



ISLANDS DEVELOPMENT COMPANY LTD

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DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



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ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2019

The directors present herewith their report and audited financial statements of the company and the group for the year ended 31 March 2019.

Activities

The principal activity of the company during the year was the management of outlying islands, the transportation related thereto on behalf of the Seychelles Government and construction activities.

The company is also actively engaged in promoting tourism and private investment which has resulted in the company engaging itself in construction activities of resorts and villas on islands managed by itself.

The activities of the subsidiaries are as follows:

Green Island Construction Company Limited - Building contractors
Green Tree Investment Company limited and Green Oak Investment Company Limited - Developing, managing and leasing immovable properties.

Results

As shown in the statement of income on page 5 activities of the current year give the group a profit of R 34,001,174 (2018 - R 25,969,832) and the company a profit of R 41,793,907 (2018 - R 21,482,434) after taxation.

Application of profits and revenue reserves (company)

The profit for the year with revenue reserves from prior years give the company R 130,114,640 (2018 - R 91,320,733) available for distribution.

The directors distributed dividends of R 3 million in the year, giving a distribution of R 14.06 (2018: nil) per share.

Fixed assets

Major changes to fixed assets of the group during the year represents additions of:

- Generators	- R 36.10m
- Providence Airstrip	- R 19.06m
- Fuel farm	- R 7.3m
- Staff quarters	- R 6.45m
- Excavator	- R 3.99m
- Manitou Tele handler	- R 2.21m

The carrying amounts of property, plant and equipment are reviewed to determine whether they are in excess of their market or recoverable amount at balance sheet date. If the carrying amount exceeds the recoverable amount, the asset is written down to the lower amount.

Directors and their interest in the company

The directors of the company during the year and their interests in accordance with the register maintained under Section 111 of the Companies Act 1972, were as follows:-

	SHARES HELD	
	1 April	31 March
Mr. G. M. Savy	0	0
Mr. P. Lablache	0	0
Mrs. S. Francis	0	0
Mr. P. Berlouis	0	0
Ms. A. Antat	0	0
Mrs. A. Lebon	0	0
Mr. A. Decommarmond	0	0
Mr. W. Confait	0	0
Mr. R. Renaud (Resigned: 28.09.18)	0	0

All directors of the company are citizens of Seychelles.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2019

Directors and their interest in the company (cont...)

Mr. W. Confait and Mr. G. M. Savy retire from the board in accordance with Articles of Association and being eligible offer themselves for re-election.

No contract of significance subsisted with the company or its subsidiary at any time during the year in which the directors had directly or indirectly, a material interest.

Statement of directors responsibilities

The directors are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for the period. In preparing those accounts, the directors are required to:-


- prepare financial statements on the going concern basis unless it is inappropriate to assume continuance of business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- disclose and explain any material departures from applicable accounting standards.


The Companies Act 1972 also requires the directors to keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They also have the general responsibility for taking reasonable steps to safeguard the assets of the company and detect fraud and other irregularities.

Auditors

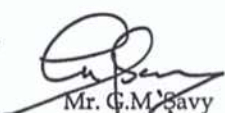
The retiring auditors are Pool & Patel who are eligible for re-appointment.

DIRECTORS


Mr. P. Berlouis
Chairman


Mr. A. Decormarmond


Mrs. S. Francis


Mr. G. M. Savy
Chief Executive Officer


Ms. A. Antat


Mr. W. Confait


Mr. P. Lablache


Mrs. A. Lebon

20 May 2019



INDEPENDENT AUDITOR'S REPORT

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

We have audited the accompanying financial statements of Islands Development Company Limited on pages 4 to 18, which comprise the statement of financial position for the Parent Company and the Group as at March 31, 2019, the income statement including the cash flow statement for the year then ended, a five year financial summary of the company and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management, under the historical cost convention and the financial reporting provisions of the Seychelles Companies Act 1972.

This report is made solely for the Company's members as a body in accordance with Section 158 of the Companies Act 1972. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members as a body for our audit work, for this report or for the opinion we have formed.

Management's Responsibility for the Financial Statements

Management is responsible for keeping proper accounting records and for the preparation of financial statements that give a true and fair view of the company's affairs in accordance with the financial reporting provisions of the Seychelles Companies Act 1972, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We have no relationship with, or material interest in the company other than in our capacity as auditors and tax and business advisors and arms length dealings with the company in the ordinary course of business.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and that these are in accordance with the accounting records maintained by the management. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We have no relation with, or material interest in the Company (or any of its subsidiaries), other than in our capacities as auditors, tax and business advisors and arm's length dealings with the company in the ordinary course of business.

Opinion

In our opinion, the accompanying financial statements of Islands Development Company Limited set out on pages 4 to 18 give a true and fair view of the financial position of Parent Company and the Group as at March 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting provisions of the Seychelles Companies Act 1972.

