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.

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 statement of profit or loss.

(ii) 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.

(iii) 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 statement of profit or loss.

(iv) Trade and other payables

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

(v) Share capital

Ordinary shares are classified as equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial instruments (Cont'd)

(vi) 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.

(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).

SEYCHELLES TRADING COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

SEYCHELLES TRADING COMPANY LIMITED

TABLE OF CONTENTS - DECEMBER 31, 2014

CORPORATE INFORMATION - DECEMBER 31, 2014

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) (3) Seychelles International Mercantile Banking Corporation Limited (4) Barclays Bank (Seychelles) Limited (5) Seychelles Commercial Bank Limited (6) Bank of Ceylon (Seychelles)

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the year ended December 31, 2014.

PRINCIPAL ACTIVITIES

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

RESULTS

	2014
	SR'000
Profit before tax	8,512
Tax expense	(3,116)
Profit for the year	5,396
Retained earnings brought forward	113,128
Retained earnings carried forward	118,524

DIVIDENDS

The Directors did not propose any dividends for the year under review (2013: Nil).

PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment amounted to **SR 15.9m** during the year ended December 31, 2014 (2013: SR 8.5m). These are made up mainly of freehold building, 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:

	2014 & 2013 Number of shares
Charles Morin (Chairman)	Nil
Veronique Laporte (Chief Executive Officer)	Nil
Steve Fanny	1
Ronny Brutus	Nil
Mike Laval	Nil
Annie Vidot	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 themselves for re-appointment.

BOARD APPROVAL

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

Dated: May 29, 2015
Victoria, Seychelles

Tel: +248 4 612 612
Fax: +248 4 612 300

2nd Floor, The Créole Spirit
Quincy Street
Victoria, Mahé
Seychelles
P.O. Box 18

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 30 which comprise the Statement of Financial Position at December 31, 2014, 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 as a result of limitations in the Company's IT system.

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 30 give a true and fair view of the financial position of the Company at December 31, 2014 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 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.

Report on Other Legal Regulatory Requirements

Public Enterprise Monitoring Commission Act, 2013

In our opinion, proper accounting records have been kept by the Company 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: May 29, 2015

Victoria, Seychelles

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

	Notes	2014	2013
		SR	SR
ASSETS			
Non-current assets			
Property, plant and equipment	5	69,562,060	62,856,774
Intangible assets	6	620,247	476,271
Investment in financial assets	7	25,000	25,000
		70,207,307	63,358,045
Current assets			
Inventories	8	184,246,138	163,348,559
Trade and other receivables	9	30,168,024	20,021,113
Current tax asset	10	1,065,649	-
Cash and cash equivalents	11	48,079,465	85,530,391
		263,559,276	268,900,063
Total assets		333,766,583	332,258,108
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	10,000	10,000
Government of Seychelles' loan	13	92,209,737	92,209,737
Retained earnings		118,524,570	113,127,558
		210,744,307	205,347,295
LIABILITIES			
Non-current liabilities			
Borrowings	14	40,666,667	54,666,667
Deferred tax liabilities	15	4,350,339	5,424,440
Retirement benefit obligations	16	10,577,464	8,798,755
		55,594,470	68,889,862
Current liabilities			
Trade and other payables	17	53,427,806	43,363,409
Borrowings	14	14,000,000	4,000,000
Current tax liabilities	10	-	10,657,542
		67,427,806	58,020,951
Total liabilities		123,022,276	126,910,813
Total equity and liabilities		333,766,583	332,258,108

These financial statements have been approved for issue by the Board of Directors on May 29, 2015

Charles Morin
Director

Veronique Laporte
Director

Steve Fanny
Director

Ronny Brutus
Director

M. Laval
Mike Laval
Director

Annie Vidot
Director

The notes on pages 8 to 30 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2014

	Notes	2014 SR	2013 SR
Revenue	2(k) & 18	**851,486,118**	786,994,727
Cost of sales	19	**(685,957,856)**	(637,126,496)
Gross profit		**165,528,262**	149,868,231
Other income	20	**5,396,729**	5,499,653
Distribution expenses	19	**(11,673,193)**	(11,274,722)
Administrative expenses	19	**(149,538,653)**	(116,471,745)
Operating profit	21	**9,713,145**	27,621,417
Foreign exchange (loss)/gain		**(535,070)**	7,361,042
Finance income	22(a)	**162,998**	204,798
Finance cost	22(b)	**(828,695)**	(1,206,000)
Profit before tax		**8,512,378**	33,981,257
Tax expense	10(b)	**(3,115,366)**	(10,656,399)
Profit and total comprehensive income for the year		**5,397,012**	23,324,858

