



MAURITIUS FREEPORT DEVELOPMENT COMPANY LTD

CIRCULAR TO SHAREHOLDERS

NOTICE OF SPECIAL MEETING

**MAURITIUS FREEPORT DEVELOPMENT COMPANY LTD
(Incorporated and registered in Mauritius under the Companies Act
on 21 August 1995 with business registration number C06015176)**

CIRCULAR TO SHAREHOLDERS

in respect of the reduction of the stated capital of Mauritius Freeport Development Company Ltd

Notice of special meeting of Mauritius Freeport Development Company Ltd

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This circular (the “Circular”) is issued for the purpose of providing information to the shareholders of Mauritius Freeport Development Company Ltd (“MFD” or the “Company”) in respect of the proposed reduction of the stated capital of the Company (the “Capital Reduction”).

The aim of the Capital Reduction is to absorb part of the deficit in reserves of MFD as at 31 December 2013 in order for the Company to be in a better position to pay dividends in the future, subject to its performance and cash-flow position. The proposal for the Capital Reduction will be submitted to the shareholders of MFD for approval at a forthcoming special meeting (“Special Meeting”) of the shareholders of MFD scheduled on 9 December 2014 at 10.00 a.m.

Your attention is drawn to the letter from the Chairman of the Board of MFD (the “Board”) which contains a recommendation from the Board that you vote in favour of the resolution to be proposed at the Special Meeting as set out in the notice of meeting in Appendix 1 of this document. If you are not able to attend the Special Meeting in person, please complete, sign and return the accompanying proxy form attached in Appendix 2 of this document.

If you are in any doubt about the contents of this document or the action you should take, you should consult immediately a person who specialises in advising on the acquisition and disposal of shares and other securities. The contents of this document are not to be construed as legal, business or tax advice. Each shareholder should consult his, her or its own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice. Shareholders should rely only on the information in this document. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been authorised by the Company.

7 November 2014

TABLE OF CONTENTS

1. Introduction.....	3
2. Rationale for the proposed Capital Reduction	3
3. Elimination of the deficit in reserves	3
4. Process for the Capital Reduction	4
5. Timetable of principal events.....	5
6. Selected financial information.....	6
7. Corporate information on MFD	8
8. Documents available for inspection	9
9. Responsibility statement	9
10. Glossary	10

1. Introduction

On 10 October 2014, the Board of MFD issued a communiqué and a notice informing the Company's shareholders and the public in general that it intends to put forward a proposal for the reduction of the company's capital (the "Capital Reduction") for approval by shareholders at a Special Meeting of shareholders. The Special Meeting has been convened on 9 December 2014 and the purpose of this circular is to provide you with information relating to details of the Capital Reduction.

2. Rationale for the proposed Capital Reduction

MFD was incorporated and registered under the Companies Act 2001 ("CA") in Mauritius as a private company on 21 August 1995 and was converted into a public company limited by shares with unlimited life on 10 February 1997.

MFD has been profitable for the last five years. Table 4 in Section 6.1 shows that MFD's profits after tax ("PAT") amounted to MUR10m for FY12 and MUR48m for FY13. For the half year ended 30 June 2014, the unaudited PAT amounted to MUR34m. Despite these positive results, which have been achieved through considerable investments in infrastructure and through the implementation of its corporate strategy, MFD is not in a position to distribute any dividends to its shareholders given its deficit in revenue reserves.

With the proposed Capital Reduction, the Company will more likely pass the solvency test under Section 6 of the CA and be in a better position to pay dividends, subject to the Company's performance and when the Board considers that it is appropriate to do so.

3. Elimination of the deficit in reserves

As shown in the table below, as at 31 December 2013, MFD had MUR 393m deficit in reserves.

Table 1: Capital and reserves of MFD

MUR	FY13 (Audited)	FY12 (Audited)
Capital and reserves		
Stated capital	1,200,000,000	1,200,000,000
Revaluation reserve	163,695,513	163,695,513
Deficit in revenue reserves	(393,987,367)	(442,335,950)
Net shareholders' funds	969,708,146	921,359,563

Source: Audited financial statements

To reduce the deficit in reserves, the Board proposes to reduce the stated capital of MFD under the provisions of Section 62 of the Companies Act 2001 ("CA") which provides for the possibility for a company to reduce its stated capital that is not represented by the value of its assets.

