



# ISLANDS DEVELOPMENT COMPANY LTD



**ANNUAL  
REPORT  
2014  
to  
2018**

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## INTRODUCTION

Islands Development Company Limited (IDC) was incorporated on 29<sup>th</sup> April 1980 and is wholly owned by the Seychelles Government through Société Seychelloise d'Investissement Ltd (SSI). The company is domiciled in the Seychelles and its principal activity is the management and development of 14 islands on behalf of the Seychelles Government - 13 of these islands are on lease from the Government and the 14<sup>th</sup> one (Coetivy), IDC is only providing services.

It currently owns one subsidiary company (Green Island Construction Company Ltd – GICC) and three associated companies (Paradise Marine Ltd, Green Tree Investment Company Ltd and Green Oak Investment Company Ltd respectively).

IDC operates its own aviation division to better service the islands and is also co-owner of the vessel Enterprise II under Paradise Marine.

It has twelve (12) departments including IDC Aviation in its organization structure and the company's financial year ends on 31st March of each year.

### Mission

"Ensure that the outer islands actively contribute to the socio-economic development of the Seychelles in an environmentally sustainable manner."

### Vision:

"Transform the outer islands into a more productive and economically sustainable environment for the betterment of Seychelles"

### Registered Office:

The company has its registered office at Latanier Road, New Port, Victoria, Mahe, Seychelles and other important information is as follows:

Postal Address:	P.O. Box- 638
Principal Place of business:	Latanier Road, New Port, Victoria, Mahe, Seychelles
Contact:	Phone: (248 ) 4384640      Email: <a href="mailto:ceo@idc.sc">ceo@idc.sc</a>
Bankers :	Nouvobanq Seychelles; Mauritius Commercial Bank (Seychelles ) Ltd; Seychelles Commercial Bank
Legal Advisors:	Mr. Francis Chang-Sam and Chetty & Hoareau Chambers
Auditor:	M/S Pool & Patel, Chartered Accountants



## BOARD OF DIRECTORS

IDC is governed by a Board of Directors presently consisting of 9 members whose mandate is to provide policy, strategy directives and oversight of the company to achieve its business objectives and fulfil its corporate social responsibilities. The following Directors held office as at **31<sup>st</sup> March 2018**:



**Mr. Patrick Berlouis  
(Chairperson)**



**Mr Glennly Savy  
(CEO)**



**Mr Ronny Renaud**



**Mr. Patrick Lablache**



**Mr. Willy Confait**



**Mr. Alain Decommarmont**



**Mrs. Sherin Francis**



**Mrs. Angele Lebon**



**Ms. Angelique Antat**

## **SENIOR MANAGEMENT AS AT 31<sup>st</sup> March 2018**

<b>NAME</b>	<b>POST</b>	<b>JOINED</b>
Glenny Savy	Chief Executive Officer	1981
Veronique Herminie	Deputy Chief Executive Officer	2013
Anup Hari	Chief Finance Officer	2004
Lima Jarrymanana	Chief Accountant	1992
Darshana Liyanage	Finance Manager (GICC)	2015
Marcus Labrosse	General Manager Flight Operations	2000
James Simon	Manager Aircraft Maintenance	1997
Louisa Victorine	Ag Manager Ground Operations	2012
Dhanji Murji Hirani	Manager Construction	1995
Jacqueline Payet	Human Resource Manager	2010
Barry Laurencine	Manager Warehouse	1988
Anand Kumar	Manager Purchasing and Stores	1991
Senthil Raju	Senior Software Analyst	2011
Dave Morel	Senior System Support officer	2010
Elvis Stravens	Manager Island Operations	1991
Harry Jean-Louis	Manager Security (Aviation)	2012
Dr David Payet	Senior Medical Officer	2017
Michael Payet	PR & Communications Manager	2016
Vivianne Dubel	Client Services Manager (GICC)	2013
Roy Copeland	Contracts Manager (GICC)	2008
Captain Denys Sicobo	Captain of Entreprise 2 vessel	2015

## CHAIRPERSON'S STATEMENT

What a wondrous and singularly uplifting feeling it is, to be on a vessel quietly approaching Astove Island at dawn, or being on Cosmoledo as the orange sun slowly sinks into the sea and the darkening sky gradually takes on its mantle of millions, and millions, of stars. These are glorious, other-worldly and almost mystical moments, which more Seychellois should experience.

The past 18 months since my appointment as Chairman of the Board of Directors of the Islands Development Company Ltd has been a thoroughly interesting time. It has been a period of discovery and getting to appreciate the development that has occurred on the 14 islands that are leased or are administered by IDC. It has also been a busy period for everyone in the company as it carried on implementing its mission on these far-flung outposts of the country.

IDC has evolved from very humble beginnings. In the 1980's it was producing copra, guano, salted fish and turtle meat, which was more or less what all outlying islands had been engaged in, since the middle of the 19th century. Over the past 38 years however, IDC has expanded its economic activities from agriculture and fisheries to tourism, construction, real estate development and aviation. The same activities with the exception of aviation have also been extended to Silhouette, an inner island, managed by IDC.

As a pre-requisite for economic development, several essential elements of infrastructure have had to be installed on most of the islands such as airstrips, jetties, power plants, sewage treatment plants and waste incineration plants. These have enabled IDC over the years to expand its activities as a provider of various services to private sector developers and operators on the islands.

It is clear therefore that over time, IDC has evolved into a new entity, one more adapted to the requirements of a modern economy where tourism is the mainstay of developments on the islands, while, at the same time ensuring the conservation of their fragile environment. In fact, the hotels on Desroches, Alphonse, Platte and Silhouette and their associated construction, servicing and aviation activities have been very significant contributors to IDC's healthy financial status.

After 38 years of existence therefore, the company continues to create wealth for its shareholder.

