Société Seychelloise D'Investissement

2018

SOCIÉTÉ SEYCHELLOISE D'INVESTISSEMENT (SSI) Ltd.

(Registration number Co. No. 846539-1)

Annual Financial Statements

for the year ended 31 December 2017

Societe Seychelloise D'Investissement Limited

(Registration number Co.No.846539-1)
Annual Financial Statements for the year ended 31 December 2017

General Information

Country of incorporation and domicile	Seychelles
Nature of business and principal activities	Investment entity
Directors	Vijaykumari Tirant Rupert Simeon Annie Dugasse Bernard Adonis Ange Morel Karl Pragassen
Registered office	Maison La Rosiere Victoria Mahe Seychelles
Postal address	P.O. Box 1343 Victoria Mahe Seychelles
Shareholder	Government of Seychelles
Bankers	Nouvobanq
Auditors	Pool & Patel Chartered Accountants Registered Auditors
Company registration number	Co.No.846539-1

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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 1972 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for a period of 10 years ending 31 December 2026 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and their report is presented on page 4.

Pool & Patel
Chartered Accountants
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Email: pnp@seychelles.net Website: www.moorestephens.com www.poolandpatel.com
Bernard L. Pool FCA Suketu Patel FCA Gémma Roberts FCCA

INDEPENDENT AUDITOR'S REPORT

SOCIETE SEYCHELLOISE D'INVESTISSEMENT LIMITED

To the Shareholders of Societe Seychelloise D'Investissement Limited

Opinion

We have audited the financial statements of Societe Seychelloise D'Investissement Limited on pages 8 to 34, which comprise the statement of financial position as at 31 December, 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management in compliance with International Financial Reporting Standards.

Significant matter

Due to its significance, we draw your attention to note 3 and 28 of the financial statements in regard to prior year restatement. Our opinion is not qualified in regard to this matter.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December, 2017, and its financial performance and its cash flows for the year then ended in accordance with the requirements of the Seychelles Companies Act, 1972 and the International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Seychelles, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with requirements 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

SOCIETE SEYCHELLOISE D'INVESTISSEMENT LIMITED

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

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements and that these are in accordance with the accounting records maintained by management. The procedures selected depends on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, the auditor consider 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 polices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

Report on Other Legal and Regulatory Requirements

The Seychelles Companies Act, 1972 and the Public Enterprise Monitoring Commission Act, 2013 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

a. we have obtained all the information and explanations necessary for the performance of our audit, and

b. in our opinion

(i) proper books of accounting have been kept by the company as far as appears from our examination of those records; and

(ii) the company's statement of financial position and statement of comprehensive income are in agreement with the books of account and returns.

Pool - Patel

POOL & PATEL
CHARTERED ACCOUNTANTS

27 July 2018

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Societe Seychelloise D'Investissement Limited for the year ended 31 December 2017.

1 Nature of business

Societe Seychelloise D'Investissement Limited is a holding company for investments of the Government of Seychelles.

There have been no material changes to the nature of the company's business from the prior year.

2 Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 1972. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 1.

The figures for the financial year 2016 and prior years have been restated to include the investment in Nouvobanq acquired in 2013 and Seychelles Commercial Bank acquired in 2014 and also investment income received for the period 2013 to 2016. These adjustments have resulted in material changes in the reported figures in the statement of profit or loss and other comprehensive income and the statement of financial position for the years 2013 to 2016.

As shown in the statement of comprehensive income on page 8, activities of the current period give the company a profit of SR 261,444,425 (2016 - SR 280,879,592). Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3 Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4 Dividends

The directors propose a final dividend of SR 147,170,427 (2016 - SR 250,600,000).

5 Directorate

The directors in office at the date of this report and their interest in accordance with the register maintained under section 111 of the Companies Act 1972 are as follows:

Directors and their interest in the company

	SHARES HELD	
	1 January	31 December
Vijaykumari Tirant (appointed: 1 May 2017)	0	0
Rupert Simeon (appointed: 1 May 2017)	0	0
Annie Dugasse (appointed: 1 May 2017)	0	0
Bernard Adonis (appointed: 1 May 2017)	0	0
Ange Morel (appointed: 1 May 2017)	0	0
Karl Pragassen (appointed: 1 May 2017)	0	0
Hans Aglae (resigned: 1 May 2017)	0	0
Wendy Pierre (resigned: 1 May 2017)	0	0
Ange Morel (resigned: 1 May 2017)	0	0
Jacquelin Dugasse (resigned: 1 May 2017)	0	0
Patrick Payet (resigned: 1 May 2017)	0	0

Directors' Report

6 Ownership

The company is wholly owned by the Government of Seychelles.

