeness of foreign exchange differences due to lack of supporting evidence.

We were also unable to obtain the breakdown between realised and unrealised foreign exchange differences.

Opinion

In our opinion, except for the financial effects, if any, of the matter described in the basis for qualified opinion paragraph above and those financial statement areas had we been able to obtain sufficient appropriate audit evidence, the financial statements on pages 4 to 37 give a true and fair view of the financial position of the Company at December 31, 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, 1972.

Report on Other Legal Regulatory Requirements

Companies Act, 1972

We have no relationship with, or interests, in the Company other than in our capacity as auditors, tax and business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records and comply with the provisions of the Seychelles Companies Act, 1972.

Public Enterprise Monitoring Commission Act, 2013

In our opinion, proper accounting records have been kept by the Bank as far as it appears from our examination of those records.

We have obtained all the information necessary for the purpose of our audit and are satisfied with the information received.

BDO Associates

BDO ASSOCIATES

Chartered Accountants

Dated: June 3, 2014

Victoria, Seychelles

SEYCHELLES TRADING COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2013

	Notes	2013	2012
		SR	SR
ASSETS			
Non-current assets			
Property, plant and equipment	5	**62,856,774**	62,469,178
Intangible assets	6	**476,271**	506,176
Investment in financial assets	7	**25,000**	25,000
		63,358,045	63,000,354
Current assets			
Inventories	8	**163,348,559**	168,995,857
Trade and other receivables	9	**20,021,113**	29,153,677
Cash and cash equivalents	10	**85,530,391**	58,253,618
		268,900,063	256,403,152
Total assets		**332,258,108**	319,403,506
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	11	**10,000**	10,000
Shareholder's loan	12	**92,209,737**	92,209,737
Retained earnings		**113,127,558**	89,802,700
		205,347,295	182,022,437
LIABILITIES			
Non-current liabilities			
Borrowings	13	**54,666,667**	58,666,667
Deferred tax liabilities	14	**5,424,440**	5,280,143
Retirement benefit obligations	15	**8,798,755**	5,480,889
		68,889,862	69,427,699
Current liabilities			
Trade and other payables	16	**43,363,409**	63,807,930
Borrowings	13	**4,000,000**	4,000,000
Current tax liabilities	17	**10,657,542**	145,440
		58,020,951	67,953,370
Total liabilities		**126,910,813**	137,381,069
Total equity and liabilities		**332,258,108**	319,403,506

These financial statements have been approved for issue by the Board of Directors on June 3, 2014

Charles Morin Director	**Veronique Laporte** Director	**Steve Fanny** Director
Ronny Brutus Director	**Mike Laval** Director	**Annie Vidot** Director

The notes on pages 8 to 37 form an integral part of these financial statements.

Auditors' report on pages 3 and 3(a).

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME -YEAR ENDED DECEMBER 31, 2013

	Notes	2013	2012
		SR	SR
Revenue	2(k)	**786,994,727**	957,466,157
Cost of sales	18	**(637,126,496)**	(836,970,974)
Gross profit		**149,868,231**	120,495,183
Other income	19	**5,499,653**	4,160,242
Distribution expenses	18	**(11,274,722)**	(10,779,340)
Administrative expenses	18	**(116,471,745)**	(102,699,176)
Operating profit	20	**27,621,417**	11,176,909
Foreign exchange gain/(loss)		**7,361,042**	(7,039,855)
Finance income	21(a)	**204,798**	212,754
Finance cost	21(b)	**(1,206,000)**	(1,225,028)
Profit before tax		**33,981,257**	3,124,780
Tax expense	17	**(10,656,399)**	(1,263,980)
Profit and total comprehensive income for the year		**23,324,858**	1,860,800

The notes on pages 8 to 37 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2013

	Share capital	Shareholder's loan	Retained earnings	Total
	SR	SR	SR	SR
Balance at January 1, 2013	**10,000**	**92,209,737**	**89,802,700**	**182,022,437**
Total comprehensive income for the year	**-**	**-**	**23,324,858**	**23,324,858**
Balance at December 31, 2013	**10,000**	**92,209,737**	**113,127,558**	**205,347,295**
Balance at January 1, 2012	10,000	92,209,737	87,941,900	180,161,637
Total comprehensive income for the year	-	-	1,860,800	1,860,800
Balance at December 31, 2012	10,000	92,209,737	89,802,700	182,022,437

The notes on pages 8 to 37 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2013