It has not always been smooth sailing though. The islands continue to suffer from high labour turnover especially in respect of Seychellois employment. The company is mindful of the new political landscape and ensures that its activities are transparent, with publicity being given to any new initiatives. It maintains a good relationship with the Islands Committee of the National Assembly so that all stakeholders are aware of our plans and activities. Unfortunately, one feels at times that this is not always reciprocated. The winding down of GICC's activities and its scheduled



closure in December 2019 is unfortunate and this has had, and is still having, a negative impact on the company's profitability.

The Company's contribution towards employment creation though is remarkable, not only for its own recruitment but also that of the private operators on the islands. Today the total number of gainfully employed workers on the islands at any one time ranges from 900-1000. The majority are involved in construction and tourism activities. It is unfortunate however, that we cannot get more Seychellois to go and work on the islands.

The Company is providing unique investment opportunities through its hotel and villa developments, supported by a distinct selection of conservation-minded land and marine-based leisure activities (bird and turtle watching, fly fishing, snorkelling, diving and blue water fishing, among others.) A major project that was completed earlier this year is the luxury Four Seasons hotel on Desroches and the company will soon undertake construction of an even larger establishment on Platte Island.

IDC will open up two other islands shortly for economic activities. This will be the case for Providence, where an airstrip will be laid down over the next 6 months and it is expected that Poivre will have a hotel by 2020.

These two islands as well as Coëtivy and Desroches will open up multiple investment opportunities for Seychellois businesses. These will range from fishing, agriculture, aquaculture and tourism related activities. It is absolutely essential that Seychellois participate in the development of this new economic frontier

Another promising initiative taking place on the islands is the trial installation of relatively large PV systems to produce a significant amount of energy for tourism establishments. This is in response to the fluctuating price of fuel and the high cost and inconvenience of transporting it to the islands. If the trials prove successful, we will of course extend this renewable energy system to all the islands which have a high demand for electricity.

Facilitating the access of more Seychellois to the outer islands is something that I am committed to. We have incredible atolls and cays both in the Amirantes and in the southern island groups. These are exceptional places and it is highly desirable that more Seychellois see and experience these amazing national assets. We will shortly double the guest-house capacity on the islands, but a limiting factor remains the cost of air travel to most of them. It is something upon which the IDC Board and Government must work together to make possible, bearing in mind of course the delicate balance that must be maintained between number of visitors and their impact on the environment on these vulnerable islands.

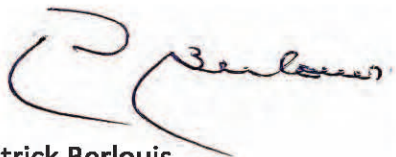
The environment and nature conservation also plays a pivotal part in the day to day operations of the islands and IDC's partnership and collaboration with organizations such as the Island Conservation Society, the Seychelles Fishing Authority, the Seychelles Islands Foundation continue to reflect the importance the company attaches to the long term sustainability of the Islands as well as safeguarding and enhancing their pristine ecosystems.

The company thus looks to the future with much optimism and confidence as it proceeds with major developments planned for Platte, Providence, Cosmoledo, and Coetivy. This will take place whilst we adhere to the highest environmental standards and ensure that all operations on the fourteen islands are sustainable. These new projects will enable IDC to contribute even more to the Seychelles economy.

Our achievements to-date are testament to a remarkable group of people. I thus recognise and salute the effort, hard work and devotion of all our committed employees, the Management and Board of Directors of IDC in bringing the Company to what it is today.

I cannot conclude without thanking the former Chairman, Mr Patrick Lablache, for his invaluable help in preparing this Statement.

The company's future is exciting and it has been a pleasure and honour to have been part of the IDC team for the past year and a half.



Patrick Berlouis  
Chairperson  
22<sup>nd</sup> November 2018



## THE 14 ISLANDS IN PHOTOS



**Alphonse Island**



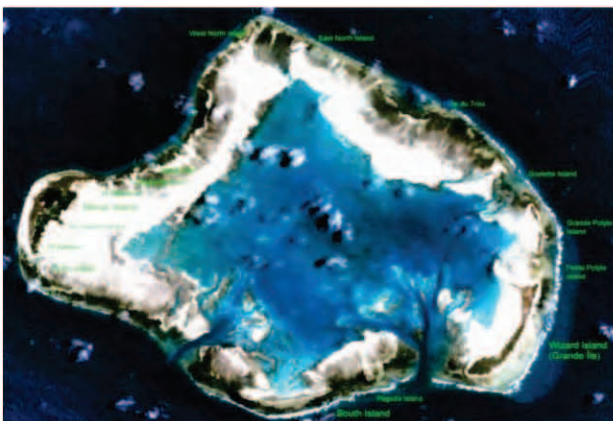
**Astove Island**



**Assumption Island**



**Coetivy Island**



**Cosmoledo Atoll**



**Desroches Island**





**Desnoeuf Island**



**Farquhar Island**



**Marie Louise Island**



**Poivre Island**



**Platte Island**



**Providence Island**



**Remire Island**



**Silhouette Island**

## Chief Executive Report – 2014 to 2018

IDC's financial performance and contribution towards the Seychelles economy has been remarkable over the past five years. There has been a huge transformation of the activities and operations on the outer islands. In the 1960s and 1970s the islands' contributions to national economic growth was through primary industries, namely copra, extraction of guano and the production of dried fish and turtle meat. The islands also provided the population of the main (inner) islands with readily available employment and income opportunities. In the 1990's, IDC had to review its strategy for the outer islands which resulted in specialised eco-tourism type developments in keeping with worldwide trends and these improved in the year 2000 to also include villa and residential developments.

This indicates that IDC is continuously exploring new opportunities in the management of the islands in order to strengthen its foundation for growth, largely due to the introduction of more sustainable activities to increase its earnings as well as contribute towards the Seychelles economy whilst conserving the vegetation and wild life of the islands it manages. It is a completely different organization to what existed over three decades ago. IDC has successfully entered into leasing arrangements for hotel operations on the islands of Desroches, Alphonse, Platte and Silhouette respectively. These leases and other tourism, construction and aviation activities undertaken by the company have been the cornerstone of the islands' economic activities and IDC's healthy financial status as summarised in the Consolidated Statement of Income below. The move from traditional economic activities to the more rigorous and dynamic tourism ventures is the future for these islands.