Pool & Patel

POOL & PATEL
CHARTERED ACCOUNTANTS

20 May 2019

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

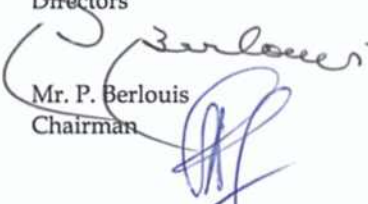
Consolidated statement of financial position


Financial statements are prepared in Seychelles Rupees

	Note	CONSOLIDATED		COMPANY	
		As at 31 March			
		2019	2018	2019	2018
Assets					
Property, plant and equipment	12	232,033,423	157,697,344	212,746,251	147,074,840
Investments	13	4,599	4,599	104,799	104,799
Lendings	20	69,223,596	88,667,961	-	-
Due from related party	21	13,856,481	17,215,045	13,856,481	17,215,045
Capital work in progress	22	62,453,126	81,351,479	198,790	25,081,118
Deferred income tax asset	10	7,089,667	2,158,760	5,239,292	724,570
Non-current assets		384,660,892	347,095,188	232,145,613	190,200,372
Lendings	20	13,132,291	16,190,560	-	-
Inventories	15	51,581,901	14,606,664	10,814,221	7,456,915
Taxation	10	-	749,032	1,413,417	-
Trade and other receivables	16	119,469,531	81,644,571	32,160,697	39,977,247
Cash and cash equivalent		89,555,744	94,657,190	74,318,144	79,604,247
Current assets		273,739,467	207,848,017	118,706,479	127,038,409
Total assets		658,400,359	554,943,205	350,852,092	317,238,781
Liabilities					
Employee benefit obligations	17	3,447,295	3,628,991	3,186,411	3,293,298
Deferred tax liability	10	66,840	1,611,296	-	1,430,099
Borrowings	18	147,364,258	153,026,642	40,036,358	47,349,756
Non-current liabilities		150,878,393	158,266,929	43,222,769	52,073,153
Borrowings	18	123,425,974	97,254,554	26,309,700	28,128,244
Taxation	10	1,286,609	-	-	157,173
Trade and other payables	19	168,983,007	118,608,464	79,077,460	75,443,899
Current liabilities		293,695,590	215,863,018	105,387,160	103,729,316
Total liabilities		444,573,983	374,129,947	148,609,929	155,802,469
Share capital	11	21,330,924	21,330,924	21,330,924	21,330,924
Retained earnings		141,698,853	110,697,679	130,114,640	91,320,733
Deferred grants	14	50,796,599	48,784,655	50,796,599	48,784,655
Equity		213,826,376	180,813,258	202,242,163	161,436,312
Total liabilities and equity		658,400,359	554,943,205	350,852,092	317,238,781

The notes on pages 8 to 19 are an integral part of these financial statements.

Directors


 Mr. P. Berlouis
 Chairman


 Mr. G.M. Saly
 Chief Executive Officer



 Mr. P. Lablache


 Mr. A. Decommarmond


 Ms. A. Antat


 Mrs. A. Lebon


 Mrs. S. Francis


 Mr. W. Confait

20 May 2019

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Statement of income - by nature of expense and retained earnings

Financial statements are prepared in Seychelles Rupees

	Note	CONSOLIDATED		COMPANY	
		As at 31 March			
		2019	2018	2019	2018
Revenue	3	489,081,072	463,913,482	297,398,583	401,975,487
Direct costs	4	(280,727,346)	(316,361,548)	(123,748,716)	(282,139,585)
Other income	5	14,530,298	9,206,932	13,172,478	6,804,987
Administrative salaries and benefits	6	(56,433,421)	(44,976,964)	(47,361,713)	(34,943,771)
Camp running expenses		(4,603,136)	(3,471,870)	-	-
Communication		(4,095,570)	(3,771,408)	(4,095,570)	(3,771,408)
Depreciation (net of deferred grant credit)	12/14	(22,263,855)	(14,555,945)	(16,293,224)	(9,510,723)
Exchange (losses)/gains (operating)		3,157,177	(1,854,549)	3,491,878	(1,244,052)
External transportation		(4,754,318)	(4,146,103)	(4,754,318)	(4,146,103)
Fuel for electricity generation & island use		(34,778,398)	(12,597,811)	(34,778,398)	(12,597,811)
Insurances		(3,844,573)	(2,492,948)	(1,719,162)	(1,585,492)
Other expenses		(17,419,075)	(11,175,139)	(15,667,205)	(8,958,432)
Rental		(3,873,385)	(1,959,808)	(1,035,810)	(715,350)
Repairs and maintenance		(10,666,588)	(7,746,274)	(10,666,588)	(7,746,274)
Travelling		(5,663,014)	(4,300,770)	(741,506)	(1,028,380)
Utilities		(4,235,201)	(3,811,214)	(2,110,433)	(1,816,863)
Operating profit		53,410,667	39,898,063	51,090,296	38,576,230
Finance income	8	11,935,680	10,861,461	674,143	3,329
Finance costs	9	(22,032,118)	(17,480,758)	(6,306,846)	(5,474,577)
Finance costs - net		(10,096,438)	(6,619,297)	(5,632,703)	(5,471,248)
Share of losses in associate	13	-	-	-	(3,903,290)
Profit before income tax		43,314,229	33,278,766	45,457,593	29,201,692
Income tax expense	10	(9,313,055)	(7,308,934)	(3,663,686)	(7,719,258)
Profit for the year		34,001,174	25,969,832	41,793,907	21,482,434
Dividends		(3,000,000)	-	(3,000,000)	-
		31,001,174	25,969,832	38,793,907	21,482,434
Retained earnings 1 April		110,697,679	84,727,847	91,320,733	69,838,299
Retained earnings 31 March		141,698,853	110,697,679	130,114,640	91,320,733

The notes on pages 8 to 19 are an integral part of these financial statements.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

Cash flow statement

Financial statements are prepared in Seychelles Rupees.