7 Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

8 Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

9 Auditors

The retiring auditors are Pool & Patel who are eligible for re-appointment. The annual financial statements set out on pages 8 to 34, which have been prepared on the going concern basis, were approved by the board on .... and were signed by:

VTirant

Vijaykumari Tirant (Chairperson)
Director

BSimeon

Rupert Simeon
Director

Annie Dugasse
Director

Bernard Adonis
Director

Ange Morel
Director

Karl Fragassen
Director

Statement of Financial Position

Figures in Seychelles Rupee

	Note(s)	2017	2016
Assets			
Property, plant and equipment	2	1,343,935	1,080,723
Invetsment property	3	11,421,000	-
Investments in subsidiaries	4	277,907,825	277,907,825
Investments in associates	5	129,693,393	129,693,393
Loans to group companies	6	116,396,483	113,657,863
Other financial assets	7	1,056,100	56,100
Deferred tax	12	10,394	-
Non-Current Assets		**537,829,130**	**522,395,904**
Loans to group companies	6	8,727,258	11,545,557
Current tax receivable		580,081	-
Trade and other receivables	8	51,482,263	62,117,516
Cash and cash equivalents	9	77,403,630	1,340,682
Current Assets		**138,193,232**	**75,003,755**
Total Assets		**676,022,362**	**597,399,659**
Equity and Liabilities			
Share capital	10	10,000	10,000
Reserves		313,883,984	302,462,984
Retained income		265,987,027	158,676,536
Equity		**579,881,011**	**461,149,520**
Other financial liabilities	11	73,268,007	85,739,876
Deferred tax	12	-	57,393
Non-Current Liabilities		**73,268,007**	**85,797,269**
Trade and other payables	13	4,320,375	25,965,892
Other financial liabilities	11	18,303,264	18,793,246
Current tax payable		-	5,357,588
Retirement benefit obligations	15	249,705	336,144
Current Liabilities		**22,873,344**	**50,452,870**
Total Liabilities		**96,141,351**	**136,250,139**
Total Equity and Liabilities		**676,022,362**	**597,399,659**

The annual financial statements have been approved by the board on the .... and were signed by:

Vijaykumari Tirant (Chairperson)
Director

Rupert Simeon
Director

Annie Dugasse
Director

Bernard Adonis
Director

Ange Morel
Director

Karl Pragassen
Director

Societe Seychelloise D'Investissement Limited

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Statement of Profit or Loss and Other Comprehensive Income

Figures in Seychelles Rupee	Note(s)	2017	2016
Investment revenue	20	273,448,647	293,065,934
Other income	18	3,915,945	11,334,512
Operating expenses		(7,690,047)	(5,002,865)
Operating profit	19	**269,674,545**	**299,397,581**
Finance costs	21	(11,121,087)	(10,934,581)
Profit before taxation		**258,553,458**	**288,463,000**
Taxation	14	(4,072,540)	(7,583,408)
Profit for the year		**254,480,918**	**280,879,592**
Total comprehensive income for the year		**254,480,918**	**280,879,592**

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Statement of Changes in Equity