The notes on pages 8 to 30 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, 2014

	Share capital	Government of Seychelles' loan	Retained earnings	Total
	SR	SR	SR	SR
Balance at January 1, 2014	**10,000**	**92,209,737**	**113,127,558**	**205,347,295**
Total comprehensive income for the year	**-**	**-**	**5,397,012**	**5,397,012**
Balance at December 31, 2014	**10,000**	**92,209,737**	**118,524,570**	**210,744,307**
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

The notes on pages 8 to 30 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2014

	Notes	2014	2013
		SR	SR
Cash flows from operating activities			
Profit before taxation		**8,512,378**	33,981,257
Adjustments for:			
Depreciation on property, plant and equipment	5	**9,228,885**	8,139,284
Assets written off	5	**14,275**	20,050
Amortisation of intangible assets	6	**459,274**	329,962
Movement in retirement benefit obligations		**1,778,709**	3,317,866
Interest receivable	22(a)	**(162,998)**	(204,798)
Interest payable	22(b)	**828,695**	1,206,000
		20,659,218	46,789,621
Changes in working capital			
(Increase)/decrease in inventories		**(20,897,579)**	5,647,298
(Increase)/decrease in trade and other receivables		**(10,146,911)**	9,132,564
Increase/(decrease) in trade and other payables		**10,064,397**	(20,444,521)
Net cash generated from operations		**(320,875)**	41,124,962
Interest paid		**(828,695)**	(1,206,000)
Tax paid	10(a)	**(15,912,658)**	-
Net cash generated (outflow)/inflow from operating activities		**(17,062,228)**	39,918,962
Cash flows from investing activities			
Purchase of property, plant and equipment	5	**(15,948,446)**	(8,546,930)
Purchase of intangible assets	6	**(603,250)**	(300,057)
Interest received		**162,998**	204,798
Net cash outflow in investing activities		**(16,388,698)**	(8,642,189)
Financing activities			
Repayment of borrowings **and net cash outflow from financing activities**		**(4,000,000)**	(4,000,000)
Net (decrease)/increase in cash and cash equivalents		**(37,450,926)**	27,726,773
Movement in cash and cash equivalents			
At January 1,		**85,530,391**	58,253,618
(Decrease)/increase		**(37,450,926)**	27,276,773
At December 31,	11	**48,079,465**	85,530,391

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 started its activities on March 1, 2008 after taking over some of the activities and assets of the Seychelles Marketing Board (SMB). The Company was previously owned by the Goverment of Seychelles until January 31, 2014 when it transfered its entire shareholding to its investment vehicle Société Seychelloise D'Invéstissement Limited (SSIL).

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 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 that:
(i) investment in financial assets are stated at their fair value and;
(ii) relevant financial liabilities are stated at their amortised cost.

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

Amendments to IAS 32, 'Offsetting Financial Assets and Financial Liabilities', clarify the requirements relating to the offset of financial assets and financial liabilities. *The amendment is not expected to have any impact on the Company's financial statements.*

Amendments to IFRS 10, IFRS 12 and IAS 27, 'Investment Entities', define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. As the Company is not an investment entity, *the standard has no impact on the Company's financial statements.*

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what obligating event that gives rise to pay a levy and when should a liability be recognised. *The Company is not subject to levies so the interpretation has no impact on the*

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)

Amendments to IAS 36, 'Recoverable Amount Disclosures for Non- financial Assets', remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated. *The amendment has no impact on the Company's financial statements.*

Amendments to IAS 39, 'Novation of Derivatives and Continuation of Hedge Accounting', provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. *The amendment has no impact on the Company's financial statements.*

Annual Improvements 2010-2012 Cycle

IFRS 13 (Amendment), 'Fair Value Measurement' clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. *The amendment has no impact on the Company's financial statements.*

Annual Improvements 2011-2013 Cycle

IFRS 13 (Amendment), 'First-time Adoption of International Financial Reporting Standards' clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. *The amendment has no impact on the Company's financial statements, since the Company is an existing IFRS preparer.*

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, 2015 or later periods, but which the Company has not early adopted.

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

IFRS 9 Financial Instruments
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
Annual Improvements to IFRSs 2010-2012 cycle
Annual Improvements to IFRSs 2011-2013 cycle
IFRS 14 Regulatory Deferral Accounts
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
IFRS 15 Revenue from Contract with Customers

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)

Equity Method in Separate Financial Statements (Amendments to IAS 27)
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
Annual Improvements to IFRSs 2012-2014 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 profit or loss 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%

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 statement of profit or loss.