	Notes	2013	2012
		SR	SR
Cash flows from operating activities			
Profit before taxation		**33,981,257**	3,124,780
Adjustments for:			
Depreciation on property, plant and equipment	5	**8,139,284**	7,817,637
Asset scrapped	5	**20,050**	-
Amortisation of intangible assets	6	**329,962**	281,149
Retirement benefit obligations	15	**3,317,866**	350,713
Interest receivable	21(a)	**(204,798)**	(212,754)
Interest payable	21(b)	**1,206,000**	1,225,028
		46,789,621	12,586,553
Changes in working capital			
Inventories		**5,647,298**	7,221,929
Trade and other receivables		**9,132,564**	1,553,502
Trade and other payables		**(20,444,521)**	2,560,756
		41,124,962	23,922,740
Interest paid		**(1,206,000)**	(1,225,028)
Net cash generated from operations		**39,918,962**	22,697,712
Tax paid	17	**-**	(13,911,560)
Net cash generated from operating activities		**39,918,962**	8,786,152
Cash flows from investing activities			
Purchase of property, plant and equipment	5	**(8,546,930)**	(11,561,221)
Purchase of intangible assets	6	**(300,057)**	(66,450)
Interest received		**204,798**	212,754
Net cash outflow in investing activities		**(8,642,189)**	(11,414,917)
Financing activities			
Repayment of borrowings		**(4,000,000)**	(2,333,333)
Proceeds from borrowings		**-**	4,447,000
Net cash (outflow)/inflow from financing activities		**(4,000,000)**	2,113,667
Net increase/(decrease) in cash and cash equivalents		**27,276,773**	(515,098)
Movement in cash and cash equivalents			
At January 1,		**58,253,618**	58,768,716
Increase/(Decrease)		**27,276,773**	(515,098)
At December 31,	10	**85,530,391**	58,253,618

The notes on pages 8 to 37 form an integral part of these financial statements.

Auditors' report on pages 3 and 3(a).

1. GENERAL INFORMATION

Seychelles Trading Company Limited is a limited liability company, incorporated and domiciled in the Republic of Seychelles with its registered office located at Latanier Road, Victoria Seychelles. It is fully owned by the Government of Seychelles and started its activities on March 1, 2008 after taking over some of the activities and assets of the Seychelles Marketing Board (SMB).

The principal activities of the Company are detailed on page 2.

These financial statements will be submitted for consideration and approval at the forthcoming Annual General Meeting of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act 1972. The financial statements of the Company have been prepared under the historical cost convention, except that relevant financial assets and financial liabilities are measured at fair value or amortised cost.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Companys' management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

The financial statements have been prepared on a historical cost basis, except for financial instruments - available for sale

Standards, Amendments to published Standards and Interpretations effective in the reporting period

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IAS 27, 'Separate Financial Statements' deals solely with separate financial statements. *The standard has no impact on the Company's financial statements.*

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. *The standard is not expected to have any impact on the Company's financial statements.*

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. *The standard is not expected to have any impact on the Company's financial statements.*

IAS 28, 'Investments in Associates and Joint Ventures'. The scope of the revised standard covers investments in joint ventures as well. IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting. *The standard has no impact on the Company's financial statements.*

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. *The standard has no impact on the Company's financial statements.*

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). *This revision to the standard is not expected to have any impact on the financial statements.*

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)

IFRIC 20, 'Stripping costs in the production phase of a surface mine', has no impact on the Company's financial statements.

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. This amendment includes new disclosures and is not expected to have any impact on the Company's financial statements.

Amendment to IFRS 1 (Government Loans) has no impact on the Company's financial statements.

Annual Improvements to IFRSs 2009-2011 Cycle

IFRS 1 (Amendment), 'First time adoption of IFRS', has no impact on the Company's operations.

IAS 1 (Amendment), 'Presentation of financial statements', clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors' or voluntarily.