Figures in Seychelles Rupee	Share capital	Revaluation reserve	Capital contribution reserve	Total reserves	Retained income	Total equity
Restated balance at 01 January 2016	**10,000**	**116,495,384**	**185,967,600**	**302,462,984**	**128,396,944**	**430,869,928**
Profit for the year					280,879,592	280,879,592
Prior year adjustment				-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**280,879,592**	**280,879,592**
Dividends					(250,600,000)	(250,600,000)
Total contributions by and distributions to owners of company recognised directly in equity					**(250,600,000)**	**(250,600,000)**
Restated balance at 01 January 2017	**10,000**	**116,495,384**	**185,967,600**	**302,462,984**	**158,676,536**	**461,149,520**
Profit for the year					254,480,918	254,480,918
Reserves			11,421,000	11,421,000	-	11,421,000
Prior year adjustment				-	-	-
Total comprehensive income for the year		**-**	**11,421,000**	**11,421,000**	**254,480,918**	**265,901,918**
Dividends					(147,170,427)	(147,170,427)
Total contributions by and distributions to owners of company recognised directly in equity					(147,170,427)	**(147,170,427)**
Balance at 31 December 2017	**10,000**	**116,495,384**	**197,388,600**	**313,883,984**	**265,987,027**	**579,881,011**

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Statement of Cash Flows

Figures in Seychelles Rupee	Note(s)	2017	2016
Cash flows from operating activities			
Cash generated from operations	22	(14,606,899)	(29,252,859)
Interest income		11,552,461	13,381,934
Dividends received		261,896,186	279,684,000
Finance costs		(4,901,495)	(5,993,514)
Tax paid		(10,077,996)	(10,154,654)
Net cash from operating activities		**243,862,257**	**247,664,907**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(527,119)	(87,274)
Net movement in investment		(1,000,000)	-
Net movements in loans with group companies		79,680	8,121,489
Net cash from investing activities		**(1,447,439)**	**8,034,215**
Cash flows from financing activities			
Net movements in other financial liabilities		(19,181,443)	(19,649,424)
Dividends paid	23	(147,170,427)	(250,600,000)
Net cash from financing activities		**(166,351,870)**	**(270,249,424)**
Total cash movement for the year		**76,062,948**	**(14,550,302)**
Cash at the beginning of the year		1,340,682	15,890,984
Total cash at end of the year	9	**77,403,630**	**1,340,682**

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Five Year Financial Summary

Figures in Seychelles Rupee'000	2017	2016	2015	2014	2013
Balance sheet					
Share capital					
Authorised	10	10	10	10	10
Issued and Fully paid	10	10	10	10	10
Reserves	313,884	302,463	188,463	188,463	188,443
Retained earnings	265,987	158,677	128,397	115,433	96,454
Long term loan	73,268	85,740	99,901	75,944	72,214
Net assets employed	653,149	546,890	416,771	379,850	357,121
Profit and loss					
Turnover	277,365	304,401	115,127	45,722	30,954
Profit/(loss) before taxation	258,553	288,463	108,150	33,831	45,015
Taxation	(4,073)	(7,583)	(7,986)	-	-
	254,481	280,880	100,164	33,831	45,015
Prior year adjustment	-	-	-	-	-
Dividends	(147,170)	(250,600)	(87,200)	(14,852)	(26,594)
	107,311	30,280	12,964	18,979	18,421
Retained earnings - 1 January	158,677	128,397	115,433	96,454	78,033
Retained earnings - 31 December	265,987	158,677	128,397	115,433	96,454

Accounting Policies

1 Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 1972. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Seychelles Rupees.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables and Loans and receivables

The company assesses its trade receivables and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Accounting Policies

Taxation (continued)

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

The initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the company is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	5 years
IT equipment	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposals proceeds, if any, and the carrying amount of the item.

Accounting Policies

1.3 Interests in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

1.4 Investments in associates

An associate is an entity over which the parent has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

An investment in an associate is carried at cost less any accumulated impairment.

1.5 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - designated
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Financial assets classified as at fair value through profit or loss which are no longer held for the purposes of selling or repurchasing in the near term may be reclassified out of that category:

- in rare circumstances
- if the asset met the definition of loans and receivables and the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

No other reclassifications may be made into or out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Accounting Policies

1.5 Financial instruments (continued)

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the company's right to receive payment is

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Accounting Policies

1.5 Financial instruments (continued)

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Accounting Policies

1.6 Tax (continued)

Deferred tax assets and liabilities (continued)

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

Accounting Policies

1.7 Impairment of assets (continued)

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.10 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Accounting Policies

1.10 Provisions and contingencies (continued)

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

1.11 Government grants

Government grants are recognised when there is reasonable assurance that:
- the company will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