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) Customer loyalty programme

The Company operates a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases. The allocation of the consideration granted is 3 cents for every 100 cents spent. The reward points are recognised as a separate identifiable component of the initial sales transaction by allocating the fair value of the consideration received between the award points and other components of sales such that the reward points are initially recognised as deferred income at their fair value.

Revenue from the reward points is recognised when the points are redeemed and they do not have an expiry date.

The Directors has estimated that the amount to be provided as non-redemable points is immaterial in view of the fact that this programme just started in 2014.

(m) 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 to be 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

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) Market risk

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, 2014, 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	
	2014	2013	**2014**	2013
	SR'000	SR'000	**SR'000**	SR'000
Impact on results:				
- Trade and other receivables	**± 27**	± 145	**± 57**	± 77
- Trade and other payables	**± 1,066**	± 801	**± 572**	± 869

(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, 2014, if the interest rates on rupee-denominated borrowings had been 1% lower/higher with all other variables held constant, pre-tax profit for the year would have been **SR 546,667** (2013: SR 586,667) 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.

	2014	2013
	%	%
10 major counterparties	**42**	66
Others (diversified risk)	**58**	34
	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.

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	Total
	SR'000	SR'000	SR'000	SR'000
At December 31, 2014				
Borrowing from Government of Seychelles	**10,000**	**10,000**	**25,000**	**45,000**
Bank borrowing	**4,000**	**4,000**	**1,667**	**9,667**
Trade and other payables	**53,428**	-	-	**53,428**
At December 31, 2013				
Borrowing from Government of Seychelles	-	10,000	35,000	45,000
Bank borrowing	4,000	4,000	5,667	13,667
Trade and other payables	43,363	-	-	43,363

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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 profit or loss. 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 profit or losses 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 the end of the reporting date, the main exchange rates against the Seychelles Rupees were as follows:

	1 USD	1 EURO	1 GBP
	SR	SR	SR
2014	13.9881	17.0437	21.7588

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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 - Available-for-sale

Classification
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 recognition
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.

Subsequent measurement
Available-for-sale financial assets are subsequently carried at their fair values except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured

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 other comprehensive income.

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 using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments

3. FINANCIAL RISK MANAGEMENT (CONT'D)

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.

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 **SR 2,500** (2013 :SR2,500) lower/higher for the company were the discounted cash flow analysis to differ by 10% of from management

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

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 2014, the Company's strategy, which has been unchanged from 2013, 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, 2014 and 2013 were as follows:

	2014	2013
	SR'000	SR'000
Total debt (note 14)	**54,667**	58,667
Less: Cash and cash equivalents (note 11)	**(48,079)**	(85,530)
	6,588	(26,863)
Total equity	**210,744**	205,347
Debt-to-adjusted capital ratio	**3.1%**	N/A

The change in debt-to-adjusted capital ratio is mainly due to lower cash balances at the end of the current reporting period.

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.

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.

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.

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

Critical accounting estimates and assumptions (Cont'd)

(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 Company's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Company's views of possible near-term market changes that cannot be predicted with any certainty.

(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.

. PROPERTY, PLANT AND EQUIPMENT

	Land	Freehold Buildings	Plant and Machinery	Office Equipment	Computer Equipment	Furniture & Fittings	Motor Vehicles	Work in Progress	Total
	SR	SR	SR	SR	SR	SR	SR	SR	SR
COST									
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
Write off	-	-	-	-	-	(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**
Additions	-	**5,657,122**	**1,468,843**	**1,239,156**	**602,526**	**1,275,179**	**4,715,373**	**990,247**	**15,948,446**
Write off	-	-	-	-	-	-	**(12,687)**	**(15,482)**	**(28,169)**
Reclassification	-	**566,498**	-	-	-	-	-	**(566,498)**	-
At December 31, 2014	**3,076,323**	**30,323,308**	**18,361,747**	**9,156,572**	**4,810,781**	**18,426,457**	**17,582,536**	**7,464,118**	**109,201,842**
DEPRECIATION									
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
Write off adjustment	-	-	-	-	-	-	(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**
Charge for the year	-	**1,008,717**	**1,778,852**	**1,397,749**	**857,747**	**1,788,773**	**2,397,047**	-	**9,228,885**
Write off adjustment	-	-	-	**(1,207)**	-	-	**(12,687)**	-	**(13,894)**
At December 31, 2014	-	**6,369,145**	**6,573,021**	**5,608,269**	**2,846,825**	**6,279,654**	**11,962,868**	-	**39,639,782**
NET BOOK VALUE									
At December 31, 2014	**3,076,323**	**23,954,163**	**11,788,726**	**3,548,303**	**1,963,956**	**12,146,803**	**5,619,668**	**7,464,118**	**69,562,060**
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