		CONSOLIDATED		COMPANY	
	Note	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Cash flows from operating activities					
Profit for the year before exceptional item		43,314,229	33,278,766	45,457,593	33,104,982
Adjustments for:-					
Work in progrsss to cost of sales		26,245,890	-	-	
Taxation paid	10	(13,752,778)	(6,622,908)	(11,179,097)	(6,648,473)
Depreciation (net of adjustment for deferred grant)	12/14	22,263,855	14,555,943	16,293,224	9,510,723
Changes in provision for employee benefits	17	(181,696)	42,789	(106,887)	(329)
Profit on disposal of investments	5	-	(1,427,800)	-	(1,427,800)
Finance costs	8/9	10,096,438	6,619,297	5,632,704	5,471,248
		87,985,938	46,446,087	56,097,537	40,010,351
Changes in working capital					
Decrease / (increase) in inventories		(36,975,237)	28,533,765	(3,357,306)	22,133,334
Decrease / (increase) in debtors		(37,824,960)	(3,813,053)	7,816,550	23,560,300
Increase / (decrease) in creditors and advances on contracts		50,374,543	(7,003,689)	3,633,561	(26,885,869)
Cash generated from /(utilised) in operations		63,560,284	64,163,110	64,190,342	58,818,116
Interest received	8	11,935,680	10,861,461	674,143	3,329
Interest paid	9	(19,299,728)	(14,919,097)	(4,569,336)	(3,480,355)
Net cash from / (used) in operating activities		56,196,236	60,105,474	60,295,149	55,341,090
Cash flows from investing activities					
Payments to acquire tangible fixed assets	12	(63,987,258)	(94,744,298)	(60,070,363)	(94,739,994)
Work in progress realised as lending		-	-	-	-
Investment in work in progress for disposal		(32,229,845)	(37,137,098)	-	(19,380,067)
Investment in work in progress for own use		(10,718,405)			
Lending made		-	(1,516,252)	-	-
Lending repaid		22,502,634	-	-	-
Proceeds from disposal of investment	5	-	1,475,837	-	1,475,837
Purchase of investment	13	-	-	-	-
Net cash used in investing activities		(84,432,874)	(131,921,811)	(60,070,363)	(112,644,224)
Cash flow from financing activities					
Capital grant received	14	5,000,000	32,625,163	5,000,000	32,625,163
Loans repaid	20	(63,130,475)	(18,796,507)	(16,406,341)	(4,797,086)
Loans received	18	85,289,960	121,004,579	8,924,866	56,326,201
Changes in related party balances		3,358,564	(3,192,811)	3,358,564	(3,193,011)
Dividend paid		(3,000,000)	-	(3,000,000)	-
Net cash from (used) in financing activities		27,518,049	131,640,424	(2,122,911)	80,961,267
Increase/(decrease) in cash and cash equivalents		(718,589)	59,824,087	(1,898,125)	23,658,133
Exchange losses on bank balances	9	(2,013,702)	(386,754)	(1,018,823)	(386,754)
Cash & cash equivalent at 1 April		87,304,581	27,867,248	72,251,638	48,980,259
Cash & cash equivalents 31 March		84,572,290	87,304,581	69,334,690	72,251,638

ISLANDS DEVELOPMENT COMPANY LIMITED

FIVE YEAR FINANCIAL SUMMARY - 31 MARCH 2019

Financial statements are prepared in Seychelles Rupees

	2019	2018	2017	2016	2015
Statement of financial position					
Share capital					
Authorised	21,331	21,331	21,331	21,331	21,331
Issued and fully paid	21,331	21,331	21,331	21,331	21,331
Retained earnings	130,115	95,223	69,837	57,663	52,333
Deferred grants	50,796	48,785	17,643	21,931	23,625
Long term loan	66,346	75,477	14,989	18,842	12,952
Net assets employed	268,588	240,816	123,799	119,767	110,241
Statement of income					
Turnover	297,399	401,975	301,179	152,677	121,120
Profit before taxation	45,458	33,105	18,615	9,150	18,817
Taxation	(3,664)	(7,719)	(6,440)	(820)	(1,686)
	41,794	25,386	12,175	8,330	17,131
Share of losses in associate	-	(3,903)	-	-	-
Dividends	(3,000)	-	-	(3,000)	(3,000)
	38,794	21,483	12,175	5,330	14,131
Retained earnings - 1 April	91,321	69,838	57,663	52,333	38,202
Retained earnings - 31 March	130,115	91,321	69,838	57,663	52,333

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Financial statements are prepared in Seychelles Rupees

1 *Reporting entity*

Island Development Company Limited, wholly owned by the Seychelles Government, is incorporated and domiciled in the Seychelles. The address of the company's registered office is at IDC, New Port, Mahe, Seychelles.

The company's principal activity is the management of outer islands, transportation related thereto on behalf of the Seychelles Government and construction activities.

The activities of the subsidiaries are as follows:

Green Island Construction Company Limited - Building contractors	
Green Tree Investment Company limited and Green Oak Investment Company Limited -	Developing, financing and managing immovable properties.

2 *Summary of significant accounting policies*

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

As from the current year, the group has elected to recognize its share of losses in its associated company (Note 2.14)

2.1 *Basis of presentation*

The statements of the group are prepared in accordance with the requirements of the Seychelles Companies Act, 1972 and the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SME's). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS for SME's requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements, are disclosed in the notes below.