1.12 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Accounting Policies

1.12 Revenue (continued)

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Annual Financial Statements

Figures in Seychelles Rupee

2 Property, plant and equipment

2.1 December 31, 2017

	Furniture and fixtures	Motor Vehicles	Office equipment	Computer equipment	Total
Cost					
At 1 January 2017	896,750	257,368	92,427	257,780	1,504,325
Additions	381,432	-	52,839	92,847	527,119
Disposal	-		-	-	-
At 31 December 2017	**1,278,182**	**257,368**	**145,266**	**350,627**	**2,031,444**
Accumulated depreciation and impairment					
At 1 January 2017	202,843	137,263	22,779	60,718	423,603
Annual depreciation	111,243	64,342	22,961	65,360	263,906
Disposals	-	-	-	-	-
At 31 December 2017	**314,086**	**201,605**	**45,741**	**126,078**	**687,509**
Carrying amount					
At 1 January 2017	**693,907**	**120,105**	**69,648**	**197,063**	**1,080,722**
At 31 December 2017	**964,096**	**55,763**	**99,526**	**224,550**	**1,343,935**

2.2 December 31, 2016

	Furniture and fixtures	Motor Vehicles	Office equipment	Computer equipment	Total
Cost					
At 1 January 2016	888,600	257,368	62,457	208,626	1,417,051
Additions	8,150	-	29,970	49,155	87,274
Disposal	-	-	-		-
At 31 December 2016	**896,750**	**257,368**	**92,427**	**257,781**	**1,504,325**
Accumulated depreciation and impairment					
At 1 January 2016	113,414	72,921	5,441	13,418	205,194
Annual depreciation	89,429	64,342	17,338	47,300	218,408
Disposals	-	-	-	-	-
At 31 December 2016	**202,843**	**137,263**	**22,779**	**60,718**	**423,602**
Carrying amount					
At 1 January 2016	**775,186**	**184,447**	**57,016**	**195,208**	**1,211,857**
At 31 December 2016	**693,907**	**120,106**	**69,649**	**197,063**	**1,080,723**

Notes to the Annual Financial Statements

Figures in Seychelles Rupee

3 Investment property

	2017	2016
At January, 1	-	-
Additions for the year	11,421,000	-
Reclassification	-	-
Increase/(decrease) in fair value	-	-
Balance at 31 December	11,421,000	-

The fair value of the investment property was determined by Mr. Dereck Rioux, who is an external, independent property valuer, with recognised professional qualification and experience in the field. The fair value was determined on an open market basis by reference to market evidence of similar properties.

The fair value measurement for the investment property has been categorised as a Level 2 fair value based on the inputs to the valuation technique used.

4 Investment in subsidiaries

The following table lists the entities which are controlled directly by the company, and the carrying amounts of the investments in the company's separate financial statements. These investments are carried at the cost model.

Name of company	% voting power 2017	% voting power 2016	Carrying amount 2017	Carrying amount 2016
2020 Development (Seychelles) Limited	100%	100%	9,900	9,900
Bois de Rose Investment Limited	100%	100%	91,986,325	91,986,325
Island Development Company	100%	100%	13,634,200	13,634,200
L'Union Estate Company Limited	100%	100%	7,292,400	7,292,400
Paradis Des Enfants Entertainment Limited	100%	100%	10,000	10,000
Petro Seychelles Limited	100%	100%	990,000	990,000
Seychelles Trading Company Limited	100%	100%	10,000	10,000
Seychelles Petroleum Company Limited	100%	100%	49,975,000	49,975,000
Seychelles International Mercantile Banking Corporation	78%	78%	78,000,000	78,000,000
Seychelles Commercial Bank Limited	60%	60%	36,000,000	36,000,000
Total			277,907,825	277,907,825

The 2016 figures have been restated to include investments acquired in Nouvobanq in 2013 and Seychelles Commercial Bank in 2014.

5 Investments in associates

The following table lists all of the associates in the company, these investments are carried at the cost model.

Name of company	% ownership interest 2017	% ownership interest 2016	Carrying amount 2017	Carrying amount 2016
Seychelles Cable Systems Limited	41%	41%	77,757,909	77,757,909
Indian Ocean Tuna Limited	40%	40%	51,935,484	51,935,484
Total			129,693,393	129,693,393

The shares in Indian Ocean Tuna Limited were revalued as at 31 December 2009 by Mr. Paul Mondon ACMA and is assumed due to lack of information to be the cost.