IAS 16 (Amendment), 'Property, plant and equipment', clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. *This amendment does not impact the Company's operations.*

IAS 32 (Amendment), 'Financial instruments: Presentation', clarifies the treatment of income tax relating to distributions and transaction costs. *This amendment does not impact the Company's operations.*

IAS 34 (Amendment), 'Interim financial reporting', clarifies the disclosure requirements for segment assets and liabilities in interim financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2014 or later periods, but which the Companies has not early adopted.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective (Cont'd)

IFRS 9 Financial Instruments
IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
IFRIC 21: Levies
Recoverable Amount Disclosures for Non- financial Assets (Amendments to IAS 36)
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
IFRS 9 Financial instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
Annual Improvements to IFRSs 2010-2012 cycle
Annual Improvements to IFRSs 2011-2013 cycle

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

(b) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Historical cost consists of purchase cost, together with any incidental expenses of acquisition and installation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow and the cost can be reliably measured. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values over their expected useful lives as follows:

Freehold buildings	4%
Plant & Machinery	10%
Office equipment	20%
Computer equipment	20%
Furniture and fittings	10%
Motor vehicles	25%

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment (Cont'd)

Land is not depreciated.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

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

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the profit or loss.

(c) Intangible assets

Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over the estimated useful life of 5 years.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. In general cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes the borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. Provisions are made for obsolete inventories based on management's appraisal.

(e) Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured in the currency of the primary economic environment in which the Company operates. The financial statements are presented in Seychelles Rupees (SR) which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Foreign currencies (Cont'd)

Transactions and balances

Foreign currency transactions are translated in the functional currency using the exchange rates approximating those ruling on the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation of monetary assets and liabilities denominated in a currency other than the presentation currency, are recognised in the statement of comprehensive income. Such monetary assets and liabilities are translated into presentation currency using the exchange rates ruling at the end of the reporting period.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of profit or loss within 'other (losses)/gains - net'.

Non-monetary assets which are denominated in a currency other than the presentation currency are translated at exchange rates prevailing at the date these assets were recognised in the financial statements.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

As at year end, the main exchange rates against Seychelles Rupees were as follows:

	2013	2012
	SR	SR
1 United States Dollar	**12.2510**	13.2700
1 Euro	**16.5045**	17.2029
1 GBP	**19.7003**	21.0014

(f) Taxation

Current tax

Taxation on the statement of comprehensive income comprises current and deferred tax. Current tax is the expected amount of taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the end of each reporting period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Taxation (Cont'd)

Deferred tax

Deferred tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax is determined using tax rates that have been enacted by the end of the reporting period and are expected to apply in the period when the related deferred tax asset is realised or deferred tax liability is settled.

(g) Financial instruments

(i) Financial assets

Categories of financial assets

The Company classifies its financial assets as available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Available-for-sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the end of the reporting period.

Initial measurement

Purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs for all financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Subsequent measurement

Available-for-sale financial assets are subsequently carried at their fair values.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in equity. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses on financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by considering various valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, option pricing models refined to reflect the issuer's specific circumstances, cost and dividend basis.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity is removed from equity and recognised in the statement of comprehensive income. Impairment losses for an investment in an equity instrument are not reversed through the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (Cont'd)

(ii) *Trade other receivables*

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the profit or loss.

(iii) *Trade and other payables*

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

(iv) *Cash and cash equivalents*

Cash comprises cash in hand, at Companies and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, against which the Companies overdrafts, if any are deducted. Companies overdrafts are shown within the borrowings under current liabilities on the statement of financial position.

(v) *Borrowings*

Borrowings are recognised initially at fair value being their issue proceeds, net of transaction costs. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption rate is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

(vi) *Share capital*

Ordinary shares are classified as equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(i) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Company has a legal enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and liability simultaneously.

(j) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of consideration received. Revenue is recognised according to the following criteria:

(i) *Sales and services revenue*

Sale of goods are recognised when goods are delivered and title has passed. Revenue from services are recognised in the year in which the services are rendered (by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided).

Revenue from services are recognised in the year in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Revenue recognition (Cont'd)

(ii) *Other revenue*

Other revenues earned by the Company are recognised on the following basis:

Interest income - on a time-proportion basis using the effective interest method. When a receivable **is** impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

(l) Retirement benefit obligations

(i) Defined benefit plans

The Company provides for a payment of gratuity to permanent employees. Gratuities are paid every five years (except in the case of early retirement) as from March 2008, for continuous service. The amount provisioned every year is based on the number of years the employee has worked after the last payment date. This type of employee benefits has the characteristics of a defined benefit plan. The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined obligation at the reporting date less fair value of plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

The Company does not do any actuarial valuation since the Directors have based themselves on the method as prescribed by the Seychelles Employment Act and they have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks :

- Market risk including:
  - Currency risk
  - Interest rate risk
- Credit risk, and
- Liquidity risk

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

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

(a) <u>Market risk</u>

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in foreign currency exchange rates and interest rates.