For the financial year ending 31st March 2018 the company recorded an increase of 19.4% in its turnover compared to March 2017 and a 65.6 % increase in profitability compared to the same financial year. Revenue generation of the company from 2014 to 2018 has improved by 88.5%. The final consolidated gross turnover stood at SR458 million as at 31st March 2018 whilst at the end of the financial year 2014 it was SR.242.9 million.

The financial year 2017/18 has been the company's best year ever whereby IDC created new assets worth SR.94 million in total, with new airstrips on Platte and Astove Island respectively, the purchase of a new aircraft, installation of generator plants on Desroches, and the construction of new buildings on Farquhar following the destruction of infrastructure by cyclone Fantala in April 2016.

During the financial year ending **31<sup>st</sup> March 2018**, the company generated cash flow from operations for an amount of SR 44 million, an increase of 177% from the financial year ending **31<sup>st</sup> March 2014** (five years previously).



<b>CONSOLIDATED STATEMENT OF INCOME:</b>					
	<b>31.03.2014</b>	<b>31.03.2015</b>	<b>31.03.2016</b>	<b>31.03.2017</b>	<b>31.03.2018</b>
	<b>(SR)</b>	<b>(SR)</b>	<b>(SR)</b>	<b>(SR)</b>	<b>(SR)</b>
REVENUE	242,974,820	248,004,351	339,597,329	384,022,412	458,471,174
DIRECT COSTS	166,320,549	149,356,945	227,951,176	252,230,160	316,361,548
OTHER GENERAL EXPENSES	65,756,442	68,985,975	87,281,782	107,159,171	102,211,563
OPERATING PROFIT	10,897,829	29,661,431	24,364,371	24,633,081	39,898,063
FINANCE INCOME	74,785	461,676	7,803,757	12,468,625	10,861,461
FINANCE COSTS	827,604	5,767,439	7,255,976	17,017,563	17,480,758
FINANCE NET	-752,819	-5,305,763	547,781	-4,548,938	-6,619,297
PROFIT BEFORE INCOME TAX	10,145,010	24,355,668	24,912,152	20,084,143	33,278,766
INCOME TAX EXPENSES	2,460,510	4,345,335	6,284,049	7,906,663	7,308,934
NET PROFIT FOR THE YEAR	7,684,500	20,010,333	18,628,103	12,177,480	25,969,832
RETAINED EARNINGS 31 MARCH	43,882,120	60,892,453	76,453,657	88,631,137	114,600,969
DIVIDEND		-3,000,000	-3,000,000		

**The overall economic contribution of IDC can be further outlined as per below:**

#### **Dividend:**

The company paid SR 3 million each year to its main shareholder as dividends for the financial years 2014/15 and 2015/16 respectively. Following the devastation of cyclone Fantala which struck the island of Farquhar in April 2016, the IDC Board of Directors decided to retain its profits for the financial year 2016/17 for the rehabilitation and revegetation program on the island. The Board nonetheless declared a dividend of SR 3 million for the financial year 2017/18. The figure was not increased due to expected investments in island infrastructure as per the third Outer Island Development Plan covering the period 2018-2023.

#### **Taxation:**

For the five year period ending 31<sup>st</sup> March 2018, the overall tax contribution of IDC to the Government of Seychelles amounted to SR.196,322,301 as outlined in the table below and this has been mainly through payment of Income Tax (business tax) and Value Added Tax (VAT). IDC has not received any subventions or grants from the Government of Seychelles since December 2009 with the exception to a contribution of SR.5 million received in 2018 as a capital investment for the hard surfacing of the airstrip on Providence Island.



**CONSOLIDATED STATEMENT FOR TAX CONTRIBUTIONS TO GOVERNMENT OF SEYCHELLES:**

	<b>31.03.2014</b>	<b>31.03.2015</b>	<b>31.03.2016</b>	<b>31.03.2017</b>	<b>31.03.2018</b>	<b>TOTAL</b>
	<b>(SR)</b>	<b>(SR)</b>	<b>(SR)</b>	<b>(SR)</b>	<b>(SR)</b>	<b>(SR)</b>
INCOME TAX PAID	1,600,000	2,242,979	2,673,226	1,511,499	2,531,445	10,559,149
CSR TAX	573,140	728,364	710,885	1,494,579	2,058,513	5,565,481
TOURISM AND MARKETING TAX	0	0	0	359,215	2,058,513	2,417,728
VAT	20,487,182	18,634,867	21,035,874	48,127,421	69,494,599	177,779,943
	<b>22,660,322</b>	<b>21,606,210</b>	<b>24,419,985</b>	<b>51,492,714</b>	<b>76,143,070</b>	<b>196,322,301</b>

**Leases:**

The Seychelles Government has granted 99 year Leases for islands managed by the company for a fully paid up nominal rent (commencing 20th December 1994). The company leases out parts of various islands on sub leases and given the leases are classified as operating leases substantially all the risks and rewards of ownership are retained by IDC. Payments made under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**Agriculture:**

Agriculture is still one of the activities of the islands and coconut oil production was for a few years generating a very good yield for the company especially from the island of Farquhar and Coetivy. The total revenue from coconut products stood at SR.3,579,371 for the period 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2018. However, following the devastation from cyclone Fantala on Farquhar in 2016 whereby most of the coconut trees were destroyed, and the introduction of prison facilities on Coetivy Island, IDC ceased its production of coconut oil on these two islands. This brought down production significantly.

There are plans to increase production of coconut oil and sale of fresh coconuts once the islands of Providence and Coetivy respectively are opened up for economic activities. Crops, vegetables and also some animal husbandry are currently being produced on certain islands mostly for island consumption including for the hotels on the respective islands but any surplus are being sent to Mahe to be sold to the general public and IDC employees. Palm hearts have also been cropped from young coconut trees from the islands for sale to local restaurants and hotels. Fruits and vegetables brought in a total revenue of SR.806,922 for the period 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2018 and meat products on the other hand netted sales of SR.474,250 for the same period.