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

(a) Depreciation has been charged to the statement of profit or loss under the following headings:

	2014	2013
	SR	SR
Cost of sales	**3,415,917**	3,084,132
Distribution expenses	**931,689**	1,065,351
Administrative expenses	**4,881,279**	3,989,801
	9,228,885	8,139,284

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

6. INTANGIBLE ASSETS

	Computer Software	
	2014	2013
	SR	SR
COST		
At January 1,	**1,212,746**	912,689
Additions	**603,250**	300,057
At December 31,	**1,815,996**	1,212,746
AMORTISATION		
At January 1,	**736,475**	406,513
Amortisation charge	**459,274**	329,962
At December 31,	**1,195,749**	736,475
NET BOOK VALUE		
At December 31,	**620,247**	476,271

(a) Amortisation charge of **SR 459,274** (2013: SR 329,962) has been charged to administrative expenses.

7. INVESTMENT IN FINANCIAL ASSETS

	2014 & 2013
	SR
Available for sale - Unquoted - (Seychelles Commercial Bank Ltd)	
At January 1 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 and no impairment is required based on the Directors opinion.

(b) The financial instrument has been classified under level 3 of the fair value hierarchy since there is no observable market data for this investment.

(c) The investment is denominated in Seychelles Rupees.

8. INVENTORIES

	2014	2013
	SR	SR
Finished goods (at net realisable value)	**127,521,284**	112,732,407
Work in progress (at cost)	**167,930**	149,601
Raw materials (at net realisable value)	**9,666,939**	7,822,127
Goods in transit (at cost)	**46,889,985**	42,644,424
	184,246,138	163,348,559

(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 653,029,626** (2013: SR 603,768,739)(note 19).

9. TRADE AND OTHER RECEIVABLES

	2014	2013
	SR	SR
Trade receivables	**13,140,678**	15,639,420
Less: provision for credit impairment (note 9(e))	**(2,431,094)**	(440,382)
	10,709,584	15,199,038
Other receivables and prepayments	**19,458,440**	4,822,075
	30,168,024	20,021,113

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

(b) As at December 31, 2014, trade receivables of **SR 2,203,546** (2013: SR 440,382) were fully impaired. The individually impaired receivables relate to invoices due from customers whose recoverability are in doubt. The total amount is more than 3 months overdue.

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

	2014	2013
	SR	SR
Seychelles Rupee	**28,485,674**	15,430,978
Euro	**1,134,908**	1,532,525
US Dollar	**547,442**	2,900,425
Other currencies	**-**	157,185
	30,168,024	20,021,113

(d) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

(e) The Company does not hold any collaterals as securities.

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

10. CURRENT TAX ASSETS/(LIABILITIES)

(a) Statement of financial position

	2014	2013
	SR	SR
At January 1,	**(10,657,542)**	(145,440)
Current tax on the adjusted profit for the year ended at applicable rates (see notes 10(c) and 10(d))	**(4,189,467)**	(10,657,542)
Over provision in previous years	**-**	145,440
Less: Tax paid	**15,912,658**	-
At December 31,	**1,065,649**	(10,657,542)

(b) Statement of profit or loss

	2014	2013
	SR	SR
Current tax on the adjusted profit for the year at applicable tax rates (see note 10(c))	**4,189,467**	10,657,542
Over provision in previous years	**-**	(145,440)
Deferred taxes (note 15(a))	**(1,074,101)**	144,297
Tax expense	**3,115,366**	10,656,399

(c) 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:

	2014	2013
	SR	SR
Profit before taxation	**8,512,378**	33,981,257
Tax calculated at applicable tax rates (see note 10(d) below)	**2,503,713**	10,144,377
Income not subject to tax	**(48,899)**	(67,271)
Expenses not deductible for tax purposes	**2,441,502**	1,951,398
Excess of capital allowance over depreciation	**(706,849)**	(1,291,489)
Tax Loss utilised	**-**	(79,473)
	4,189,467	10,657,542

(d) Applicable tax rates are as follows:

Taxable income	2014 & 2013 Tax rates - %
≤ SR. 1,000,000	25%
> SR. 1,000,000	30%

11. CASH AND CASH EQUIVALENTS

	2014	2013
	SR	SR
Cash in hand	**990,810**	432,334
Bank balance	**47,088,655**	85,098,057
	48,079,465	85,530,391

12. SHARE CAPITAL

	2014 & 2013
	SR
Issued and fully paid	
100 ordinary shares of SR.100 each	**10,000**

13. GOVERNMENT OF SEYCHELLES' LOAN

	2014 & 2013
	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.