2.2 *Basis of consolidation*

Subsidiaries are entities over which the group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than half of the voting rights.

Where a subsidiary either began or ceased to be a subsidiary, the results are included only from the date the control commenced or up to the date the control ceased.

Inter-company transactions, balances and unrealised gains within the group, which are related parties, are eliminated in full.

2.3 *Comparatives*

Where necessary comparatives figures have been adjusted to conform to changes in the current year.

2.4 *Functional and reporting currency*

The financial statements are presented in the Seychelles Rupee, which is the reporting currency under the Companies Act, 1972.

2.5 *Financial instruments*

The group was exposed through its operations to the following financial risks:

- Credit risk
- Market price risk
- Foreign exchange risk
- Liquidity risk

In common with all other businesses, the group is exposed to risks that arise from its use of financial instruments. This note describes the objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.5.1 Principal financial instruments

The principal financial instruments used by the group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade payables
- Borrowings

2.5.2 Financial instruments by category

Financial assets and liabilities are classified into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Fair value through profit or loss

This category comprises only in-the-money derivatives. The group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial liabilities which require payments of contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method.

Fair value through other comprehensive income

These assets arise from strategic investments in listed and unlisted entities which are not accounted for as subsidiaries, associates or jointly controlled entities. The group does not hold any such investments.

2.5.3 Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

	Consolidated		Company	
	Held at amortised cost 2019	Held at amortised cost 2018	Held at amortised cost 2019	Held at amortised cost 2018
Financial assets				
Cash and cash equivalents	89,555,744	94,657,190	74,318,144	79,604,247
Trade and other receivables	85,985,611	52,070,482	29,640,877	31,270,325
Total financial assets	175,541,355	146,727,672	103,959,021	110,874,572
Financial liabilities				
Trade and other payables	86,400,854	77,660,084	63,058,937	57,254,902
Loans and borrowings	270,790,232	250,281,196	66,346,058	75,478,000
Total financial liabilities	357,191,086	327,941,280	129,404,995	132,732,902

2.5.4 General objectives, policies and processes

The Directors have overall responsibility for the determination of the risk management objectives and policies and, whilst retaining ultimate responsibility for them, it delegates the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the finance function.

The overall objective of the Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group is mainly exposed to credit risk from credit sales. It is the group's policy, implemented locally, to assess the credit risk of new customers before entering contracts, and seek prepayments.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

Market risk

Market risk arises from the use of interest bearing, trade able and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Foreign exchange risk

Foreign exchange risk arises when individual entities enter into transactions denominated in a currency other than their functional currency. The policy is, where possible, to allow entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. The group is predominantly exposed to currency risk on borrowings and supplies purchased on credit in foreign currency. The group mitigates its exchange risks by contracting in major currencies.

Liquidity risk

Liquidity risk arises from the management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

The group's policy was to ensure that it always has sufficient cash to allow it to meet its liabilities when they become due.

2.6 Foreign currency transaction

Foreign currency transactions are translated in the Seychelles Rupee at the rate of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in Statement of income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income within finance income or costs. All other exchange gains and losses are presented in the statement of income within other income or expenses.

The Banks mid-rates for the period were:

Currency	Exchange rates at 31 March			Changes in percent (Sr)	
	2019	2018	2017	2018-2019	2017-2018
US \$ / Sr	14.22	14.06	13.81	-1%	-2%
Euro / Sr	15.97	17.32	14.75	8%	-17%

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner indicated by the management. Internally constructed assets are recognised at cost of material and direct labour attributable to a project

The group adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when cost is incurred if the replacement part is expected to provide future benefits to the company. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to statement of income during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. The estimated useful lives range as follows:

Machinery, furniture & equipment	5 -10 years	Computers	5 years
Motor vehicles	5 years	Staff houses	33 years
Office building	25 years	Hotels & airstrips	25 years
Aircraft	10 years	Airstrip	25 years

The assets residual values and depreciation methods are reviewed, and adjusted prospectively, if there is an indication or a significant change since the last reporting date.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)

2.7 Property, plant and equipment (cont...)

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income or expenses in the statement of income.

2.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cost is based on the averaging principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

At each reporting date, inventories are assessed for impairment. If the inventory is impaired, the carrying amount is reduced to its selling price less cost to complete and sell; and the impairment loss is recognised immediately in statement of income.

2.9 Taxation

The tax expense for the period comprises of current business, corporate social responsibility and deferred taxes.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and unused tax losses or tax credits.

The current income tax charge and deferred tax is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the reporting date.

2.10 Government grants

Subventions, grants or assets received from the Seychelles Government are dealt with as follows:-

- Grants towards acquisition of fixed assets - Deferred and amortised over estimated useful lives of the assets.
- Grants for recurrent expenditure - Treated as revenue on an accrual basis.
- Grants for managing Government assets - Offset against operating costs.

2.11 Revenue recognition

In relation to the rendering of services, revenue is recognised by reference to the state of completion of the transaction at the balance sheet date.

In relation to construction activities, revenue is recognised by reference to the state of completion of the construction at the balance sheet date.

Retention withheld by clients for construction activities is recognised in the income statement when received.

2.12 Employee benefit obligations

Employment Amendments Act (1999) requires employees to be compensated upon retirement or resignation for continuous service from date of their employment. The financial statements include liability accrued to the employee in full with the expense included as part employment costs.