(i) *Currency risk*

Foreign exchange risk arises from future commercial transactions and liabilities.

The Company imports goods from foreign countries and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro and the US dollar.

At December 31, 2013, if the Seychelles Rupee had weakened/strengthened by 5% against the US Dollar and Euro with all variables held constant, post tax profit would have been mainly as a result of foreign exchange losses/gains as depicted below.

	US Dollar		Euro	
	2013	2012	**2013**	2012
	SR'000	SR'000	**SR'000**	SR'000
Impact on results:				
- Trade and other receivables	**± 145**	± 218	**± 77**	± 68
- Trade and other payables	**± 801**	± 505	**± 869**	± 623

(ii) *Interest rate risk*

The Company's income and operating cash flows are substantially independent of changes in market rates as the company has no significant interest bearing assets.

However, the Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk.

At December 31, 2013, if the interest rates on rupee-denominated borrowings had been 1% lower/higher with all other variables held constant, post-tax profit for the year would have been **SR 120,600** (2012: SR 126,273) higher/lower, mainly as a result of lower/higher interest expense on floating rate borrowings.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(b) Credit risk

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and the current economic environment.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Cash transactions are limited to high credit quality financial institutions. The company has policies that limit the amount of credit exposure to any one financial position.

The table below shows the credit concentration of the company at the end of the reporting period.

	2013	2012
	%	%
10 major counterparties	**66**	52
Others (diversified risk)	**34**	48
	100	100

Management does not expect any losses from non-performance of these customers.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims of maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flow and do not foresee any major liquidity risk over the short term.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(c) Liquidity risk (cont'd)

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	No fixed repayment term	Total
	SR'000	SR'000	SR'000	SR'000	SR'000
At December 31, 2013					
Borrowings from Government of Seychelles	-	-	-	**45,000**	**45,000**
Bank loan	**4,000**	**4,000**	**5,667**	-	**13,667**
Trade and other payables	**43,363**	-	-	-	**43,363**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	No fixed repayment term	Total
	SR'000	SR'000	SR'000	SR'000	SR'000
At December 31, 2012					
Borrowings from Government of Seychelles	-	-	-	45,000	45,000
Bank loan	4,000	4,000	9,667	-	17,667
Trade and other payables	63,808	-	-	-	63,808

3.2 Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the Company for similar financial instruments.

The fair value of available-for-sale investments is based on the cost of acquisition.

Instruments included in level 1 comprise primarily quoted equity investments.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation (Cont'd)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

As there is no observable market data for the available-for-sale financial assets, the financial instrument is classified under level 3.

The carrying amount of financial assets would be an estimated SR2,500 lower/higher for the company were the discounted cash flow analysis to differ by 10% of from management estimates.

3.3 Capital risk management

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

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

The Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash in hand and at bank. Adjusted capital comprises all components of equity (i.e. share capital, retained earnings and reserves).

During 2013, the Company's strategy, which has been unchanged from 2012, was to maintain the debt-to-adjusted capital ratio at a level in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratios at December 31, 2013 and 2012 were as follows:

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Capital risk management (Cont'd)

	2013	2012
	SR'000	SR'000
Total debt (note 13)	58,667	62,667
Less: Cash and cash equivalents (note 10)	(85,530)	(58,254)
	(26,863)	4,413
Total equity	205,347	183,883
Debt-to-adjusted capital ratio	N/A	2.4%

The change in the debt-to-adjusted capital ratio is mainly due to high cash balances at the end of the year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, in the financial statements, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of assets

Property, plant and equipment are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1 Critical accounting estimates and assumptions (Cont'd)

(a) Impairment of assets (Cont'd)

Cash flows which are utilised in these assessments are extracted from the yearly budget.

(b) Asset lives and residual values

Property, plant and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

(c) Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Company would currently obtain from the disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the asset at the end of their expected useful lives.

(d) Limitation of sensitivity analysis

The sensitivity analysis demonstrate the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

The sensitivity analyses do not take into consideration that the Bank's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Bank's views of possible near-term market changes that cannot be predicted with any certainty.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1 Critical accounting estimates and assumptions (Cont'd)

(e) *Retirement benefit obligations*

The cost of the defined pension plan has been determined using the method as per the Seychelles Employment Act and the Directors have estimated that the amount of the liability provided will not be materially different had it been computed by the external Actuary.

