



ISLANDS DEVELOPMENT COMPANY LTD

P.O Box 638, New Port, Mahé, Seychelles

Telephone: 4384640

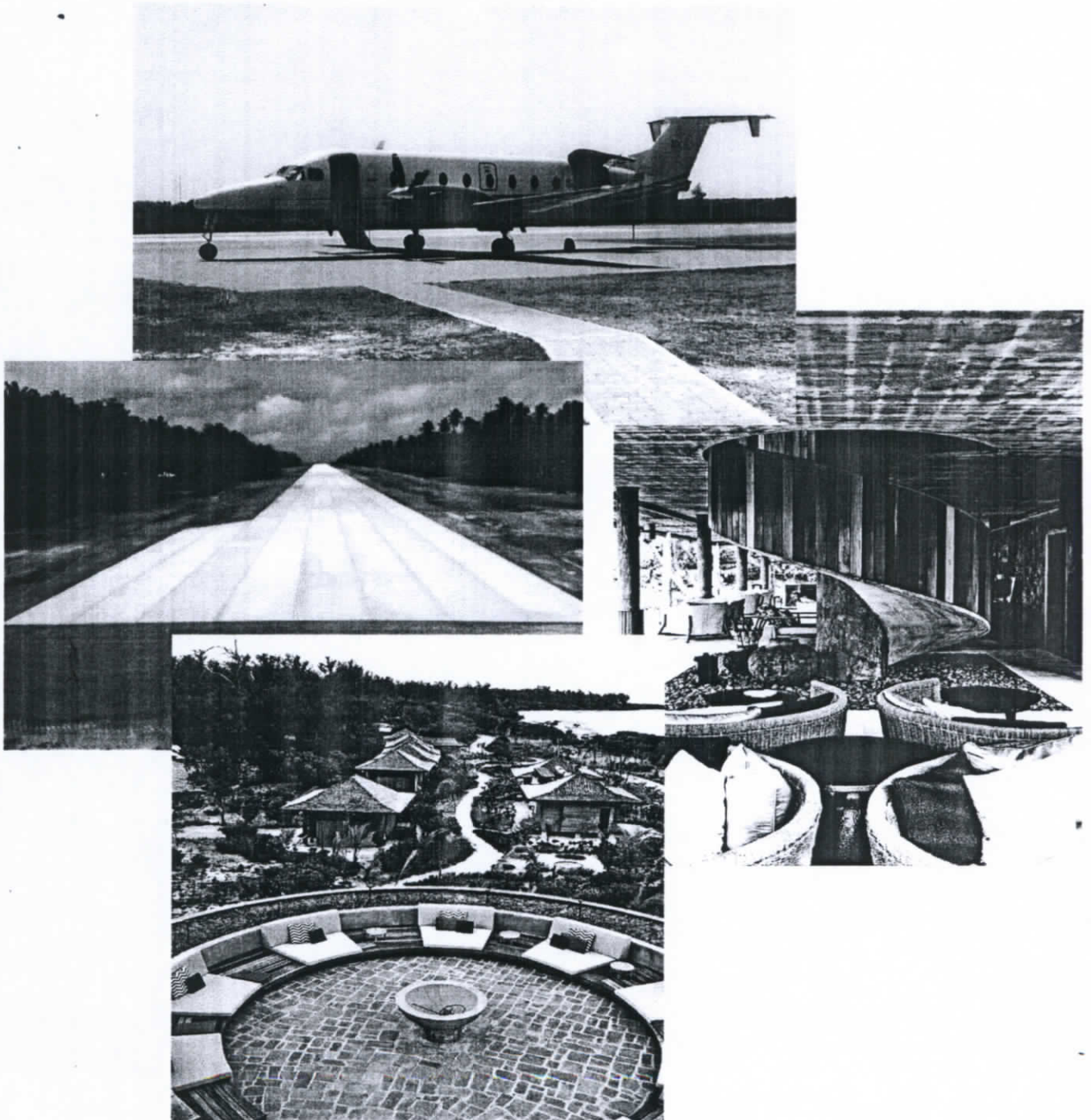
Fax: 4224467

Email: ceo@idc.sc

Please address all correspondence to Chief Executive Officer

DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



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ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

The directors present herewith their report and audited financial statements of the company and the group for the year ended 31 March 2018.

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 25,969,832 (2017 - R 12,177,480) and the company a profit of R 25,385,724 (2017 - R 12,175,240) after taxation.