2.13 Leases

The Seychelles Government has granted 99 year leases (Commencing 20 December 1994), for islands managed by the company at a paid up nominal rent.

The company leases out (as operating leases) various islands or parts thereof on sub leases.

As security for financing projects, the subsidiaries hold leasehold rights over land where a project is situate, which is surrendered to the client at no cost upon repayment of the lending.

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss account on a straight line basis over the period of the lease.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)**2.14 Associated entities**

As there are no published price quotations available for the groups associates, the group accounts for the investments at cost and its share of retained earnings in the associate.

Associates are entities over which the group has significant influence but not control, generally accompanying a shareholding between 15 % and 50 % of the voting rights.

3 Revenue

Analysis of revenue by category	Consolidated		Company	
	2019	2018	2019	2018
Construction	304,978,847	379,815,242	126,376,358	317,877,247
Transportation	91,613,461	52,634,824	91,613,461	52,634,824
Utility supply	58,049,369	5,442,308	58,049,369	5,442,308
Maintenance of villas & upkeep of Islands	10,193,375	14,861,606	10,193,375	14,861,606
Sale of apartments	13,080,000	-	-	-
Property rental	11,166,020	11,159,502	11,166,020	11,159,502
Total	489,081,072	463,913,482	297,398,583	401,975,487

4 Cost of sales

Analysis of cost by category	Consolidated		Company	
	2019	2018	2019	2018
4.1 Construction				
Material	117,597,814	193,974,048	50,730,589	191,298,211
Labour	83,223,249	83,704,425	19,357,711	52,158,299
Cost of apartments	26,245,867	-	-	-
	227,066,930	277,678,473	70,088,300	243,456,510
4.2 Transportation				
Insurance	1,734,395	2,342,035	1,734,395	2,342,035
Repairs & maintenance	22,492,025	16,288,158	22,492,025	16,288,158
Staff costs	15,260,100	11,754,619	15,260,100	11,754,619
Fuel and oil	12,795,639	7,277,420	12,795,639	7,277,420
Other operational costs	1,378,257	1,020,843	1,378,257	1,020,843
	53,660,416	38,683,075	53,660,416	38,683,075
Total	280,727,346	316,361,548	123,748,716	282,139,585

5 Other income

	Consolidated		Company	
	2019	2018	2019	2018
Guest house activities	2,789,089	1,438,506	2,789,089	1,438,506
Surplus from sale of produce	4,883,093	667,009	4,883,093	667,009
Surplus from shop sales	237,291	323,621	237,291	323,621
Landing fees	2,285,213	1,672,252	2,285,213	1,672,252
Sale of coral fill	1,609,791	1,275,799	1,609,791	1,275,799
Profit from sale of investment	-	1,427,800	-	1,427,800
Other	2,725,821	2,401,945	1,368,001	-
Total	14,530,298	9,206,932	13,172,478	6,804,987

6 Administrative salaries and benefits expense

	Consolidated		Company	
	2019	2018	2019	2018
Wages and salaries	48,036,450	37,262,296	39,295,175	29,296,196
Pension costs	700,473	416,390	663,221	376,532
Employee benefits & other cost	7,696,498	7,298,278	7,403,317	5,271,043
Total	56,433,421	44,976,964	47,361,713	34,943,771

7 Profit for the year

	Consolidated		Company	
	2019	2018	2019	2018
Profit for the year has been arrived at after charging/(crediting):				
Auditors remuneration	501,055	469,100	261,555	249,100
Rents paid	3,873,385	1,959,808	1,393,410	1,072,950

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

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8 Finance income	Consolidated		Company	
	2019	2018	2019	2018
Interests on deposits and bonds	1,054,143	755,651	674,143	3,329
Interest on lendings	10,881,537	10,105,810	-	-
Exchange gains on banks	-	-	-	-
Total	11,935,680	10,861,461	674,143	3,329

9 Finance costs	Consolidated		Company	
	2019	2018	2019	2018
Interest on loans	15,904,028	12,265,350	4,101,554	997,387
Interest on overdraft	3,395,700	3,221,185	467,781	2,482,967
Exchange losses on bank balances	2,013,702	386,754	1,018,823	386,754
Exchange losses on loans	718,688	1,607,469	718,688	1,607,469
Total	22,032,118	17,480,758	6,306,846	5,474,577

10 Taxation

10 (A) Group

10.1 Current tax	Statement of financial position		Statement of income	
	2019	2018	2019	2018
Balance receivable from previous year	(749,032)	(2,070,386)	-	-
Adjustment to prior year provision	333,296	(95,660)	333,296	(95,660)
Refund received for prior years	616,060	-	-	-
Provision for the year	10,116,906	3,948,457	10,116,906	3,948,457
Provisionally paid for current year	(9,030,621)	(2,531,443)	-	-
Total	1,286,609	(749,032)	10,450,202	3,852,797
10.2 Deferred tax asset:				
Employee compensation obligation	556,227	594,703	38,476	(12,887)
Deferred due to accelerated tax depreciation	6,495,943	1,333,482	(5,162,461)	(514,292)
Other temporary deductible differences	37,497	230,575	193,078	348,500
Total	7,089,667	2,158,760	(4,930,907)	(178,679)
10.3 Deferred tax liability				
Other temporary deductible differences	66,840	1,611,296	(1,544,456)	(456,649)
Total deferred tax expense			(6,475,363)	(635,328)
10.4 Corporate social responsibility tax			5,338,216	4,091,465
Total income tax expense			9,313,055	7,308,934