5. PROPERTY, PLANT AND EQUIPMENT

	Land	Freehold Buildings	Plant and Machinery	Office Equipment	Computer Equipment	Furniture & Fittings	Motor Vehicles	Work in Progress	Total
COST	SR	SR	SR	SR	SR	SR	SR	SR	SR
At December 31, 2011	3,076,323	24,099,688	10,270,663	5,095,027	2,754,400	13,930,089	10,150,503	3,848,321	73,225,014
Additions	-	-	5,855,719	1,596,379	183,582	429,264	1,790,897	1,705,380	11,561,221
At December 31, 2012	**3,076,323**	**24,099,688**	**16,126,382**	**6,691,406**	**2,937,982**	**14,359,353**	**11,941,400**	**5,553,701**	**84,786,235**
Additions	-	-	**766,522**	**1,226,010**	**1,270,273**	**2,720,225**	**970,000**	**1,593,900**	**8,546,930**
Disposal/Assets scrapped	-	-	-	-	-	**(20,050)**	**(31,550)**	-	**(51,600)**
Reclassification	-	-	-	-	-	**91,750**	-	**(91,750)**	-
At December 31, 2013	**3,076,323**	**24,099,688**	**16,892,904**	**7,917,416**	**4,208,255**	**17,151,278**	**12,879,850**	**7,055,851**	**93,281,565**
DEPRECIATION									
At January 1, 2012	-	3,508,029	1,858,068	1,782,042	792,699	1,688,965	4,869,617	-	14,499,420
Charge for the year	-	926,200	1,291,522	1,220,987	560,000	1,326,646	2,492,282	-	7,817,637
At December 31, 2012	-	**4,434,229**	**3,149,590**	**3,003,029**	**1,352,699**	**3,015,611**	**7,361,899**	-	**22,317,057**
Charge for the year	-	**926,199**	**1,644,579**	**1,208,698**	**636,379**	**1,475,270**	**2,248,159**	-	**8,139,284**
Disposal	-	-	-	-	-	-	**(31,550)**	-	**(31,550)**
At December 31, 2013	-	**5,360,428**	**4,794,169**	**4,211,727**	**1,989,078**	**4,490,881**	**9,578,508**	-	**30,424,791**
NET BOOK VALUE									
At December 31, 2013	**3,076,323**	**18,739,260**	**12,098,735**	**3,705,689**	**2,219,177**	**12,660,397**	**3,301,342**	**7,055,851**	**62,856,774**
At December 31, 2012	3,076,323	19,665,459	12,976,792	3,688,377	1,585,283	11,343,742	4,579,501	5,553,701	62,469,178

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Depreciation has been charged to the statement of comprehensive income under the following headings:

	2013	2012
	SR	SR
Cost of sales	**3,084,132**	2,633,490
Distribution expenses	**1,065,351**	1,471,308
Administrative expenses	**3,989,801**	3,712,839
	8,139,284	7,817,637

(b) Property, plant and equipment have been pledged as security for bank borrowings.

6. INTANGIBLE ASSETS

	Computer Software	
	2013	2012
COST	**SR**	SR
At January 1,	**912,689**	846,239
Additions	**300,057**	66,450
At December 31,	**1,212,746**	912,689
AMORTISATION		
At January 1,	**406,513**	125,364
Amortisation charge	**329,962**	281,149
At December 31,	**736,475**	406,513
NET BOOK VALUE		
At December 31,	**476,271**	506,176

(a) Amortisation charge of **SR 329,962** (2012: SR 281,149) has been charged to administrative expenses.

7. INVESTMENT IN FINANCIAL ASSETS

	2013 & 2012
	SR
Available for sales - Unquoted - (Seychelles Commercial Bank Ltd)	
Additions during the year and **at December 31,**	**25,000**

(a) The Directors consider the cost of the unquoted investment to represent its fair value at the end of the reporting period.

(b) The financial instrument is classified under level 3, as there is no observable market data for the available-for-sale investments.

(c) The investments are denominated in Seychelles Rupees and are neither past due nor impaired.

8. INVENTORIES

	2013	2012
	SR	SR
Finished goods (at net realisable value)	**112,732,407**	110,187,621
Work in progress (at cost)	**149,601**	70,924
Raw materials (at net realisable value)	**7,822,127**	8,489,892
Goods in transit (at cost)	**42,644,424**	50,247,420
	163,348,559	168,995,857

(a) Inventories have been pledged as security for bank borrowings.