14. BORROWINGS

	2014	2013
	SR	SR
Borrowings from the Government of Seychelles - Non Current (note 14(a)	**45,000,000**	45,000,000
Bank loan (notes 14(b) and 14(c))	**9,666,667**	13,666,667
	54,666,667	58,666,667

Analysed as:

	2014	2013
	SR	SR
Non-current	**40,666,667**	54,666,667
Current	**14,000,000**	4,000,000
	54,666,667	58,666,667

(a) The Company took a loan from Government of Seychelles amounting to **SR 45m.** This loan is repayable bi-annually on the 30th April and 31st October effective from the year 2015 and is expected to be fully repaid by April 30, 2019. Interest shall be charged based on the 365 day government treasury bill rate prevailing on the 30th April and 31th October each year preceding each payment.

(b) The bank loan is from Barclays Bank (Seychelles) Limited and 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% (2013: 6.5%).

(c) The exposure of the Company's borrowings to interest-rate changes and maturity and the contractual repricing dates is shown under notes 3.1(a)(ii) and 3.1(c) respectively.

(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.

15. 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).

	2014	2013
	SR	SR
At January 1,	**5,424,440**	5,280,143
(Credit)/Charged to statement of profit or loss (note 10(b))	**(1,074,101)**	144,297
At December 31,	**4,350,339**	5,424,440

(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:

	2014	2013
	SR	SR
Deferred tax liability	**8,242,250**	8,328,029
Deferred tax asset	**(3,891,911)**	(2,903,589)
Net deferred tax liability	**4,350,339**	5,424,440

(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/(asset)</u>

	Accelerated tax depreciation	Allowance for credit loss	Retirement benefit obligations	Total
	SR	SR	SR	SR
At January 1, 2013	7,088,836	-	(1,808,693)	5,280,143
Charged/(credit) for the year	1,239,193	-	(1,094,896)	144,297
At December 31, 2013	**8,328,029**	-	**(2,903,589)**	**5,424,440**
Credit for the year	**(85,779)**	**(718,672)**	**(269,650)**	**(1,074,101)**
At December 31, 2014	**8,242,250**	**(718,672)**	**(3,173,239)**	**4,350,339**

16. RETIREMENT BENEFIT OBLIGATIONS

Length of service compensation

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

	2014	2013
	SR	SR
At January 1,	**8,798,755**	5,480,889
Paid during the year	**(2,765,769)**	-
Charge to the statement of profit or loss (note 21(b))	**4,544,478**	3,317,866
At December 31,	**10,577,464**	8,798,755

17. TRADE AND OTHER PAYABLES

	2014	2013
	SR	SR
Trade payables	**46,747,105**	39,373,395
Accruals and other payables	**4,839,712**	3,990,014
Deferred Revenue	**1,840,989**	-
	53,427,806	43,363,409

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

	2014	2013
	SR	SR
Seychelles Rupee	**17,762,380**	8,340,332
Euro	**11,435,393**	17,375,869
US Dollar	**21,328,757**	16,015,896
Other currencies	**2,901,276**	1,631,312
	53,427,806	43,363,409

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

18. REVENUE

	2014	2013
	SR	SR
Gross revenue	**854,689,670**	786,994,727
Less : Reward point granted (note 2(l))	**(3,203,552)**	-
	851,486,118	786,994,727

19. EXPENSES BY NATURE

	2014	2013
	SR	SR
Cost of inventories (note 8)	**653,029,626**	603,768,739
Depreciation of property, plant and equipment (note 5)	**9,228,885**	8,139,284
Amortisation of intangible assets (note 6)	**459,274**	329,962
Electricity and water charges	**23,232,595**	21,611,481
Publicity and promotions	**3,382,327**	4,676,808
Transport and fuel expenses	**7,606,430**	8,563,959
Packing expenses	**4,080,477**	4,714,344
Rental expenses	**10,058,758**	8,305,120
Repairs and maintenance	**7,233,256**	6,437,651
Stock written off	**8,810,970**	8,811,856
Telephone and faxes	**3,033,228**	2,177,963
Employee benefit expenses (note 21(b))	**84,888,761**	59,652,922
Professional and other fees	**1,686,824**	1,178,979
Security expenses	**3,771,396**	3,712,391
Vehicle expenses	**2,468,262**	2,411,868
Donations	**1,074,791**	1,540,923
Corporate social responsibility tax	**4,273,035**	3,134,974
Other expenses	**18,850,807**	15,703,739
	847,169,702	764,872,963