10 (B) Company

10.5 Current tax	Statement of financial position		Statement of income	
	2019	2018	2019	2018
Balance due to/(from) previous year	157,173	(915,724)	-	-
Adjustment to prior year provision	(39,969)	(95,660)	(39,969)	(95,660)
Provision for the year	6,500,000	3,700,000	6,500,000	3,700,000
Provisionally paid for current year	(8,030,621)	(2,531,443)	-	-
Total	(1,413,417)	157,173	6,460,031	3,604,340
10.6 Deferred tax asset				
Employee compensation obligation	477,962	493,995	16,033	49
Deferred due to accelerated tax depreciation	4,723,833	-	(4,723,833)	-
Other temporary deductible differences	37,497	230,575	193,078	348,500
Total	5,239,292	724,570	(4,514,722)	348,549

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10 Taxation (cont...)**10 (B) Company (cont...)**

10.7 Deferred tax liability	Statement of financial position		Statement of income	
	2019	2018	2019	2018
Other temporary deductible differences	-	1,430,099	(1,430,099)	(350,661)
Total deferred tax expense			(5,944,821)	(2,112)
10.8 Corporate social responsibility tax			3,148,476	4,117,030
Total income tax expense			3,663,686	7,719,258

11 Authorised and issued capital

Authorised and issued and fully paid 213,309 shares of R 100 each	21,330,924	21,330,924
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12 Property, plant and equipment**13 (A) Group**

	Buildings & utilities	Aircraft	Machinery & fittings	Vehicles, boats & trailers	Total
Cost					
At 1 April 2018	194,298,787	50,763,975	69,742,118	22,370,097	337,174,977
Additions	32,959,157	-	62,782,963	3,845,871	99,587,991
Disposal	-	-	(973,758)	(176,969)	(1,150,727)
At 31 March 2019	227,257,944	50,763,975	131,551,323	26,038,999	435,612,241
Accumulated depreciation and impairment					
At 1 April 2018	106,612,499	7,263,088	45,528,826	20,073,220	179,477,633
Annual depreciation	6,334,005	5,321,257	11,936,332	1,660,318	25,251,912
Disposals	-	-	(973,758)	(176,969)	(1,150,727)
At 31 March 2019	112,946,504	12,584,345	56,491,400	21,556,569	203,578,818
Carrying amount					
At 1 April 2018	87,686,288	43,500,887	24,213,292	2,296,877	157,697,344
At 31 March 2019	114,311,440	38,179,630	75,059,923	4,482,430	232,033,423

12 (B) Company

	Buildings & utilities	Aircraft	Machinery & fittings	Vehicles, boats & trailers	Total
Cost					
At 1 April 2018	179,198,978	50,763,975	59,695,744	17,696,077	307,354,774
Additions	32,959,157	-	50,597,003	1,396,531	84,952,691
Disposal	-	-	(973,758)	(176,969)	(1,150,727)
At 31 March 2019	212,158,135	50,763,975	109,318,989	18,915,639	391,156,738
Accumulated depreciation and impairment					
At 1 April 2018	99,120,205	7,263,088	38,328,712	15,567,929	160,279,934
Annual depreciation	4,279,047	5,321,257	8,812,334	868,642	19,281,280
Disposals	-	-	(973,758)	(176,969)	(1,150,727)
At 31 March 2019	103,399,252	12,584,345	46,167,288	16,259,602	178,410,487
Carrying amount					
At 1 April 2018	80,078,773	43,500,887	21,367,032	2,128,148	147,074,840
At 31 March 2019	108,758,883	38,179,630	63,151,701	2,656,037	212,746,251

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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13 Investments (company)

Investments are stated at historical less any accumulated impairment losses in the following unquoted companies, incorporated in the Seychelles.

	% Holding	2019	2018
<u>Held in group company</u>			
Green Island Construction Company Limited	100%	100,000	100,000
Green Tree Investment Company Limited	0.1%	100	100
Green Oak Investment Company Limited	0.1%	100	100
<u>Other</u>			
Desroches Island Lodge Limited	1%	0	0
Paradise Marine Limited	20%	3,903,290	3,903,290
Platte Island Development Limited	20%	2,000	2,000
Poivre Island Lodge Limited	20%	2,599	2,599
Total		4,008,089	4,008,089

13.1 Associated entities

Cost of investment	3,907,889	3,907,889
Share of post-acquisition losses	(3,903,290)	(3,903,290)
Total	4,599	4,599
Net investments	104,799	104,799

The Group's carrying amount is reduced to nil and recognition of further losses is discontinued until such time the associate subsequently reports profits equals the share of losses not recognized.