Notes to the Annual Financial Statements

Figures in Seychelles Rupee

6 Loans to subsidiary

Subsidiary

	2017	2016
Bois de Rose Investment Limited	**125,123,741**	**125,203,420**

This loan is unsecured, bears interest at 11.5% (2015: 11.5%) (2014: 0%) and will not be recalled within the next 12 months.

	2017	2016
Non-current assets	116,396,483	113,657,863
Current assets	8,727,258	11,545,557
Total	**125,123,741**	**125,203,420**

Credit quality of loans to group companies

The credit quality of loans to group companies that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Fair value of loans to and from group companies

The fair value of group companies loans are substantially the same as the carrying amount reflected on the statement of financial position.

The loans to group companies are neither past due nor impaired.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above.

7 Investment in financial assets

	2017	2016
Held-to-maturity financial assets	1,000,000	-
Other financial assets	56,100	56,100
Total	**1,056,100**	**56,100**

Held-to-maturity financial assets has interest rates of 6% (2016 - nil) and mature in three years.

8 Trade and other receivables

	2017	2016
Prepayments	39,570	13,293
Accrued income	32,325,506	43,000,000
Transfer of shares	19,098,143	19,098,143
Other receivable	19,044	6,080
Total	**51,482,263**	**62,117,516**

Credit quality of trade and other receivables

Management has made an assessment of the debts that are neither past nor due nor impaired and are satisfied with the credit quality of these debtors, as all such debts are expected to be recovered without default.

Trade receivables

Fair value of trade and other receivables

The fair value of trade and other receivables are substantially the same as the carrying amounts reflected on the statement of financial position, as the financial instruments are short-term in nature.

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The company does not hold any collateral as security.

Notes to the Annual Financial Statements

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9 Cash and cash equivalents

Cash and cash equivalents consist of:

	2017	2016
Cash on hand	4,495	2,500
Bank balances	77,399,135	1,338,182
Total	**77,403,630**	**1,340,682**
Current assets	**77,403,630**	**1,340,682**

Credit quality of cash at bank and short term deposits, excluding cash on hand

There is a high standard of credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired.

10 Share capital

Authorised & issued	2017	2016
100 Ordinary shares of SR100 each	10,000	10,000

11 Other financial liabilities

Held at amortised cost

	2017	2016
Nouvobanq - Euro loan	91,571,271	102,048,264
Nouvobanq - US dollar loan	-	2,484,859
Total	**91,571,271**	**104,533,122**

The Euro loan is secured, bears interest at 5.02% and has set repayment terms of Euro 117,978.15 per month.
The USD loan is secured, bears interest at 5.87% and has set terms of repayment of USD 63,310.32 per month.

The above other financial liabilities are secured as follows:

- First Line Fixed Charge on Parcels V1005, V17179 and V17159 for EUR 6.05 million.
- Government undertaking pledging dividend payment to be declared Nouvobanq in case of default by S.S.I.
- Government Gazetted Guarantee for USD1.44 million.
- Currency undertaking from CBS to sell forex to Nouvobanq to meet the loan Commitment.
- Second line fixed charge on property title V7179 to secure SCR 45 million.
- Assignment of Rental Income.
- Assignment of dividend payment to be declared by Nouvobanq in case of default by S.S.I.

	2017	2016
Non-current liabilities		
At amortised cost	73,268,007	85,739,876
Current liabilities		
At amortised cost	18,303,264	18,793,246
Total	**91,571,271**	**104,533,122**

The fair values of the financial liabilities are substantially the same as the carrying amounts reflected on the statement of financial position.