Application of profits and revenue reserves (company)

The profit for the year with revenue reserves from prior years give the company R 95,244,023 (2016 - R 69,838,299) available for distribution.

The directors do not propose to distribute a dividend for the year.

Fixed assets

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

- Beechcraft aircraft	- R 29.79m
- New building on Farquahar	- R 10.98m
- Airstrip on Astove	- R 11.37m
- Airstrip on Platte	- R 32.62m
- Waste water treatment plant	- R 2.61m
- Deselinator	- R 1.81m
- 4 Diesel generators	- R 2.67m

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
Mr. R. Renaud	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

All directors of the company are citizens of Seychelles.

Mrs. A. Lebon and Mr. A. Decommarmond 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.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

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:-

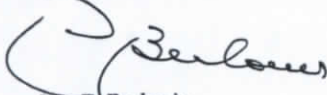
- prepare financial statements on the going concern basis unless it is inappropriate to assume continuance of business;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- disclose and explain any material departures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

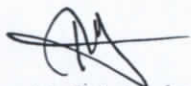
The retiring auditors are Pool & Patel who are eligible for re-appointment.

DIRECTORS

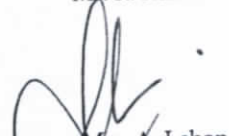

Mr. P. Berlouis
Chairman

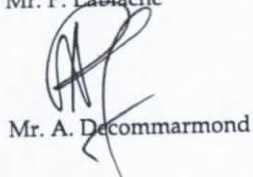

Mr. C.M. Savy
Chief Executive Officer


Mr. R. Renaud

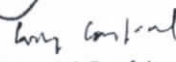

Mr. P. Lablache


Ms. A. Antat


Mrs. A. Lebon


Mr. A. Decommarmond


Mrs. S. Francis


Mr. W. Confait

25 May 2018



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, 2018, 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, 2018, 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

25 May 2018

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

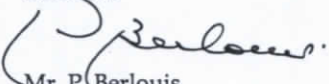
Consolidated statement of financial position

Financial statements are prepared in Seychelles Rupees

	Note	CONSOLIDATED		COMPANY	
		2018	2017	2018	2017
As at 31 March					
Assets					
Property, plant and equipment	13	157,697,344	78,992,038	147,074,840	63,328,618
Investments	14	3,907,889	3,956,126	4,008,089	4,056,126
Lendings	21	88,667,961	91,801,032	-	-
Due from related party	22	17,215,045	14,022,034	17,215,045	14,022,034
Capital work in progress	23	81,351,479	44,214,381	25,081,118	5,701,051
Deferred income tax asset	11	2,158,760	1,980,081	724,570	1,073,119
Non-current assets		350,998,478	234,965,692	194,103,662	88,180,948
Lendings	21	16,190,560	11,541,238	-	-
Inventories	16	14,606,664	43,140,429	7,456,915	29,590,249
Taxation	11	749,032	2,070,386	-	915,724
Trade and other receivables	17	81,644,571	77,831,518	39,977,247	41,767,122
Cash and cash equivalent		94,657,190	78,117,184	79,604,247	57,175,592
Current assets		207,848,017	212,700,755	127,038,409	129,448,687
Total assets		558,846,495	447,666,447	321,142,071	217,629,635
Liabilities					
Employee benefit obligations	18	3,628,991	3,586,202	3,293,298	3,293,627
Deferred tax liability	11	1,611,296	2,067,945	1,430,099	1,780,760
Borrowings	19	153,026,642	122,190,022	47,349,756	9,674,531
Non-current liabilities		158,266,929	127,844,169	52,073,153	14,748,918
Borrowings	19	97,254,554	66,605,523	28,128,244	13,509,610
Taxation	11	-	-	157,173	-
Trade and other payables	20	118,608,464	125,612,153	75,443,899	80,559,343
Current liabilities		215,863,018	192,217,676	103,729,316	94,068,953
Total liabilities		374,129,947	320,061,845	155,802,469	108,817,871
Share capital	12	21,330,924	21,330,924	21,330,924	21,330,924
Retained earnings		114,600,969	88,631,137	95,224,023	69,838,299
Deferred grants	15	48,784,655	17,642,541	48,784,655	17,642,541
Equity		184,716,548	127,604,602	165,339,602	108,811,764
Total liabilities and equity		558,846,495	447,666,447	321,142,071	217,629,635

The notes on pages 8 to 18 are an integral part of these financial statements.