14 Deferred grants (company)

	2019	2018
1 April	48,784,655	17,642,541
Received in year	5,000,000	32,625,163
Amortisation for the year	(2,988,056)	(1,483,049)
At 31 March	50,796,599	48,784,655

15 Inventories

	Consolidated		Company	
	2019	2018	2019	2018
Copra	0	7,500	0	7,500
Employee shop stocks	783,712	565,178	783,712	565,178
Live stock & livestock products	0	10,500	0	10,500
Engineering spares	6,185,590	4,684,858	6,185,590	4,684,858
Building materials	39,267,680	7,149,749	0	0
Fuel and sundry	5,344,919	2,188,879	3,844,919	2,188,879
Total	51,581,901	14,606,664	10,814,221	7,456,915

16 Trade and other receivables

	Consolidated		Company	
	2019	2018	2019	2018
Trade receivables	29,283,449	30,628,906	29,283,449	30,628,906
Works awaiting certification	16,679,818	7,358,048	-	-
Construction debtors	40,022,344	14,083,528	357,428	641,419
Total financial assets other than cash & cash equivalents classified as loans and receivables	85,985,611	52,070,482	29,640,877	31,270,325
Prepaid goods and credit with suppliers	28,735,325	20,498,846	-	4,329,300
Other receivables	4,748,595	9,075,243	2,519,820	4,377,622
Total	119,469,531	81,644,571	32,160,697	39,977,247

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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17 Employee benefit obligations

	Consolidated		Company	
	2019	2018	2019	2018
At 1 April	3,628,991	3,586,202	3,293,298	3,293,627
Current service cost	1,751,812	1,929,675	1,802,712	1,745,115
Benefits paid	(1,933,508)	(1,886,886)	(1,909,599)	(1,745,444)
At 31 March	3,447,295	3,628,991	3,186,411	3,293,298

Employment Amendment Act (1999) requires employees to be compensated upon retirement or resignation for continuous service from their date of original employment.

18 Borrowings

	Consolidated		Company	
	2018	2018	2019	2018
Non current				
Bank loans	147,364,258	153,026,642	40,036,358	47,349,756
Current				
Bank loans	34,035,267	35,929,177	21,326,246	20,775,635
Bank overdrafts	89,390,707	61,325,377	4,983,454	7,352,609
Total	123,425,974	97,254,554	26,309,700	28,128,244
Total borrowings	270,790,232	250,281,196	66,346,058	75,478,000

18.1 Repayments

	2019	2018	2019	2018
Repayable within 1 year	150,932,203	97,254,554	26,309,700	28,128,244
Repayable later than 1 year and no later than 5 years	119,858,029	109,644,856	40,036,358	47,349,756
Repayable later than 5 years	-	43,381,786	-	-
Total	270,790,232	250,281,196	66,346,058	75,478,000

18.2 Currency profile

US \$	119,666,075	95,835,285	61,362,604	68,125,391
Seychelles R	151,124,157	154,445,911	4,983,454	7,352,609
Total	270,790,232	250,281,196	66,346,058	75,478,000

18.3 Finance cost profile

	Consolidated		Company	
Lending rate @ 5.77 % (2018 - 6.36%)	87,567,666	-	29,294,195	-
Lending rate @ 6.77 % (2018 - 6.36%)	32,068,409	57,399,721	32,068,409	57,399,721
Lending rate @ 6.72 % (2018 - 6.72%)	-	38,435,564	-	10,725,670
Lending rate @ 8.5 % (2018 - 11%)	-	129,364,173	-	-
Lending rate @ 10 % (2018 - 11%)	-	14,574,289	-	-
Lending rate @ 11 % (2018 - 10.5%)	146,771,765	7,352,609	4,983,454	7,352,609
Lending rate @ 10.5 % (2018 - 13%)	4,352,392	3,154,840	-	-
Total	270,760,232	250,281,196	66,346,058	75,478,000

18.4 Security provided

The borrowings are secured by:

- First line charges on leasehold properties developed and financed by the subsidiaries totaling R 124.2 million and US\$ 5.5 million corporate guarantee of the company and assignment of lending repayments.
- Floating charges over company's assets to secure \$ 2.98 & R 7 million.
- Mortgage over company's aircraft for \$ 2.2 million.
- Lien over fixed deposits to secure \$ 725,000.

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19 Trade and other payables

	Consolidated		Company	
	2018	2018	2019	2018
Trade payables	45,192,970	23,217,944	45,192,970	23,217,944
Construction creditors	1,399,660	13,215,998	-	12,553,394
Salaries payable - construction workers	11,777,064	7,580,510	11,777,064	7,580,510
Other accruals	28,031,160	33,645,632	6,088,903	13,903,054
Total financial liabilities, excluding loans and borrowings,	86,400,854	77,660,084	63,058,937	57,254,902
Advances on contracts	75,751,380	29,517,621	15,238,000	17,038,638
Deferred revenue and deposits on condominiums	6,830,773	11,430,759	780,523	1,150,359
Total	168,983,007	118,608,464	79,077,460	75,443,899

20 Lending (group)

20.1 Projects constructed and converted to lending under a financial lease are as follows:

	MLUH	Mayor's office	Ex Supreme
Anticipated duration of lease remaining at 31 March 2019	61 months	77 months	122 months
Commencement date	Dec, 2015	June, 2015	Oct 2017
Monthly rental (subject to change in loan interest rates)	R 1,799,116	R 63,602	R 197,239
Implicit interest rate for 2018/2019	8.5%	8.5%	10%
Gross investment in lease	R 155,499,108	R 7,014,317	R 23,968,271
Fair value of lease on commencement date	R 111,569,183	R 4,634,636	R 14,933,355
Unearned finance income at 31 March 2019	R 19,697,844	N/A	N/A

20.2 Receivable from

	2019	2018
Ministry of land use	82,355,887	86,635,177
Mayor's office (Fully repaid in year)	-	3,738,375
Supreme court (Fully repaid in year)	-	14,484,969
Total	82,355,887	104,858,521

20.3 Repayments

	2019	2018
Repayable within 1 year	13,132,291	16,190,560
Repayable later than 1 year and no later than 5 years	69,223,596	78,989,794
Repayable over 5 year	-	9,678,167
Total	82,355,887	104,858,521

The lending is subject to interest which mirrors the rate on borrowings.