The steps for the Capital Reduction are set out below:

Table 2: Step for Capital Reduction

MUR	FY13 (Audited)	Reduction of stated capital	Adjusted FY13 after Capital Reduction
Total assets	2,455,502,703	-	2,455,502,703
Capital and reserves			
Stated capital	1,200,000,000	(390,000,000)	810,000,000
Revaluation reserve	163,695,513	-	163,695,513
Deficit in revenue reserves	(393,987,367)	390,000,000	3,987,367
Net shareholders' funds	969,708,146	-	969,708,146
Total liabilities	1,485,794,557	-	1,485,794,557
Total equity and liabilities	2,455,502,703	-	2,455,502,703

After the proposed reduction of the stated capital, the adjusted capital and reserves will be as shown below.

Table 3: Pro-forma balance sheet after Capital Reduction

MUR	FY13 (Audited)	Adjusted FY13 after Capital Reduction
Total assets	2,455,502,703	2,455,502,703
Capital and reserves		
Stated capital	1,200,000,000	810,000,000
Revaluation reserve	163,695,513	163,695,513
Accumulated loss	(393,987,367)	(3,987,367)
Net shareholders' funds	969,708,146	969,708,146
Total liabilities	1,485,794,557	1,485,794,557
Total equity and liabilities	2,455,502,703	2,455,502,703

The Directors of MFD (the "Directors") have reasonable grounds to believe that MFD will be profitable in FY14. Consequently, the Capital Reduction as shown in the table above should allow MFD to distribute dividends to its shareholders from its 2014 income, assuming the resolution to reduce the stated capital of the MFD is approved by the shareholders and that 2014 income exceeds the balance of MUR3,987,367 still outstanding as deficit in revenue reserves.

4. Process for the Capital Reduction

The reduction of capital must be approved by special resolution of the Special meeting.

MFD has secured the consent of its bankers to carry out the reduction of capital. The reduction of capital will not involve any distribution or repayment of capital by MFD and will not reduce the underlying net assets of MFD. As explained in Table 3 above, the net shareholders' funds are unchanged before and after the Capital Reduction.

5. Timetable of principal events

	Date
Announcement of Capital Reduction	10 October 2014
Publication of notice	18 October 2014
Dispatch of Circular to MFD shareholders	21 November 2014
Special Meeting of shareholders convened to vote on the proposal to reduce the stated capital of MFD	9 December 2014

6. Selected financial information

6.1. Financial performance of MFD

The table sets out extracts from the audited income statements for the years ended 31 December 2012 and 2013 and the unaudited income statements for the half year ended 30 June 2013 and 2014.

Table 4: MFD's income statements

MFD's income statements				
MUR	HY14 (Unaudited)	FY13 (Audited)	HY13 (Unaudited)	FY12 (Audited)
Revenue	329,566,172	611,686,654	278,637,549	508,512,074
Operational charges	(215,199,616)	(393,663,874)	(183,333,685)	(340,580,781)
	114,366,557	218,022,780	95,303,864	167,931,293
Selling and marketing expenses	(9,433,150)	(23,666,030)	(8,115,604)	(20,531,465)
Administrative expenses	(25,498,963)	(48,369,202)	(23,905,336)	(43,766,447)
Operating profit	79,434,444	145,987,548	63,282,925	103,633,381
Finance charges				
Interest expense	(44,835,695)	(92,643,297)	(45,190,747)	(81,722,513)
Net exchange gain/(loss)	(485,290)	6,971,306	(5,903,026)	(13,102,150)
	(45,320,985)	(85,671,991)	(51,093,773)	(94,824,663)
Profit before tax	34,113,459	60,315,557	12,189,152	8,808,718
Income tax charge (@17%)	-	(11,966,974)	-	1,265,204
Profit for the year/half year	34,113,459	48,348,583	12,189,152	10,073,922

Revenues for 2013 were up 20.3% over the previous year to MUR 611.7m (2012 – MUR 508.5m). This was mainly due to services related to the seafood industry with revenues up in the cold room (+28%) and fish quay (+19%). There was also a positive contribution from the combined transport and container park departments which saw a 35% increase in revenues over the previous year.