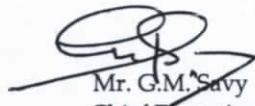
Directors


Mr. P. Berlouis
Chairman


Mr. P. Lablache


Mr. A. Decommarmond

25 May 2018


Mr. G.M. Savy
Chief Executive Officer


Ms. A. Antat


Mrs. S. Francis


Mr. R. Renaud


Mrs. A. Lebon


Mr. W. Confait

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			
		2018	2017	2018	2017
Revenue	3	458,471,174	384,022,412	396,533,179	301,179,414
Direct costs	4	(316,361,548)	(252,230,160)	(282,139,585)	(202,625,918)
Other income	5	14,649,240	14,434,765	12,247,295	13,629,211
Administrative salaries and benefits	6	(44,976,964)	(46,686,296)	(34,943,771)	(36,047,122)
Camp running expenses		(3,471,870)	(5,342,539)	-	-
Communication		(3,771,408)	(4,004,280)	(3,771,408)	(4,004,280)
Depreciation (net of deferred grant credit)	13/15	(14,555,945)	(17,368,766)	(9,510,723)	(12,661,239)
Exchange (losses)/gains (operating)		(1,854,549)	(1,525,707)	(1,244,052)	(1,608,972)
External transportation		(4,146,103)	(6,604,170)	(4,146,103)	(6,604,170)
Fuel for electricity generation & island use		(12,597,811)	(7,491,940)	(12,597,811)	(7,491,940)
Insurances		(2,492,948)	(2,276,355)	(1,585,492)	(1,459,654)
Other expenses		(7,049,687)	(5,847,418)	(4,832,980)	(4,335,938)
Rental		(1,959,808)	(2,207,933)	(715,350)	(120,000)
Repairs and maintenance		(11,871,726)	(13,358,795)	(11,871,726)	(13,358,795)
Travelling		(4,300,770)	(4,883,600)	(1,028,380)	(1,293,277)
Utilities		(3,811,214)	(3,996,137)	(1,816,863)	(1,900,137)
Operating profit		39,898,063	24,633,081	38,576,230	21,297,183
Finance income	9	10,861,461	12,468,625	3,329	553,638
Finance costs	10	(17,480,758)	(17,017,563)	(5,474,577)	(3,235,535)
Finance costs - net		(6,619,297)	(4,548,938)	(5,471,248)	(2,681,897)
Profit before income tax		33,278,766	20,084,143	33,104,982	18,615,286
Income tax expense	11	(7,308,934)	(7,906,663)	(7,719,258)	(6,440,046)
Profit for the year		25,969,832	12,177,480	25,385,724	12,175,240
Dividends		-	-	-	-
		25,969,832	12,177,480	25,385,724	12,175,240
Retained earnings 1 April		88,631,137	76,453,657	69,838,299	57,663,059
Retained earnings 31 March		114,600,969	88,631,137	95,224,023	69,838,299

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES
Cash flow statement

Financial statements are prepared in Seychelles Rupees.