As security for lending the subsidiaries hold leasehold rights over land where projects are situate, which is surrendered to the client at no cost upon repayment of the lending.

21 Related parties and transactions

These relate to shareholders, directors and senior management of the company and the companies of which they are principal owners. Pricing policies and terms of these transactions are considered by the Directors to have been conducted at an arms length unless stated otherwise below.

21.1 Sale of goods; services and expenses recovered

	Consolidated		Company	
	2019	2018	2019	2018
To subsidiaries and associated companies (non current)	67,841,971	14,813,077	82,880,684	62,474,424

21.2 Purchase of services

	2019	2018	2019	2018
From subsidiaries and associated company	32,470,766	11,620,067	20,271,561	61,478,758

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

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21 Related parties and transactions (cont...)**21.3 Year end balances**

	Consolidated		Company	
	2019	2018	2019	2018
Due from associated company - (non current)	13,856,481	17,215,045	13,856,481	17,215,045

21.4 Parent Company directors emoluments, pensions or compensation

	Consolidated Salary for Management		Company Fees, Pensions & Others	
	2019	2018	2019	2018
Mr. G. M. Savy	1,063,305	997,740	1,063,305	997,740
Mr. R. Renaud	45,600	65,056	21,280	33,440
Mr. P. Lablache	72,960	72,960	36,480	36,480
Mrs. S. Francis	72,960	72,960	36,480	36,480
Ms. A. Antat	72,960	72,960	36,480	36,480
Mr. P. Berlouis	109,440	109,440	54,720	54,720
Mr. W. Confait	72,960	72,960	36,480	36,480
Mr. A. Decomarmond	72,960	72,960	36,480	36,480
Mrs. A. Lebon	72,960	72,960	36,480	36,480
Total	1,656,105	1,609,996	1,358,185	1,304,780

22 Commitments**22.1 Work in progress to be disposed as condominiums for sale (group)**

The group is engaged in the construction a condominium project which will comprise of 57 luxury and 100 graduate apartments (50 each of 3 and 2 bedrooms). The project is expected to cost R 370m on completion with a potential revenue of R 511m.

Works in progress at 31 March 2019 comprises of:

- R 59.4m for practically completed 19 luxury apartments (phase 1 of development), expected to be available for sale in
- (a) September 2019 at an additional cost of R 4m. The expected gross revenue from sale of these apartments is R 84m.

- R 2.8m representing the commencement of 10 graduate apartments (phase 2 of development), expected to cost of R 28m, and will be financed by pre selling of the apartments and a further drawdown of R 17.5 from an agreed bank loan. The expected
- (b) gross revenue from sale of these apartments is R 13m.

22.2 Other capital commitments (company)

The directors have approved, subject to financing, the following capital projects to be undertaken by the company:

22.2.1 Relocation of offices

The company has received allocation of land at Ile du port to relocate its headquarters from New Port. The construction its offices and warehouse is expected to commence in 2019 and is due to be completed over 2 years at a cost of R 40 million.

22.2.2 Remire

To construction a luxury villa for letting under "rent an island concept".

To rebuild groins to prevent coastal erosion estimated to cost R 1.1 million.

22.2.3 IT upgrade

The company has accepted a quotation of US\$ 250,000 to upgrade its IT systems. The project is expected to start in 2019 and the process is expected to take 24 - 26 months to complete.

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22 Commitments (cont...)

22.2.4 Aircraft

The company is seeking to acquire an 'Islanders' aircraft, which is best suited to land on unpaved and short airstrips on some of the IDC islands. The acquisition will be financed through a bank loan.

22.2.5 Capital expenditure programme

The total estimated capital expenditure programme for the next five years amounts to R 249.7m which includes the construction of its new headquarters and upgrade of island infrastructures as well as the replacement of its aviation fleet.

22.3 Operating lease commitments - company as a lessor

The company leases out islands and buildings under long term leases with rent reviews every 5 years and option to renew or extend the leases at the end of the lease period provided that the lessee has complied fully with the terms and conditions of the lease.

The future minimum lease payments receivable under non cancellable operating leases are as follows:

	US\$
Repayable no later than 1 year	735,890
Repayable later than 1 year and no later than 5 years	2,943,560
Repayable later than 5 years	33,837,340
	<u>37,516,790</u>

22.4 Operating lease commitments - company as a lessee

The company leases a warehouse under a short term lease with an option to renew for a further 6 months provided the terms and conditions of the lease are complied with fully.

The future minimum lease payments payable under non cancellable operating leases are as follows:

Payable within than 1 year	1,395,410
Payable later than 1 year and no later than 5 years	1,395,410
	<u>2,790,820</u>

23 Contingencies

23.1 Application of taxation for asset disposed under finance lease

The group is seeking confirmation on the applicable treatment of finance lease revenues and future rents in terms of Business, Value Added, Withholding and Corporate Social Responsibility Taxes. The group is of the opinion that the financial statements include provisions for all potential liabilities.

23.2 Recoverability of debt

The Court of Appeal has awarded to the company a claim of US\$ 538,710 against one of its lessee. Given the uncertainty or recoverability of the debt, the company has decided to only recognise this income when received.

23.3 Other

The directors are not aware of any other outstanding contingent liabilities at 31 March 2019.