Operational charges increased to MUR 393.7m representing an increase of 15.6% on the previous year (2012 – MUR 340.6m), resulting in operating profits of MUR 146.0m, up 40.9% compared to the previous year (2012 – MUR 103.6m).

Although interest expense was up by almost MUR 11.0m in 2013 due to the financing of the final phase of MFD's development programme under the master agreement, there was a positive movement of MUR20.0m in unrealised exchange gains. The profit before tax figure of MUR 60.3m (2012 – MUR 8.8m) and the net profit for the year was MUR 48.3m (2012 – MUR 10.1m) after tax.

Revenue for the first half of 2014 ended 30 June 2014 reached MUR 329.6m and operating profit reached MUR 79.4m. The net exchange loss was MUR 0.5m (2013: MUR 5.9m) and arises mainly from the fluctuation of the US dollar exchange rate. The profit for the half year was MUR 34.1m against MUR 12.2m for the same period last year. Please note that half-year figures are not audited.

There has not been any significant negative change in the financial position of MFD from the date the interim results were published to the date of this document.

6.2. Share capital of MFD

MFD has in issue 150,000,000 shares at no par value. The table below shows the shareholders holding 5% or more of MFD as at 30 May 2014.

Table 5: Shareholders owning more than 5% in the share capital of MFD

Shareholders	% shareholding in MFD
Promotion and Development Ltd	30.537%
Fincorp Investment Ltd	15.000%
The Anglo Mauritius Assurance Society	11.189%
Dentressangle Initiatives	7.487%
Concordia Offshore Ltd	5.000%

As the shares of MFD have no par value, the number of shares in issue shall be unchanged after the Capital Reduction.

7. Corporate information on MFD

Company legal and commercial name	Mauritius Freeport Development Company Ltd
Type of Company	Public company limited by shares incorporated under the Companies Act 2001
Date of incorporation	August 21, 1995
Country of incorporation	Mauritius
Business Registration Number	C06015176
Registered Address	Freeport Zone 5 Mer Rouge Port-Louis
Company Secretary	Executive Services Ltd 2 nd Floor, Les Jamalacs Building Vieux Conseil Street Port-Louis
ISIN	MFRE.I0000
Auditor	PricewaterhouseCoopers 18 CyberCity Ebène Republic of Mauritius
Legal adviser	Me Patrice de Speville Chancery House Lisley Geofret Street Port-Louis
Transaction Adviser	PricewaterhouseCoopers Ltd 18 CyberCity Ebene
Registrar and Transfer Agent	Executive Services Ltd c/o Ah Man Wong A.C.I.S 2 nd floor, Les Jamalacs Building, Vieux Conseil Street, Port-Louis Republic of Mauritius
Banker	The Mauritius Commercial Bank Ltd Sir William Newton Street Port-Louis

8. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours at the registered office of the Company at Freeport Zone 5, Mer Rouge, Port-Louis, namely:

- The Constitution of MFD;
- The audited financial statements of MFD for the past three years; and
- Copies of this Circular.

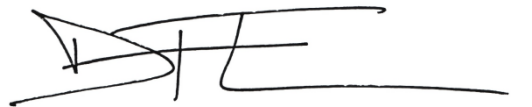
9. Responsibility statement

This Circular, for which the Directors collectively and individually accept full responsibility includes information with regard to the Company and to the planned Capital Reduction. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

Approved by the Board of MFD on 9 October 2014 and signed on its behalf by:



.....
René Leclézio
Director



.....
Dominique de Froberville
Director

10. Glossary

Term	Definition
Board	The Board of Directors of MFD
BoI	Board of Investment
CA	The Companies Act 2001
Capital Reduction	The proposed reduction of the stated capital of MFD
Circular	Circular dated to provide information to the shareholders of MFD in relation to the Capital Reduction
DEM	Development & Enterprise Market
Directors	The Directors of MFD
FSC	Financial Services Commission
FY	Full year
GoM	Government of Mauritius
HY	Half year
IFRS	International Financial Reporting Standards
ISIN	International Security Identification Number
MFD	Mauritius Freeport Development Company Ltd
MUR	Mauritian rupees
PAT	Profit after Tax
Scheme	Scheme of Arrangement to be undertaken by MFD
SEM	Stock Exchange of Mauritius Ltd
Special Meeting	Special meeting of the shareholders of MFD scheduled on 9 December 2014 to vote on the Capital Reduction

APPENDIX

Appendix 1. Notice of Special Meeting

MAURITIUS FREEPORT DEVELOPMENT COMPANY LTD

Notice is hereby given that a Special Meeting of the Company "MAURITIUS FREEPORT DEVELOPMENT COMPANY LTD" will be held at its registered office situated at Freeport Zone 5, Mer Rouge, Port-Louis on the 9th day of December 2014 at 10.00 a.m for the purpose of considering and, if thought fit, approving the following resolution, as a Special Resolution, viz:

RESOLUTION

"That the capital of the company, at present amounting to ONE BILLION TWO HUNDRED MILLION RUPEES – MUR1,200,000,000 – divided into ONE HUNDRED AND FIFTY MILLION – 150,000,000 - shares of no par value, be reduced by a sum of THREE HUNDRED AND NINETY MILLION RUPEES – MUR390,000,000 -, representing part of the accumulated losses in the book of the company and which is, thus, not represented by the value of its assets, and brought to the sum of EIGHT HUNDRED AND TEN MILLION RUPEES – MUR810,000,000 - still divided into ONE HUNDRED AND FIFTY MILLION – 150,000,000 - shares of no par value."

BY ORDER OF THE BOARD

Port_Louis, this 9th day of December 2014

Executive Services Limited

Company Secretary

Notes:-

1. Proxy forms duly signed should reach the Company Secretary, Executive Services Ltd, 2nd Floor, Les Jamalacs Building, Vieux Conseil Street, PORT LOUIS at least TWENTY-FOUR hours before the holding of the meeting or else the instrument of proxy should not be treated as valid.
2. For the purpose of this meeting and in compliance with Section 120 of the Companies Act 2001, the shareholders who are entitled to receive the Notice of the Meeting shall be those whose names are registered in the Company's register as at 17 November 2014.

Appendix 2. Proxy form

**MAURITIUS FREEPORT DEVELOPMENT COMPANY
LTD
("the Company")**

PROXY FORM

I/We
of being a member(s)
of the above named Company, hereby appoint.....of
.....
or failing him/her.....of
.....
as my/our proxy to vote for me/us and on my/our behalf a Special Meeting of Shareholders of the Company, to be held on the 9 December 2014 at 10.00 a.m and at any adjournment thereof.

I/We desire my/our vote(s) to be cast on the Resolution as follows:

Vote with a tick

	Approval of Capital Reduction	For	Against	Abstain
	AS SPECIAL RESOLUTION:			
I	Resolved that the capital of the Company amounting to MUR1,200,000,000/- divided into 150,000,000 shares of no par value, be reduced by MUR390,000,000/-, representing part of the accumulated losses in the book of the Company and which is thus not represented by the value of its assets and brought to MUR810,000,000/- still divided into 150,000,000 shares of no par value.			

Signed this day of

Signature(s) of shareholder

Notes:

- 1) A member of the Company entitled to attend and vote at this meeting may appoint a proxy of his own choice (whether a member or not) to attend and vote on his behalf.
- 2) Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will exercise his discretion as to how he/she votes.
- 3) Proxy forms duly signed should reach the Company Secretary, Executive Services Ltd, 2nd Floor, Les Jamalacs Building, Vieux Conseil Street, PORT LOUIS at least TWENTY-FOUR hours before the holding of the meeting or else the instrument of proxy should not be treated as valid.

Mauritius Freeport Development Co Ltd
Freeport Zone 5
Mer Rouge
Port Louis, Mauritius
Tel: (230) 2062000
Fax : (230) 2062005
Email : info@mfd.mu - www.mfd.mu