	Note	CONSOLIDATED		COMPANY	
		As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Cash flows from operating activities					
Profit for the year before exceptional item		33,278,766	20,084,143	33,104,982	18,615,286
Adjustments for:-					
Taxation paid	11	(6,622,908)	(8,606,213)	(6,648,473)	(3,005,276)
Depreciation (net of adjustment for deferred grant)	13/15	14,555,943	17,368,766	9,510,723	12,661,239
Changes in provision for employee benefits	18	42,789	1,335,082	(329)	1,261,398
Profit on disposal of investments	5	(1,427,800)	-	(1,427,800)	-
Surplus on assets damaged by cyclone	7	-	(4,704,725)	-	(4,704,725)
Insurance proceeds on assets damaged by cyclone	7	-	7,531,272	-	7,531,272
Finance costs	9/10	6,619,297	4,548,938	5,471,248	2,681,897
		46,446,087	37,557,263	40,010,351	35,041,091
Changes in working capital					
Decrease / (increase) in inventories		28,533,765	903	22,133,334	3,626,084
Decrease / (increase) in debtors		(3,813,053)	10,571,162	23,560,300	11,032,472
Increase / (decrease) in creditors and advances on contracts		(7,003,689)	(91,232,890)	(26,885,869)	(83,267,289)
Cash generated from / (utilised) in operations		64,163,110	(43,103,562)	58,818,116	(33,567,642)
Interest received	9	10,861,461	12,468,625	3,329	553,638
Interest paid	10	(14,919,097)	(15,352,689)	(3,480,355)	(1,570,661)
Net cash from / (used) in operating activities		60,105,474	(45,987,626)	55,341,090	(34,584,665)
Cash flows from investing activities					
Payments to acquire tangible fixed assets	13	(94,744,298)	(10,685,807)	(94,739,994)	(11,170,181)
Work in progress realised as lending		-	-	-	-
Investment in work in progress		(37,137,098)	(40,389,204)	(19,380,067)	-
Lending made		(1,516,252)	(6,988,678)	-	-
Lending repaid		-	9,857,435	-	-
Proceeds from disposal of investment	5	1,475,837	-	1,475,837	-
Purchase of investment	14	-	(104,599)	-	(4,599)
Net cash used in investing activities		(131,921,811)	(48,310,853)	(112,644,224)	(11,174,780)
Cash flow from financing activities					
Capital grant received	15	32,625,163	-	32,625,163	-
Loans repaid	21	(18,796,507)	(13,266,988)	(4,797,086)	(4,218,018)
Loans received	19	67,031,811	21,108,554	56,326,201	-
Changes in related party balances		(3,192,811)	(1,587,020)	(3,193,011)	(1,687,020)
Dividend paid		-	-	-	-
Net cash from (used) in financing activities		77,667,656	6,254,546	80,961,267	(5,905,038)
Increase/(decrease) in cash and cash equivalents		5,851,319	(88,043,933)	23,658,133	(51,664,483)
Exchange losses on bank balances	10	(386,754)	(1,299,785)	(386,754)	(1,299,785)
Cash & cash equivalent at 1 April		27,867,248	117,210,966	48,980,259	101,944,527
Cash & cash equivalents 31 March		33,331,813	27,867,248	72,251,638	48,980,259

ISLANDS DEVELOPMENT COMPANY LIMITED

FIVE YEAR FINANCIAL SUMMARY - 31 MARCH 2018

Financial statements are prepared in Seychelles Rupees

	2018	2017	2016	2015	2014
Statement of financial position					
Share capital					
Authorised	21,331	21,331	21,331	21,331	13,635
Issued and fully paid	21,331	21,331	21,331	21,331	13,634
Retained earnings	95,223	69,837	57,663	52,333	38,202
Deferred grants	48,785	17,643	21,931	23,625	25,647
Long term loan	75,477	14,989	18,842	12,952	-
Net assets employed	240,816	123,799	119,767	110,241	77,483
Statement of income					
Turnover	396,533	301,179	152,677	121,120	120,019
Profit before taxation	33,105	18,615	9,150	18,817	5,369
Taxation	(7,719)	(6,440)	(820)	(1,686)	(307)
	25,386	12,175	8,330	17,131	5,062
Dividends	-	-	(3,000)	(3,000)	-
	25,386	12,175	5,330	14,131	5,062
Retained earnings - 1 April	69,837	57,662	52,333	38,202	33,140
Retained earnings - 31 March	95,223	69,837	57,663	52,333	38,202

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 above.

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*

Financial assets and liabilities are recognised on the statement of financial position when the company has become party to the contractual provision of the financial instruments. Except where stated separately, the carrying amounts of the company's financial instruments approximate their fair value.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

Trade receivables

Trade and other receivables are recognised and carried at the original invoiced amount less an allowance for any credit losses.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Financial statements are prepared in Seychelles Rupees

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

2.5 Financial instruments (cont...)

Trade payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier. Other liabilities are stated at original debt less principal repayments and amortizations.

Loans and borrowing

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Impairment and uncollectibility of financial assets

The carrying amounts of the financial assets is reviewed by the directors periodically to determine whether it is in excess of its market or recoverable amount in the statement of financial position. If there is any evidence of other than a temporary impairment in the carrying amount of an asset, it is written down to its fair value or recoverable amount and the loss recognised in the income statement.

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised and;
- For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset; and
- For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

2.6 Foreign currency transactions (cont...)

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)	
	2018	2017	2016	2017-2018	2016-2017
US \$ / Sr	14.06	13.81	13.50	-2%	-2%
Euro / Sr	17.32	14.75	15.27	-17%	3%

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.

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.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Financial statements are prepared in Seychelles Rupees

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

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

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	4 years	Staff houses	33 years
Office building	25 years	Hotels & airstrips	25 years
Aircraft	10 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.