### **Birds Eggs:**

Birds' eggs have become one of the most sought after commodity from the islands. IDC collects the eggs from Desnoeufs Island every two years depending on availability, with approval from the Ministry of Environment and the last season was in June 2018.

### **Timber and Charcoal Production:**

The islands have over the years produced charcoal from their hardwood plantations especially from casuarina trees and the company also started selling furniture items made from Casuarina through its subsidiary company GICC from October 2015. Both products have been well received by the local markets. The sales revenue from timber and charcoal for the period 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2018 was SR. 1,044,028, whilst the sale of furniture amounted to SR.4,684,066.40 for the period 1<sup>st</sup> October 2015 to 31<sup>st</sup> March 2018.

### **Fisheries:**

Saltwater fly-fishing is contributing to the vibrancy of the fisheries and tourism industry on the islands. Today a number of reputable chartering companies are working with IDC to offer fly-fishing adventures in the lagoons of Alphonse, Farquhar, St Francois, Astove and Cosmoledo and these will soon be introduced to the island of Providence. Fly-fishing season is generally from October to May and fly-fishing has developed a new market for Seychelles. It is highly sustainable in nature.

The traditional fishing activities are also still being undertaken and Seychellois enjoy the salted fish products produced by IDC as these brought in sales of SR.926,253 for the period 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2018. Fresh catch of the day is being sold to the hotels on respective islands and shared with the workers there. There is renewed interest in aquaculture of certain species under the master plan being drafted by Seychelles Fishing Authority and also under the Third Outer Island Development Plan 2018-2023 for IDC.

### **Tourism:**

In the old days the bulk of the visitors to the islands were scientists or conservationists and a few tourists from passing boats but this has changed with the opening of hotels and guesthouses on Desroches, Alphonse, Silhouette, Farquhar, Re mire, Astove and Platte and with the regular flights to the islands. The first hotel on Desroches for example was built in 1987 by IDC. In 2018 it has undergone 2 years of extensive renovation and expansion works to bring it to 40-rooms. The hotel re-opening was in March 2018 and it is being operated by Four Seasons. The 100 room hotel at La Passe on Silhouette is being operated by Hilton Seychelles Resort and Spa since 2006 and the 4 star Alphonse Island Resort has 25 bungalows and 5 beach suites. It started operating in 1999. Fly-fishing has now also brought its own special brand of visitors to the islands of Farquhar and Astove.



With the construction of small guesthouses on some of the islands, it has also made it possible to introduce some “local tourism” and encourage Seychellois to visit the islands. This works well for Silhouette but has still not taken off as expected for the outer islands given the cost of the flights. Visiting yachts and cruise ships bring regular visitors to the islands at a landing charge of US\$ 25 per person and this levy is mainly passed on to the Foundations set up for the environment conservation of the islands.

#### **Infrastructure Development:**

IDC has invested considerably over the years in the development of infrastructure – airstrips; staff accommodation; sewage treatment plants; generator plants; clinics; water desalination plants; waste treatment plants; and accommodation for clients and visitors. The provision of utility and other services are at a monthly rate chargeable by IDC to the economic operators on the islands. Today 11 of the islands have landing facilities for the IDC planes and the necessary is being done for the remaining islands to also have their own airstrip. Construction work will be starting in December 2018 on the re-construction of the Providence island airstrip and assessments are being done with regards to possible flight landings on the island of Cosmoledo. The island of Desnouefs cannot cater for an airstrip (access is via boat transfer from Marie Louise island) and likewise Silhouette Island. The Government in 2010 opened a minimum-security ‘open prison’ facility on the island of Coetivy which is still operational today. Likewise similar facilities were built on Marie Louise Island but the prisoners were moved from this island in 2017. The construction works for all infrastructure development on the islands have been done by IDC Construction.

#### **Real Estate Development:**

The Desroches Private Residential Holiday Villa project which started in December 2008 consists of 45 upmarket villas and there is still land available for five more. The villas constructed by IDC Construction were built to high standards and the finishing was to the individual taste of the respective clients. Most of these villas are being used as holiday homes and some of the owners pool the villas with the hotel whilst they are not using them, as per the Villa policy. The island of Alphonse is ideal for a private residential holiday homes’ development of up to at least 15 villas and this is expected to commence towards the end of 2018. Sale of residential villas brings in significant revenue for the Government of Seychelles through sanction fees and stamp duty.

#### **Construction:**

Construction of the various investment projects on the outer islands for third parties generates revenue for IDC (i.e hotels, villas & other infrastructure). Following experience and know-how acquired in the construction of high end luxury villa developments on Desroches, IDC in 2012 created its fully owned subsidiary company, Green Island Construction Company Limited, (GICC), a



Grade 1 Building Contractor which undertakes construction projects on Mahe, Praslin, La Digue and other inner islands.

GICC grew at an unprecedented rate and has been ranked amongst the top five large contractors in Seychelles and has contributed positively to IDC's overall profitability since it was created. However, in July 2017 the Government took a decision for IDC to cease its construction activities on the main island thus allowing the private sector to fill the void. GICC has thus started winding down its activities on Mahe which should be essentially completed by end of December 2019 with the exception of the Condominium project. The winding down of GICC has impacted greatly on IDC's overall financial performance as since May 2017 the company has not been taking on new clients and contracts.

GICC's revenue in 2018 represented only 24% of IDC's consolidated revenue compared to 63% in 2014. The company had nonetheless completed 133 projects as at end of March 2018 to the total value of SR686 million.



Photo: Concept drawing for Kingsgate Travel Centre in Victoria renovated by GICC in 2016/17

### Shipping:

The days of MV Argo and MV Lady Esme which had limited cargo space and could only visit the islands once every three months are long gone.