19. EXPENSES BY NATURE (CONT'D)

Summarised as follows:

	2014	2013
	SR	SR
- Cost of sales	**685,957,856**	637,126,496
- Distribution expenses	**11,673,193**	11,274,722
- Administrative expenses	**149,538,653**	116,471,745
	847,169,702	764,872,963

20. OTHER INCOME

	2014	2013
	SR	SR
Rental income	**3,487,922**	3,959,674
Sundry income	**1,908,807**	1,539,979
	5,396,729	5,499,653

21. OPERATING PROFIT

Operating profit is arrived after charging:

	2014	2013
	SR	SR
Depreciation on property, plant and equipment (note 5)	**9,228,885**	8,139,284
Amortisation of intangible assets (note 6)	**459,274**	329,962
Directors' emoluments (note 21(a))	**948,036**	900,935
Employee benefit expenses (note 21(b))	**84,888,761**	59,652,922
Auditors' remuneration	**767,648**	767,648

(a) Directors' remuneration are as follows:

	2014	2013
	SR	SR
Charlie Morin (Chairman)	**70,588**	64,000
Veronique Laporte (Chief Executive Officer)	**679,800**	515,200
Patrick Vel	**-**	145,735
Steve Fanny	**49,412**	44,000
Annie Vidot	**49,412**	44,000
Ronny Brutus	**49,412**	44,000
Mike Laval	**49,412**	38,500
Ashik Hasden	**-**	5,500
	948,036	900,935

(b) Employee benefit expenses is analysed as follows:

	2014	2013
	SR	SR
Salaries & wages	**75,220,255**	50,740,226
Employee benefits and related expenses	**2,477,945**	1,746,881
Retirement benefits (note 16)	**4,544,478**	3,317,866
Staff welfare	**2,646,083**	3,847,949
	84,888,761	59,652,922

22. FINANCE INCOME AND COSTS

(a) Finance income

	2014	2013
	SR	SR
Interest received on fixed deposit	**162,998**	204,798

(b) Finance expenses

	2014	2013
	SR	SR
Interest on borrowings	**828,695**	1,206,000

23. RELATED PARTY TRANSACTIONS

	2014	2013
	SR	SR
Ultimate Shareholder		
- Government of Seychelles' Loan (note 13)	**92,209,737**	92,209,737
- Borrowing (note 14)	**45,000,000**	45,000,000
Directors		
- Directors remuneration & benefits (note 21(a))	**948,036**	900,935

(a) Transactions with related parties are made at normal market prices.

(b) Other terms and conditions have been included under the relevant notes.

(c) **Compensation to key management personnel**

The Company considers only the Chief Executive Officer as its key management personnel as defined by IAS 24. The remuneration and benefits have been disclosed under 21(a).

24. CAPITAL COMMITMENTS

	2014	2013
	SR'000	SR'000
Capital expenditure approved but not yet contracted	**27,481**	50,326

25. CONTINGENT LIABILITIES

	2014 & 2013
	SR
Bank guarantees for bonded warehouse	**5,000,000**

26. FIVE YEAR FINANCIAL SUMMARY

	2014	2013	2012	2011	2010
	SR'000	SR'000	SR'000	SR'000	SR'000
Profit before taxation	8,512	33,981	3,124	29,045	31,233
Taxation	(3,116)	(10,656)	(1,263)	(9,170)	(11,253)
	5,396	23,325	1,861	19,875	19,980
Retained earnings brought forward	113,128	89,803	87,942	68,067	48,087
Retained earnings carried forward	118,524	113,128	89,803	87,942	68,067

	2014	2013	2012	2011	2010
	SR'000	SR'000	SR'000	SR'000	SR'000
EQUITY					
Share capital	10	10	10	10	10
Government of Seychelles' Loan	92,210	92,210	92,210	92,210	92,210
Retained earnings	118,524	113,128	89,803	87,942	68,067
	210,744	205,348	182,023	180,162	160,287