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; 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.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Financial statements are prepared in Seychelles Rupees

2 Summary of significant accounting policies (cont...)**2.13 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 (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.

3 Revenue	Consolidated		Company	
	2018	2017	2018	2017
Analysis of revenue by category				
Construction	379,815,242	308,310,963	317,877,247	225,467,965
Transportation	52,634,824	37,960,456	52,634,824	37,960,456
Maintenance of villas & upkeep of Islands	14,861,606	23,282,104	14,861,606	23,282,104
Property rental	11,159,502	14,468,889	11,159,502	14,468,889
Total	458,471,174	384,022,412	396,533,179	301,179,414

4 Cost of sales	Consolidated		Company	
	2018	2017	2018	2017
Analysis of cost by category				
4.1 Construction				
Material	193,974,048	187,461,440	191,298,211	134,323,026
Labour	83,704,425	31,558,915	52,158,299	35,093,087
	277,678,473	219,020,355	243,456,510	169,416,113
4.2 Transportation				
Insurance	2,342,035	2,528,185	2,342,035	2,528,185
Repairs & maintenance	16,288,158	10,812,163	16,288,158	10,812,163
Staff costs	11,754,619	11,748,920	11,754,619	11,748,920
Fuel and oil	7,277,420	7,258,319	7,277,420	7,258,319
Other operational costs	1,020,843	862,218	1,020,843	862,218
	38,683,075	33,209,805	38,683,075	33,209,805
Total	316,361,548	252,230,160	282,139,585	202,625,918

5 Other income	Consolidated		Company	
	2018	2017	2018	2017
Guest house activities	1,438,506	624,347	1,438,506	624,347
Surplus from sale of produce	667,009	4,170,718	667,009	4,170,718
Surplus from shop sales	323,621	106,371	323,621	106,371
Landing fees	1,672,252	1,148,324	1,672,252	1,148,324
Sale of coral fill	1,275,799	2,874,726	1,275,799	2,874,726
Utility supply	5,442,308	-	5,442,308	-
Surplus on assets damaged by cyclone (note 7)	-	4,704,725	-	4,704,725
Profit from sale of investment	1,427,800	-	1,427,800	-
Other	2,401,945	805,554	-	-
Total	14,649,240	14,434,765	12,247,295	13,629,211

6 Administrative salaries and benefits expense	Consolidated		Company	
	2018	2017	2018	2017
Wages and salaries	37,262,296	38,155,562	29,296,196	30,170,919
Pension costs	416,390	414,088	376,532	371,600
Employee benefits & other cost	7,298,278	8,116,646	5,271,043	5,504,603
Total	44,976,964	46,686,296	34,943,771	36,047,122

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

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7 <i>Assets damaged by cyclone</i>	Consolidated		Company	
	2018	2017	2018	2017
Net book value of assets damaged	-	5,881,622	-	5,881,622
Credit from deferred grant (Note 15)	-	(3,055,078)	-	(3,055,078)
Insurance receipts	-	(7,531,269)	-	(7,531,269)
Total	-	(4,704,725)	-	(4,704,725)

8 <i>Profit for the year</i>	Consolidated		Company	
	2018	2017	2018	2017
Profit for the year has been arrived at after charging/(crediting):				
Auditors remuneration	469,100	445,025	249,100	235,000
Rents paid	1,959,808	2,207,933	715,350	120,000

9 <i>Finance income</i>	Consolidated		Company	
	2018	2017	2018	2017
Interests on deposits and bonds	755,651	553,638	3,329	553,638
Interest on lendings	10,105,810	11,914,987	-	-
Total	10,861,461	12,468,625	3,329	553,638

10 <i>Finance costs</i>	Consolidated		Company	
	2018	2017	2018	2017
Interest on loans	12,265,350	14,196,317	997,387	984,774
Interest on overdraft	3,221,185	1,156,372	2,482,967	585,887
Exchange losses on banks	386,754	1,299,785	386,754	1,299,785
Exchange losses on loans	1,607,469	365,089	1,607,469	365,089
Total	17,480,758	17,017,563	5,474,577	3,235,535