IDC owns 20% of the shares in Paradise Marine Ltd, which owns and operates the Enterprise II cargo vessel. The vessel travels to each of the islands on a regular basis to bring fuel oil, construction materials and other provisions. It has proven to be a viable investment during the construction phases of the various hotels, guesthouses and infrastructure on the islands for

the transportation of construction materials and containers. Whenever the need arises IDC also charters its vessel to private clients such as the Seychelles Island Foundation (SIF) and hotel operators to maximise revenue. IDC tragically lost four of the crew members operating the vessel Sea Horse following a fire incident on 26<sup>th</sup> August 2018, a vessel it was managing for Labriz Silhouette. This incident has marked the company during the year 2018 and the crew will be sadly missed by all their colleagues at IDC.

#### **Information Technology and Telecommunications:**

Innovation has been at the centre of IDC's development over the years. The company has a small IT unit comprising both software and hardware specialists. In 2014 it introduced new software updating its accounting, payroll and inventory systems. The new system introduced multiple company features, to support more than one company with simultaneous operations and the upgrade in inventory system enabled managers on the islands to update their stock and property records accordingly in real time.

In a move to enable it to manage the operational and regulatory requirements of its Aviation department, the company installed the aero track system which covers various functions but more importantly provides for maintenance control and facilitates regulatory compliance. The company strengthened its flight reservation system by introducing a flight scheduling system developed in-house in 2016 to improve flight operations especially with increased third party charter flights. With the incidents of piracy in the Seychelles waters radar facilities were installed on Alphonse, Astove and Assomption islands to facilitate the patrol and monitoring by military personnel. Internet facilities in the IDC village on Desroches were further improved early in 2018 to enable island workers to communicate with their families via whatsapp and messenger. This will be replicated to all the other islands.

Telecommunications on the islands received a boost with the signing of an agreement between IDC and Cable & Wireless in October 2016 and one with Airtel specifically for Desroches in September 2018 thus improving communications in general. Island Managers on most islands can now communicate with Head Office via email. The company will also soon proceed with the upgrade of its IT software from the Virtual Basic 6.0 system to a web based system. IDC also signed an MOU with the Seychelles Meteorological Authority for the installation and maintenance of automated weather stations on certain islands effective September 2018.



## Aviation:

Since the mid-1980's there have been air links to the islands and over the years the type of aircraft used has been continuously up-graded.



Today the company operates two Beechcraft 1900D, a Y 12 and a Dornier aircraft respectively. The aviation service provided by IDC caters for the movement of employees to and from the main island; services the hotel on Desroches and Alphonse; the guesthouses on Farquhar, Astove, Remire and Platte Island; the fly-fishing operations; the prison on Coetivy; and provides air links to Aldabra via Assomption. IDC aircrafts also assist with medical evacuations whenever required. The Aviation wing of IDC has contributed quite significantly over the years towards revenue generation activities of the company through its chartering activities.

Airstrips are available on Desroches, Farquhar, Alphonse, Astove, Remire, Coetivy, Assomption, Platte, Poivre, and Marie Louise respectively. IDC today has refuelling stations on the islands of Desroches, Alphonse, Astove, Farquhara and Assomption. IDC Aviation has its own maintenance department responsible to ensure compliance for airworthiness of its fleet of aircrafts and maintain the relevant standards. Six first officers have been trained to fly the Beechcraft B1900D and the company also trained two Captains within the period of 2017-2018. Early in 2018 the company, in collaboration with ANHRD, recruited three young graduates from the 43 Air School in South Africa to build its team of Seychellois pilots.

## Environment Conservation:

IDC takes pride in being an environmentally conscious company. Its partnership with Island Conservation Society (ICS) undertakes rehabilitation activities on the outer islands and ICS currently has Conservation Centres on Desroches, Silhouette, Farquhar, Alphonse and very soon on Marie Louise Island. Environment Foundations grouping the various partners involved and tourism

operators on these islands have been created to fund conservation and monitoring activities. The principle is that tourism infrastructure is allowed in certain parts of the islands, while the areas with highest biological value remain preserved from alterations and developments and benefit from habitat restoration and conservation activities. IDC has played a key role in this process bringing together government representatives, developers from the private sector and ICS as the conservation NGO to work together towards a shared goal. IDC's partnership and collaboration with organizations such as the Island Conservation Society, the Seychelles Fishing Authority, the Seychelles Islands Foundation continue to reflect the importance the company attaches to the long term sustainability of the Islands as well as safeguarding and enhancing their pristine ecosystems.



Today, Environment Foundations have been registered for the islands of Alphonse, Desroches, Silhouette and Marie Louise respectively.

#### **IDC - Corporate Social Responsibility:**

Corporate Social Responsibility (CSR) is an integral part of the day-to-day life at IDC. CSR relates to the company's societal responsibility to establish real partnerships for sustainable human and community development on the islands and in the country at large. To ensure better coordination and sustainability for the company's CSR initiatives in favour of the community, the company has a tie up with ICS (a reputed NGO) to maintain sustainable growth on the islands and conserve nature in true spirit. The company has received many awards from the Government of Seychelles in maintaining sustainable growth and conservation of nature on the islands.

It supports activities for the elderly and certain initiatives for the benefit of the children of Seychelles. IDC Doctor and nurses undertake monthly check-up on the residents of the Pointe Larue Home for the elderly and in addition organises for the monthly grass cutting at the Home. As part of its CSR, IDC adopted Grand Anse Mahe School in June 2012 to coincide with Children's Day and in January 2018 it rewarded eight young eco-warriors with a five-day trip to Desroches after



their respective schools excelled in their eco-school programmes for year 2017. Green Island Construction Company Ltd (GICC), the IDC subsidiary sponsored a bus shelter at Ile Perseverance, donated by the Lions Club of Seychelles and also donated 3 class rooms and a resource centre at English River School in October 2017.