(b) The cost of inventories recognised as expense and included in cost of sales for the year amounted to **SR 603,768,739** (2012: SR 802,403,506).

9. TRADE AND OTHER RECEIVABLES

	2013	2012
	SR	SR
Trade receivables	**15,199,038**	26,329,803
Other receivables and prepayments	**4,822,075**	2,823,874
	20,021,113	29,153,677

(a) The carrying amount of trade and other receivables approximate their fair values.

(b) As at December 31, 2013, no trade receivables was impaired (2012: Nil).

(c) As at December 31, 2013, trade receivables that were past due but not impaired amounted to **SR 9,128,761** (2012: SR 1,770,143). These receivables are above 3 months.

(d) The carrying amount of the Company's trade and other receivables are denominated in the following currencies:

	2013	2012
	SR	SR
Seychelles Rupee	**15,430,978**	20,914,108
Euro	**1,532,525**	1,335,027
US Dollar	**2,900,425**	6,510,905
Other currencies	**157,185**	393,637
	20,021,113	29,153,677

(e) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Company does not hold any collaterals as securities.

(f) The other classes within trade and other receivables do not contain impaired assets.

10. CASH AND CASH EQUIVALENTS

	2013	2012
	SR	SR
Cash in hand	432,334	825,198
Bank balance	85,098,057	57,428,420
	85,530,391	58,253,618

11. SHARE CAPITAL

	2013 & 2012
	SR
Issued and fully paid	
100 ordinary shares of SR.100 each	10,000

12. SHAREHOLDER'S LOAN

	2013 & 2012
	SR
At January 1 & **December 31,**	92,209,737

(a) Details of assets taken over from SMB were as follows:

	SR
Property, plant and equipment	40,555,653
Inventories	61,173,670
Cash floats taken over	19,900
	101,749,223
Less: Amount credited to share capital	(10,000)
Assets taken over on March 1, 2008	101,739,223
In 2009: Transfer from property, plant and equipment	(6,837,477)
: Transfer from inventories	(2,692,009)
	92,209,737

(b) The loan from the Government of Seychelles represents the carrying amounts of net assets taken over from Seychelles Marketing Board on March 1, 2008 and subsequent transfers in 2009. This is an interest free and non-refundable loan which has been recognised as quasi equity.

13. BORROWINGS

	2013	2012
	SR	SR
Bank Loan (note (b) and (c))		
- Non Current	9,666,667	13,666,667
- Current	4,000,000	4,000,000
	13,666,667	17,666,667
Borrowings from the Government of Sychelles - Non Current (note(a))	45,000,000	45,000,000
	58,666,667	62,666,667

13. BORROWINGS (CONT'D)

Analysed as:

	2013	2012
	SR	SR
Non-current	**54,666,667**	58,666,667
Current	**4,000,000**	4,000,000
	58,666,667	62,666,667

(a) The loan from Government of Seychelles is interest free with no fixed repayment terms and is denominated in Seychelles Rupees. The carrying amount of the loan has been assumed to approximate its amortised cost. It has been classified as non current based on Directors' opinion.

(b) The bank loan is secured by floating charges on the assets of the company including property, plant and equipment (note 5) and inventories (note 8). The rate of interest on the bank loan is 6.5% (2012: 6.5%).

(c) The maturity and exposure of the Company's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	6 months or less	6 - 12 months	1 - 5 years	Over 5 years	Total
	SR	SR	SR	SR	SR
At December 31, 2013	**2,000,000**	**2,000,000**	**9,666,667**	**-**	**13,666,667**
At December 31, 2012	2,000,000	2,000,000	13,666,667	-	17,666,667

(d) The carrying amounts of the Company's borrowings are denominated in Seychelles Rupee.

(e) The carrying amounts of the Company's borrowings approximate their amortised costs.

14. DEFERRED TAX LIABILITIES

(a) Deferred taxes are calculated on all temporary differences under the liability method at applicable rates as mentioned in note 17(c).