11 *Taxation*

11 (A) Group

11.1 <i>Current tax</i>	Statement of financial position		Statement of income	
	2018	2017	2018	2017
Balance due from previous year	(2,070,386)	47,302	-	-
Adjustment to prior year provision	(95,660)	(1,524)	(95,660)	(1,524)
(Paid)/refund received for prior years	-	(4,064,483)	-	-
Provision for the year	3,948,457	3,933,120	3,948,457	3,933,120
Provisionally paid for current year	(2,531,443)	(1,984,801)	-	-
Total	(749,032)	(2,070,386)	3,852,797	3,931,596
11.2 <i>Deferred tax asset</i>				
Employee compensation obligation	594,703	581,816	(12,887)	(211,314)
Deferred due to accelerated tax depreciation	1,333,482	819,190	(514,292)	120,303
Other temporary deductible differences	230,575	579,075	348,500	(354,803)
Total	2,158,760	1,980,081	(178,679)	(445,814)
11.3 <i>Deferred tax liability</i>				
Other temporary deductible differences	1,611,296	2,067,945	(456,649)	1,863,952
Total deferred tax expense			(635,328)	1,418,138
11.4 <i>Corporate social responsibility tax</i>				
			4,091,465	2,556,929
Total income tax expense			7,308,934	7,906,663

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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11 Taxation (cont...)

11 (B) Company

11.5 Current tax	Statement of financial position		Statement of income	
	2018	2017	2018	2017
Balance due from previous year	(915,724)	(2,655,031)	-	-
Adjustment to prior year provision	(95,660)	(125,892)	(95,660)	-
Provision for the year	3,700,000	3,250,000	3,700,000	3,250,000
Provisionally paid for current year	(2,531,443)	(1,384,801)	-	-
Total	157,173	(915,724)	3,604,340	3,250,000
11.6 Deferred tax asset				
Employee compensation obligation	493,995	494,044	49	(189,209)
Deferred due to accelerated tax depreciation	-	-	-	458,717
Other temporary deductible differences	230,575	579,075	348,500	(354,803)
Total	724,570	1,073,119	348,549	(85,295)
11.7 Deferred tax liability				
Other temporary deductible differences	1,430,099	1,780,760	(350,661)	1,780,760
Total deferred tax expense			(2,112)	1,695,465
11.8 Corporate social responsibility tax				
Total income tax expense			4,117,030	1,494,581
			7,719,258	6,440,046

12 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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13 Property, plant and equipment

13 (A) Group

	Buildings & utilities	Aircraft	Machinery & fittings	Vehicles, boats & trailers	Total
Cost					
At 1 April 2017	139,020,593	20,972,738	60,167,512	22,269,836	242,430,679
Additions	55,278,194	29,791,237	9,574,606	100,261	94,744,298
Disposal	-	-	-	-	-
At 31 March 2018	194,298,787	50,763,975	69,742,118	22,370,097	337,174,977
Accumulated depreciation and impairment					
At 1 April 2017	101,677,709	4,912,793	38,595,245	18,252,894	163,438,641
Annual depreciation	4,934,790	2,350,295	6,933,581	1,820,326	16,038,992
Disposals	-	-	-	-	-
At 31 March 2018	106,612,499	7,263,088	45,528,826	20,073,220	179,477,633
Carrying amount					
At 1 April 2017	37,342,884	16,059,945	21,572,267	4,016,942	78,992,038
At 31 March 2018	87,686,288	43,500,887	24,213,292	2,296,877	157,697,344

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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13 *Property, plant and equipment (cont...)*

13 (B) *Company*

	Buildings & utilities	Aircraft	Machinery & fittings	Vehicles, boats & trailers	Total
Cost					
At 1 April 2017	123,920,784	20,972,738	50,125,442	17,595,816	212,614,780
Additions	55,278,194	29,791,237	9,570,302	100,261	94,739,994
Disposal	-	-	-	-	-
At 31 March 2018	179,198,978	50,763,975	59,695,744	17,696,077	307,354,774
Accumulated depreciation and impairment					
At 1 April 2017	96,240,373	4,912,793	33,409,134	14,723,862	149,286,162
Annual depreciation	2,879,832	2,350,295	4,919,578	844,067	10,993,772
Disposals	-	-	-	-	-
At 31 March 2018	99,120,205	7,263,088	38,328,712	15,567,929	160,279,934
Carrying amount					
At 1 April 2017	27,680,411	16,059,945	16,716,308	2,871,954	63,328,618
At 31 March 2018	80,078,773	43,500,887	21,367,032	2,128,148	147,074,840

14 *Investments (company)*

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

	% Holding	2018	2017
<u>Held in group company</u>			
Green Island Construction Company Limited	100%	100,000	100,000
Green Tree Investment Company Limited	0.1%	100	0
Green Oak Investment Company Limited	0.1%	100	0
<u>Other</u>			
Desroches Island Lodge Limited	1%	0	48,237
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	4,056,126