### **Staff Welfare and Development:**

People are key to the company's success and as such IDC has been continuously improving its employee benefits package introduced in 2012. The Company has in place various benefits for staff welfare including staff loans, profit sharing, discounts on company products, additional leave benefits, and length of Service Pay (Gratuity). Given the constant increase in the cost of living, in April 2018 the company applied a one-off increase in the basic salary of the employees at the junior up to senior staff level. This increase ensured that the minimum salary for its workers is not less than SR.7520 per month and was aimed at helping the affected employees to maintain the same purchasing power as applicable a few years ago. The company also effective August 2018 participated in the Seychelles Pension Fund recently introduced "Match-it" scheme as part of its staff welfare program. The scheme is an extension to the Voluntary Contribution scheme designed to encourage employers' participation in the retirement plans of their employees.

A number of training programs have also been implemented for the employees of the company covering aviation (pilots and aviation engineers), general management, health & safety, human resource management, fire-fighting, inventory management, public relations, accounting etc.. The company firmly believes in the empowerment of its employees and also the social welfare of the staff. A number of social activities are organised each year to encourage teamwork and build relations amongst the staff.



Photos: IDC participation in the Unity relay in December 2016



Nature walk at Bougainville on 25<sup>th</sup> August 2018

### **Challenges and Risk Management:**

The challenges being faced by IDC in the management of the 14 islands have been outlined in the Third Outer Islands Development 2018-2013 and these are as follows:

- Climate change associated with rising sea levels, abnormal climatic conditions, dying coral reefs, coastal erosion and the increasing frequency and severity of natural disasters such as cyclones
- Criminal threats including drug trafficking, piracy and wildlife trade
- Vulnerability to human induced hazards such as oil spills and marine debris
- The increasing cost of inter-island shipping and fuel
- Any adverse changes in legislation, policies and shareholder decisions including investment and tax policies
- Political risks
- Limited financial resources especially following disasters
- The difficulty to recruit and retain capable Seychellois to work on the Islands



Photo: Farquhar revegetation after cyclone Fantala

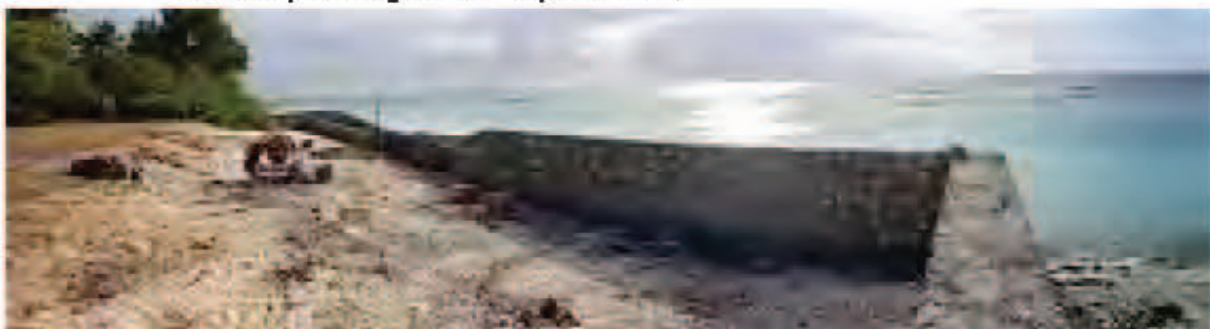


Photo: Rehabilitation of coastal erosion on Remire island

IDC's approach to risk management is to make it an integral part of the conduct of every aspect of its business. Proactive management ensures that decisions are taken to achieve the most



appropriate balance between risks and returns at all times, to transfer risks wherever possible, and to take the measures to mitigate key risks. This approach is applied:

To both on-going activities and new projects

At both operating and strategic levels

With regard to technical and financial performance and compliance with regulatory bodies as well as contractual obligations



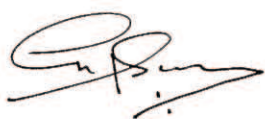
Photo: Marine debris washed up on the shores of Farquhar

### **Future Plans:**

As the company enters into the next phase of its development, the vision of Management is to continue to open up selected outer islands where economic development has not yet taken place whilst adhering to the highest environmental standards. IDC will above all, continue to develop the outer islands in a manner that is economically, socially and environmentally sustainable whilst ensuring that the company remains an important contributor to the Country's GDP. Under the third Outer Islands Development Plan which covers the period 2018 to 2023 IDC's strategic goals for the development of the outer islands and Silhouette can be summarised as per below:

- 1) Promote economic development of the islands
- 2) Integrate environmental and sustainable principles in island development
- 3) Improve security on and around the islands
- 4) Promote cost efficiency, productivity, profitability, and quality to the highest possible standards.
- 5) Develop a manpower plan for the islands
- 6) Mitigate against natural disasters and climate change challenges

IDC Management would like to seize this opportunity to thank each and every one of its team members for their unfailing commitment to continuously live up to the company's VISION.