	2013	2012
	SR	SR
At January 1,	**5,280,143**	4,173,163
Charged to statement of profit or loss (note 17(b))	**144,297**	1,106,980
At December 31,	**5,424,440**	5,280,143

14. DEFERRED TAX LIABILITIES (CONT'D)

(b) There is a legally enforceable right to offset deferred tax assets and deferred tax liabilities when the deferred taxes relate to the same fiscal authority on the same entity. The following net amounts are shown in the statement of financial position:

	2013	2012
	SR	SR
Deferred tax liability	**8,328,029**	7,088,836
Deferred tax asset	**(2,903,589)**	(1,808,693)
Net deferred tax liability	**5,424,440**	5,280,143

(c) Deferred tax assets and liabilities and deferred tax (credit)/charge in the statement of comprehensive income are attributable to the following:

(i) <u>Deferred tax liability</u>

	Accelerated tax depreciation
	SR
At January 1, 2012	5,866,121
Charged for the year	1,222,715
At December 31, 2012	**7,088,836**
Charged for the year	**1,239,193**
At December 31, 2013	**8,328,029**

(ii) <u>Deferred tax asset</u>

	Retirement benefit obligations
	SR
At January 1, 2012	(1,692,958)
Credit for the year	(115,735)
At December 31, 2012	**(1,808,693)**
Credit for the year	**(1,094,896)**
At December 31, 2013	**(2,903,589)**

15. RETIREMENT BENEFIT OBLIGATIONS

(a) **Statement of financial position**

Length of service compensation

Movement in length-of-service compensation payable under the Seychelles Employment Act is given below:

15. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	2013	2012
	SR	SR
At January 1,	**5,480,889**	5,130,176
Charge to the statement of profit or loss (note 20(b))	**3,317,866**	350,713
At December 31,	**8,798,755**	5,480,889

(b) **Other post retirement benefits**

Other post retirement benefits comprise mainly of length of service compensation payable under Act and other benefits.

16. TRADE AND OTHER PAYABLES

	2013	2012
	SR	SR
Trade payables	**19,598,022**	58,485,597
Accruals and other payables	**23,765,387**	5,322,333
	43,363,409	63,807,930

(a) The carrying amount of the Company's trade and other payables are denominated in the following currencies:

	2013	2012
	SR	SR
Seychelles Rupee	**8,340,332**	27,574,394
Euro	**17,375,869**	18,587,274
US Dollar	**16,015,896**	16,086,537
Other currencies	**1,631,312**	1,559,725
	43,363,409	63,807,930

(b) The carrying amounts of trade and other payables approximate their amortised cost.

17. CURRENT TAX LIABILITIES

	2013	2012
(a) Statement of financial position	SR	SR
At January 1,	**145,440**	13,900,000
Current tax on the adjusted profit for the year ended at applicable rates (see note (c))	**10,657,542**	157,000
Over provision in previous years	**(145,440)**	-
Less: Provisional tax paid	-	(13,911,560)
At December 31,	**10,657,542**	145,440

17. CURRENT TAX LIABILITIES (CONT'D)

	2013	2012
(b) Statement of profit or loss	SR	SR
Current tax on the adjusted profit for the year at applicable tax rates (see note (c))	10,657,542	157,000
Over provision in previous years	(145,440)	-
Deferred taxes (note 14 (a))	144,297	1,106,980
Tax expense	10,656,399	1,263,980

Tax on the company's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2013	2012
	SR	SR
Profit before taxation	33,981,257	3,124,780
Tax calculated at applicable tax rates (see note (c) below)	10,144,376	781,195
Income not subject to tax	(67,271)	(53,189)
Expenses not deductible for tax purposes	1,005,713	108,000
Excess of capital allowance over depreciation	(1,420,637)	(902,233)
Provision for tax contingency	995,360	223,227
	10,657,542	157,000

(c) Applicable tax rates under Business Tax Act, 2009 are as follows:

	Tax rates - %	
Taxable income	2013	2012
≤ SR. 1,000,000	25%	25%
> SR. 1,000,000	30%	33%

18. EXPENSES BY NATURE

	2013	2012
	SR	SR
Cost of inventories (note 8)	**603,768,739**	802,403,506
Depreciation of property, plant and equipment (note 5)	**8,139,284**	7,817,637
Amortisation of intangible assets (note 6)	**329,962**	281,149
Electricity and water charges	**21,611,481**	21,038,828
Publicity and promotions	**4,676,808**	3,491,041
Transport charges	**4,729,023**	4,131,203
Packing expenses	**4,714,344**	4,389,187
Rental expenses	**8,305,120**	8,686,640
Repairs and maintenance	**6,437,651**	6,053,608
Stock written off	**8,811,856**	4,648,706
Telephone and faxes	**2,177,963**	2,352,199
Employee benefit expenses (note 20(b))	**59,652,922**	52,405,372
Professional and other fees	**1,178,979**	8,956,900
Security expenses	**3,712,391**	2,089,669
Vehicle expenses	**2,411,868**	2,205,153
Donations	**1,540,923**	211,566
Corporate social responsibility tax	**3,134,974**	-
Other expenses	**19,538,675**	18,557,346
	764,872,963	949,508,144