15 *Deferred grants (company)*

	2018	2017
1 April	17,642,541	21,930,668
Received in year (For Platte airstrip from developer)	32,625,163	-
Amortisation for the year	(1,483,049)	(1,233,049)
Write off against assets destroyed (note 7)	-	(3,055,078)
At 31 March	48,784,655	17,642,541

16 *Inventories*

	Consolidated		Company	
	2018	2017	2018	2017
Copra	7,500	179,928	7,500	179,928
Employee shop stocks	565,178	426,682	565,178	426,682
Live stock & livestock products	10,500	95,500	10,500	95,500
Engineering spares	4,684,858	4,751,590	4,684,858	4,751,590
Building materials	7,149,749	35,962,032	0	22,411,852
Fuel and sundry	2,188,879	1,724,697	2,188,879	1,724,697
Total	14,606,664	43,140,429	7,456,915	29,590,249

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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17 Trade and other receivables	Consolidated		Company	
	2018	2017	2018	2017
Trade receivables	30,628,906	21,486,133	30,628,906	21,486,133
Works awaiting certification	7,358,048			
Construction debtors	14,083,528	40,386,593	641,419	9,051,507
Prepaid goods and credit with suppliers	20,498,846	-	4,329,300	-
Other receivables	9,075,243	15,958,792	4,377,622	11,229,482
Total	81,644,571	77,831,518	39,977,247	41,767,122

18 Employee benefit obligations	Consolidated		Company	
	2018	2017	2018	2017
At 1 April	3,586,202	2,251,120	3,293,627	2,032,229
Current service cost	1,929,675	2,342,889	1,745,115	2,216,782
Benefits paid	(1,886,886)	(1,007,807)	(1,745,444)	(955,384)
At 31 March	3,628,991	3,586,202	3,293,298	3,293,627

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

19 Borrowings	Consolidated		Company	
	2018	2017	2018	2017
Non current				
Bank loans	153,026,642	122,190,022	47,349,756	9,674,531
Current				
Bank loans	35,929,177	16,355,588	20,775,635	5,314,276
Bank overdrafts	61,325,377	50,249,935	7,352,609	8,195,334
Total	97,254,554	66,605,523	28,128,244	13,509,610
Total borrowings	250,281,196	188,795,545	75,478,000	23,184,141

19.1 Repayments	Consolidated		Company	
	2018	2017	2018	2017
Repayable within 1 year	97,254,554	67,394,085	28,128,244	13,509,610
Repayable later than 1 year and no later than 5 years	109,644,856	59,924,468	47,349,756	9,674,531
Repayable later than 5 years	43,381,786	61,476,992	-	-
Total	250,281,196	188,795,545	75,478,000	23,184,141

19.2 Currency profile	Consolidated		Company	
	2018	2017	2018	2017
US \$	95,835,285	21,830,099	68,125,391	14,988,807
Seychelles R	154,445,911	166,965,446	7,352,609	8,195,334
Total	250,281,196	188,795,545	75,478,000	23,184,141

19.3 Finance cost profile	Consolidated		Company	
	2018	2017	2018	2017
Lending rate @ 6.36 %	57,399,721	-	57,399,721	-
Lending rate @ 6.72 % (2017 - 6.02%)	38,435,564	28,289,510	10,725,670	14,988,807
Lending rate @ 8.5 % (2017 - 11%)	129,364,173	132,076,989		
Lending rate @ 10 % (2017 - 11%)	14,574,289	14,900,000		
Lending rate @ 10.5 % (2017 - 12%)	7,352,609	8,195,334	7,352,609	8,195,334
Lending rate @ 10.5 % (2017 - 13%)	3,154,840	5,333,712	-	-
Total	250,281,196	188,795,545	75,478,000	23,184,141

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19 Borrowings (cont...)

19.4 Security provided

The borrowings are secured by:

- First line charges on leasehold properties developed and financed by the subsidiaries totalling R 124.2 million and
- Floating charges over company's assets to secure \$ 2.98 & R 7 million.
- Mortgage over company's aircraft for \$ 3 million.
- Lien over fixed deposits to secure \$ 725,000.