Glenny Savy  
Chief Executive Officer  
22nd November 2018



## Financial Review

### Consolidated Balance Sheet:

	31.03.2014	31.03.2015	31.03.2016	31.03.2017	31.03.2018
	(SR)	(SR)	(SR)	(SR)	(SR)
<b>Assets:</b>					
Property, Plant and equipment	68,356,870	88,708,338	92,789,672	78,992,038	157,697,344
Investments	50,237	50,237	3,951,527	3,956,126	3,907,889
Lendings	2,169,690	2,169,690	94,021,812	91,801,032	88,667,961
Due from related parties	14,500,000	16,156,853	12,335,014	14,022,034	17,215,045
Capital work in progress	977,931	51,227,671	3,825,177	44,214,381	81,351,479
Deferred income tax asset	663,287	873,181	1,534,267	1,980,081	2,158,760
<b>Non-Current Assets</b>	<b>86,718,015</b>	<b>159,185,970</b>	<b>208,457,469</b>	<b>234,965,692</b>	<b>350,998,478</b>
Lendings	0	0	2,206,466	11,541,238	16,190,560
Inventories	16,793,558	16,581,710	43,141,332	43,140,429	14,606,664
Taxation	727,431	1,939,363	0	2,070,386	749,032
Trade and other receivables	64,403,709	86,956,262	82,545,300	77,831,518	81,644,571
Cash and cash equivalent	18,987,420	31,737,242	128,249,508	78,117,184	94,657,190
<b>Current Assets</b>	<b>100,912,118</b>	<b>137,214,577</b>	<b>256,142,606</b>	<b>212,700,755</b>	<b>207,848,017</b>
<b>Total Assets</b>	<b>187,630,133</b>	<b>296,400,547</b>	<b>464,600,075</b>	<b>447,666,447</b>	<b>558,846,495</b>
<b>Liabilities:</b>					
Employee benefit obligations	2,151,289	2,416,288	2,251,120	3,586,202	3,628,991
Deferred tax liability	152,340	368,541	203,993	2,067,945	1,611,296
Borrowings	604,234	76,702,117	107,455,233	122,190,022	153,026,642
<b>Non- Current Liabilities</b>	<b>2,907,863</b>	<b>79,486,946</b>	<b>109,910,346</b>	<b>127,844,169</b>	<b>158,266,929</b>
Borrowings	21,965,642	25,492,146	33,922,263	66,605,523	97,254,554
Taxation			47,302		
Trade and other payables	71,886,220	85,573,529	200,938,016	125,612,153	118,608,464
<b>Current Liabilities</b>	<b>93,851,862</b>	<b>111,065,675</b>	<b>234,907,581</b>	<b>192,217,676</b>	<b>215,863,018</b>
<b>Total Liabilities</b>	<b>96,759,725</b>	<b>190,552,621</b>	<b>344,817,927</b>	<b>320,061,845</b>	<b>374,129,947</b>
Share Capital	13,634,300	21,330,924	21,330,924	21,330,924	21,330,924
Retained earnings	51,578,745	60,892,453	76,520,556	88,631,137	114,600,969
Deferred Grants	25,647,363	23,624,549	21,930,668	17,642,541	48,784,655
<b>Equity</b>	<b>90,860,408</b>	<b>105,847,926</b>	<b>119,782,148</b>	<b>127,604,602</b>	<b>184,716,548</b>
<b>Total Liabilities and equity</b>	<b>187,620,133</b>	<b>296,400,547</b>	<b>464,600,075</b>	<b>447,666,447</b>	<b>558,846,495</b>

### Consolidated Fixed Assets Statement:

	31.03.2014	31.03.2015	31.03.2016	31.03.2017	31.03.2018
	(SR)	(SR)	(SR)	(SR)	(SR)
<b>Cost</b>					
Opening	180,311,249	190,155,352	223,996,904	244,439,996	242,430,679
Additions	9,964,917	33,841,552	20,443,092	10,685,807	94,744,298
Disposal	-120,814		0	-12,695,122	0
<b>At 31 March</b>	<b>190,155,352</b>	<b>223,996,904</b>	<b>244,439,996</b>	<b>242,430,681</b>	<b>337,174,977</b>
<b>Accumulated Depreciation and impairment</b>					
Opening	108,319,105	121,798,482	135,288,566	151,650,324	163,438,641
Additions	13,600,191	13,490,084	16,361,758	18,601,815	16,038,992
Disposal	-120,814		0	-6,813,497	0
<b>Carrying amount at 31 March</b>	<b>68,356,870</b>	<b>88,708,338</b>	<b>92,789,672</b>	<b>78,992,039</b>	<b>157,697,344</b>

### Consolidated Cash Flow Statement:

	31.03.2014	31.03.2015	31.03.2016	31.03.2017	31.03.2018
	(SR)	(SR)	(SR)	(SR)	(SR)
Cash flows from operating activities	16,699,372	35,842,740	37,064,434	37,557,263	46,446,087
Changes in working capital	-21,862,116	-10,320,249	95,306,070	-80,660,825	17,717,023
Cash generated from/( utilised) in operations	-5,162,744	25,522,491	132,370,504	-43,103,562	64,163,110
Net of Interest received and paid	-752,819	-3,496,158	778,899	-2,884,064	-4,057,636
Net Cash from / ( used) in operating activisites	-5,915,563	22,026,333	133,149,403	-45,987,626	60,105,474
Cash flows from investing activities	-10,871,349	-42,039,091	-72,589,248	-48,310,853	-131,921,811
Cashflow from financing activities	2,383,795	34,846,040	43,181,982	6,254,546	77,667,656
Increase/(decrease) in cash and cash equivalents	-14,403,117	14,833,282	103,742,137	-88,043,933	5,851,319
Exchange losses on bank balances	0	449,113	-614,903	-1,299,785	-386,754
Cash & cash equivalent at 1 April	13,204,455	-1,198,662	14,083,733	117,210,966	27,867,248
Cash & cash equivalent at 31 March	-1,198,662	14,083,733	117,210,967	27,867,248	33,331,813



## 2014 to 2018 Highlights:



Green Island Construction Company Ltd (GICC), the IDC owned subsidiary completed the construction works on Espace Building situated on Ile Du Port in June 2014. It is a 6,500 square metre complex with four floors, home to shops, food outlets, and offices.



In June 2016, GICC completed work on the six-storey Independence House Annex building in Victoria, a BOT and PPP project financed entirely by Green Tree Investment Company Ltd (the GIC subsidiary).

The Islands Development Company Ltd celebrated its 35<sup>th</sup> anniversary on 29<sup>th</sup> April 2015. The occasion was marked by a formal Banquet and Long Service Award Ceremony held at the Savoy Resort at Beau Vallon to reward employees who have completed above 11 years of service with the company. Sixty-Seven (67) employees received awards in recognition of their long period of service.



The island of Astove opened up to fly-fishing enthusiasts in **January 2017** and clients travel from various parts of the world, including South Africa, Russia and USA to avail themselves of this increasingly popular leisure activity.