Summarised as follows:

	2013	2012
	SR	SR
- Cost of sales	**637,126,496**	836,970,974
- Distribution expenses	**11,274,722**	10,779,340
- Administrative expenses	**116,471,745**	102,699,176
	764,872,963	950,449,490

19. OTHER INCOME

	2013	2012
	SR	SR
Rental income	**3,959,674**	3,816,574
Sundry income	**1,509,979**	343,668
	5,499,653	4,160,242

20. OPERATING PROFIT

Operating profit is arrived after charging:

	2013	2012
	SR	SR
Depreciation on property, plant and equipment (note 5)	8,139,284	7,817,637
Amortisation of intangible assets (note 6)	329,962	281,149
Directors' emoluments (note 20(a))	900,935	721,084
Employee benefit expenses (note 20(b))	59,652,922	52,405,373
Auditors' remuneration	767,648	780,000

(a) Directors' remuneration are as follows:

	2013	2012
	SR	SR
Colin Jean-Louis	-	35,294
Veronique Laporte	515,200	-
Charlie Morin	64,000	7,059
Patrick Vel	145,735	537,555
Steve Fanny	44,000	35,294
Audrey Nanon	-	29,412
Maryline Reginald	-	29,412
Melanie Stravens	-	29,412
Annie Vidot	44,000	5,882
Ashik Hasden	5,500	5,882
Ronny Brutus	44,000	5,882
Mike Laval	38,500	-
	900,935	721,084

(b) Employee benefit expenses is analysed as follows:

	2013	2012
	SR	SR
Salaries & wages	50,740,226	44,787,855
Employee benefits and related expenses	1,746,881	2,570,173
Retirement benefits (note 15)	3,317,866	350,713
Staff welfare	3,847,949	4,696,632
	59,652,922	52,405,373

21. FINANCE INCOME AND COSTS

(a) Finance income

	2013	2012
	SR	SR
Interest received on fixed deposit	204,798	212,754

21. FINANCE INCOME AND COSTS (CONT'D)

(b) Finance expenses

	2013	2012
	SR	SR
Interest on borrowings	**1,206,000**	1,225,028

22. RELATED PARTY TRANSACTIONS

	2013	2012
	SR	SR
Shareholder		
- Shareholder's loan (note 12)	**92,209,737**	92,209,737
- Borrowing (note 13)	**45,000,000**	45,000,000
Director		
- Directors remuneration & benefits	**900,935**	721,084

Transactions with related parties are made at normal market prices.

Outstanding balances at the end of the reporting period are unsecured and interest-free. There has been no guarantees provided or received for any related party payables or receivables. For the year ended December 31, 2013, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2012: Nil). This assessment is undertaken at the end of each financial year through examining the financial position of the related party and the market in which the related party operates.

23. CAPITAL COMMITMENTS

	2013	2012
	SR	SR
Capital expenditure approved but not yet contracted	**50,326,000**	47,109,000

24. CONTINGENT LIABILITIES

	2013	2012
	SR	SR
Letters of credit	-	2,200,000
Bank guarantees for bonded warehouse	**5,000,000**	5,000,000
	5,000,000	7,200,000

25. FIVE YEAR FINANCIAL SUMMARY

	2013	2012	2011	2010	2009
	SR'000	SR'000	SR'000	SR'000	SR'000
Profit before taxation	**33,981**	3,125	29,045	29,045	55,607
Taxation	**(10,656)**	(1,264)	(9,170)	(9,170)	(20,378)
	23,325	1,861	19,875	19,875	35,229
Retained earnings brought forward	**89,803**	87,942	69,928	50,052	14,824
Retained earnings carried forward	**113,128**	89,803	89,803	69,928	50,052

	2013	2012	2011	2010	2009
	SR'000	SR'000	SR'000	SR'000	SR'000
EQUITY					
Share capital	**10**	10	10	10	10
Shareholder loan	**92,210**	92,210	92,210	92,210	92,210
Retained earnings	**113,128**	89,803	89,803	69,928	50,052
	205,347	182,022	182,023	162,148	142,272