20 Trade and other payables

	Consolidated		Company	
	2018	2017	2018	2017
Trade payables	23,217,944	41,396,005	23,217,944	32,950,512
Advances on contracts	29,517,621	36,002,836	17,038,638	23,634,352
Construction creditors	13,215,998	510,812	12,553,394	1,027,636
Salaries payable - construction workers	7,580,510	9,825,834	7,580,510	9,825,834
Deferred revenue and deposits on condominiums	11,430,759	743,485	1,150,359	743,485
Other accruals	33,645,632	37,133,181	13,903,054	12,377,524
Total	118,608,464	125,612,153	75,443,899	80,559,343

21 Lending (group)

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

	MLUH	Mayor's office	Ex Supreme Court
Anticipated duration of lease remaining at 31 March 2018	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 2017/2018	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 2018	R 19,697,844	R 1,113,477	R 8,299,865

21.2 Receivable from

	2018	2017
Ministry of land use	86,635,177	99,219,794
Mayor's office	3,738,375	4,122,476
Supreme court	14,484,969	0
Total	104,858,521	103,342,270

21.2 Repayments

	2018	2017
Repayable within 1 year	16,190,560	11,541,538
Repayable later than 1 year and no later than 5 years	78,989,794	81,204,792
Repayable over 5 year	9,678,167	10,595,940
Total	104,858,521	103,342,270

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.

22 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018.

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22 Related parties and transactions (cont...)

22.1 Sale of goods; services and expenses recovered

	Consolidated		Company	
	2018	2017	2018	2017
To subsidiaries and associated companies (non current)	14,813,077	14,597,847	62,474,424	29,194,188

22.2 Purchase of services

	2018	2017	2018	2017
From subsidiaries and associated company	11,620,067	12,959,925	61,478,758	32,158,251

22.3 Year end balances

	Consolidated		Company	
	2018	2017	2018	2017
Due from associated company - (non current)	17,215,045	14,022,034	17,215,045	14,022,034

22.4 Parent Company directors emoluments, pensions or compensation

	Consolidated		Company	
	Salary for Management		Fees, Pensions & Others	
	2018	2017	2018	2017
Mr. G. M. Savy	997,740	997,740	997,740	997,740
Mr. R. Renaud	65,056	396,720	33,440	396,720
Mr. P. Lablache	72,960	91,818	36,480	50,160
Mr. H. Aglae	0	27,360	0	27,360
Ms. L. Desaubin	0	44,042	0	27,630
Mrs. S. Francis	72,960	62,012	36,480	36,480
Mr. P. Payet	0	43,772	0	27,360
Ms. A. Antat	72,960	18,240	36,480	9,120
Mr. P. Berlouis	109,440	27,360	54,720	13,680
Mr. W. Confait	72,960	18,240	36,480	9,120
Mr. A. Decomarmond	72,960	18,240	36,480	9,120
Mrs. A. Lebon	72,960	18,240	36,480	9,120
Total	1,609,996	1,763,784	1,304,780	1,613,610

23 Commitments

23.1 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.

The first phase, comprising of 29 apartments (19 luxury and 10 each of 3 and 2 bedrooms) has commenced at an estimated cost of R 86m, and is expected to be completed by October 2017. The construction will be financed by pre selling the apartments and a bank loan of 30m, repayable over 24 months and bearing interest at a rate of 9 % per annum.

23.2 Other capital commitments (company)

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

23.2.1 Relocation of offices

The company has received allocation of land at Ile du port to relocate its headquarters from New Port. The construction is expected to commence in 2019 and is due to be completed over 2 years at a cost of R 25 million.

23.2.2 Providence airstrip

The construction of an airstrip on providence is expected to start in 2018 and is due to be completed in 2019 at a cost of R 13.9 million. The Seychelles Government has agreed to a contribution of R 5 million towards this project.

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23 Commitments (cont...)

23.2 Other capital commitments (company) (cont...)

23.2.3 Other projects under consideration

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.

Desroches

The company is installing 2 additional generators on Desroches (4 already in operational). The total cost of the 6 generators has been financed by a loan of \$ 2.5m from the bank.

Head office

The company has accepted a quotation of \$ 235,000 to upgrade its IT systems. The project is expected to start in 2018 and the process is expected to take 24 - 26 months to complete.

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.

23.3 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	34,573,230
	38,252,680

23.4 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	1,572,840
Payable later than 1 year and no later than 5 years	131,070
	1,703,910

24 Contingencies

24.1 Application of taxation for asset disposed under finance lease

The group is in the process of 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.

24.2 Other

The directors are not aware of any other outstanding contingent liabilities at 31 March 2018.