The first plane landed on part of the new concrete runway built on Platte Island on **Friday 26th May, 2017** and the runway was completed in August 2017. Before that Platte Island had a grass runway, but with the upcoming construction of the Platte Hotel, this had to be upgraded.



IDC welcomed in **February 2018** a second Beechcraft 1900D to its fleet of aircraft. The Beechcraft was purchased in South Africa at a cost of \$2.151million and it has been inspected by the Seychelles Civil Aviation Authority as well as registered on the SCAA registry.

With increasing charter flights to the islands, especially with the reopening of Desroches hotel and the guesthouses on Astove and

Farquhar, the new aircraft came at the right time.



The Four Seasons Resort Seychelles on Desroches Island opened its doors to its first guests on **28th February 2018** since the previous resort closed over two years previously for renovations. Featuring a total of 71 accommodations, the brand new Four Seasons resort offers a choice of beach bungalows, villas and suites and multi-bedroom residences, all with private pool and direct beach access. The new Lighthouse restaurant (in photo) offers panoramic sunset views.



IDC launched its new website ([www.idcseychelles.com](http://www.idcseychelles.com)) on the occasion of its 38<sup>th</sup> anniversary on **29<sup>th</sup> April 2018** and the event also saw the official launch of the second edition of the 'Outer Islands of Seychelles - Zil Elwannye Sesel' book, authored by Adrian Skerrett. A copy of the book was handed over to the President of the Republic of Seychelles during a ceremony at the State House.





President Danny Faure visited Marie Louise island in **March 2018** to witness the signing of an agreement which established the basis for cooperation and assistance between Island Development Company (IDC) and Island Conservation Society (ICS) to conserve, restore, and enhance the ecosystems of Marie Louise, together with the associated marine environment. The programmes, monitoring and evaluation, and management plans will be under the responsibility of the Island Conservation Society, and funded by IDC.



Perseverance Point Condominium located on Ile Perseverance is a project being developed by Green Tree Investment Company Ltd, the subsidiary of GICC, in partnership with the Ministry of Habitat, Infrastructure and Land Transport. The Condominium Estate welcomed its first residents in **August 2018** and construction work has commenced on the remaining condominium blocks earmarked for young professionals in Seychelles.

## Directors' Report

### STATEMENT ON CORPORATE GOVERNANCE

Corporate governance relates to the role and responsibilities of directors charged by shareholders with taking proper strategic decisions to be implemented by Management. Directors have the further duty to ensure that their decisions establish and maintain sound relationships with all the stakeholders of the enterprise. IDC is guided by the above principles and is fully committed to comply with the Code of Corporate Governance for Seychelles.

### BOARD MEETINGS

The Company has a unitary Board consisting eight (8) directors. The Board has the ultimate responsibility for corporate policy and strategy and effectively leads and controls the company. Board meetings are held regularly and whenever the board needs to consider and decide on important issues relating to the company's business. Furthermore the directors may from time to time, between meetings, take decisions by resolutions in writing in accordance with the company's constitution. Such written resolutions are circulated in the next meeting for confirmation. Board meetings are at times attended by the senior managers who report on the operations.

The board also reviews and approves the company's plan, budget and capital expenditure. It also examines and approves the audited financial statements.

### STATEMENT OF DIRECTORS RESPONSIBILITIES in matters of Financial Statement

Company law requires the Directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance, changes in equity, and cash flows of the company. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the notes to financial statements; and
- Prepare the financial statements on an ongoing concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements of the company. The Directors are responsible for keeping proper accounting records which



disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies act of 1972.

The Directors are also responsible for safeguarding the assets of the company and hence for the implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and errors and of an effective risk management system. This is achieved through the Internal Audit Department, headed by the Audit and Systems Manager and assisted by internal Audit assistants.

The Internal Auditors work according to an Internal Audit Plan which aims at covering over a period of time all operations of the company by effecting regular visits on islands verifying that management controls and procedures are in place and followed and providing corrective actions and measures where weaknesses are detected. The Internal Auditors write a report on their investigations, findings and recommendations after each visit.

The company's Statutory Auditor M/S Pool & Patel have full and free access to the Board of Directors and discuss the audit and matters arising therefrom, such as their observations on fairness of financial reporting and the adequacy of internal controls.

 Patrick Berlouis	 Patrick Lablache	 Glenn Savy	 Ronny Renaud	 Angelique Antat
 Angele Lebon	 Willy Confait	 Alain Decommarmont	 Sherin Francis	



## Independent Auditor's Report

We have audited the financial statements of the Islands Development Company Limited which include the Consolidated Statement of Income, the Consolidated Statement of Tax Contributions, the Consolidated Balance Sheet, the Consolidated Fixed Assets Statement and the Consolidated Cash Flow Statement as summarised in the tables on pages 13, 14, 25 and 26 respectively for the financial years 2014 to 2018.

Our audit of the company also comprised the balance sheet of the Parent Company and the Group, the income statements, the applicable accounting policies and other explanatory information provided for these financial years which ended on 31<sup>st</sup> March each year.

The financial statements have been prepared by management, under the historical cost convention and the financial reporting provisions of the Seychelles Companies Act 1972.

### 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 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.

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.



### Opinion

In our opinion, the accompanying financial statements and related figures of Islands Development Company Limited as set out in this report gives a true and fair view of the financial position and overall performance of the Parent Company and the Group during the afore mentioned period.

We have obtained during the course of our audits of the Parent Company and the Group all the information, records and clarifications we have requested and all have been deemed satisfactory. In our opinion proper accounting records as required have been kept by the Company so far as appears from our examination of these records.

To the best of our knowledge and as a result of our audit findings, the systems of control in place were found to be adequate and the Board and Management of the Company have been prudent in their approach for strategic decisions taken.

Over the course of the past 5 years we have observed that the various systems in place have continuously been updated to ensure proper maintenance of records and to stay abreast of new developments.



Pool & Patel  
23<sup>rd</sup> November 2018