The carrying amounts of financial liabilities at amortised cost are denominate in the following currencies:

	2017	2016
US Dollar	-	190,832
Euro	5,764,202	6,860,957

Notes to the Annual Financial Statements

Figures in Seychelles Rupee

12 Deferred tax

Deferred tax liability

	2017	2016
Property, plant and equipment	**(64,518)**	**(158,236)**

Deferred tax asset

	2017	2016
Retirement benefit	**74,912**	**100,843**

The deferred tax assets and the deferred tax liability relate to business tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	2017	2016
Deferred tax liability	(64,518)	(158,236)
Deferred tax asset	74,912	100,843
Total net deferred tax liability	**10,394**	**(57,393)**

Reconciliation of deferred tax asset! (liability)

	2017	2016
Originating temporary difference movement on tangible fixed assets	(64,518)	(158,236)
Originating temporary difference on retirement benefit liability	74,912	100,843
	10,394	**(57,393)**

13 Trade and other payables

	2017	2016
Dividend	-	25,000,000
CSR payable	2,192,360	386,018
Other payables	2,128,015	579,874
Total	**4,320,375**	**25,965,892**

Fair value of trade and other payables

The fair value of trade and other payables are substantially the same as the carrying amounts reflected on the statement of financial position, as the financial instruments are short-term in nature.

14 Taxation

Major components of the tax expense

Current	2017	2016
Business tax	1,084,347	4,561,405
Withholding tax	3,055,979	1,176,952
Other tax	-	1,796,131
Total	**4,140,326**	**7,534,488**
Deferred		
Originating and reversing temporary differences	(67,786)	48,920
Total	**4,072,540**	**7,583,408**

Reconciliation of the tax expense

Effective tax rate	3.50%	7.00%

Reconciliation between applicable tax rate and average effective tax rate

Applicable tax rate	30.00%	30.00%
Permanent differences	26.50%	-23.00%

Notes to the Annual Financial Statements

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15 Retirement benefit obligations

Reconciliation of retirement benefit obligations - 2017

	Opening balance	Additions	Paid	Total
Retirement provision	336,144	225,105	(311,544)	249,705

Reconciliation of retirement benefit obligations - 2016

	Opening balance	Additions	Paid	Total
Retirement provision	22,022	365,837	(51,715)	336,144

The company provided for a payment of gratuity/end of the contract payment for contract employees. The amount provided as at the financial year end is based on gross salary per day for the number of months the employee has worked.

The company does not carry out any actuarial valuation since the Directors have based themselves on the method as prescribed by the Seychelles Employment Act and they have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

16 Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

	2017	2016
Loans and receivables		
Loans to group companies (note 5)	125,123,741	125,203,420
Trade and other receivables (note 6)	51,482,263	62,117,516
Cash and cash equivalents (note 7)	77,403,630	1,340,682
Total	**254,009,634**	**188,661,618**

17 Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

	2017	2016
Non-financial instruments		
Trade and other payables (note 11)	**4,012,525**	**25,965,892**

18 Other income

	2017	2016
Government grant	2,544,070	10,113,289
Management fee	1,371,875	1,221,223
Total	**3,915,945**	**11,334,512**

19 Operating profit (loss)

Operating profit (loss) for the year is stated after accounting for the following:

	2017	2016
Income from subsidiaries		
Dividends	261,896,186	279,684,000
Profit on exchange differences	6,230,861	4,941,067
Depreciation on property, plant and equipment	263,906	218,408
Employee costs	2,404,936	2,542,209

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20 Investment revenue

	2017	2016
Dividend revenue		
Dividend from subsidiaries	191,100,000	269,100,000
Dividend from associates	59,036,186	-
Dividend from other investments	11,760,000	10,584,000
Total	**261,896,186**	**279,684,000**
Interest revenue		
Interest on loan to group companies	11,552,461	13,381,934
Total	**273,448,647**	**293,065,934**

21 Finance costs

	2017	2016
Loan interest	4,901,495	5,993,514
Exchange on borrowings	6,219,592	4,941,067
Total	**11,121,087**	**10,934,581**

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through profit or loss amounted to 2017 - SR 4,901,495 (2016 - SR 5,993,514).

22 Cash generated from operations

	2017	2016
Profit before taxation	258,553,458	288,463,000
Adjustments for:		
Depreciation on property, plant and equipment	263,906	218,408
Dividends received	(261,896,186)	(279,684,000)
Interest received	(11,552,461)	(13,381,934)
Finance costs	11,121,087	10,934,581
Movements in provisions	(86,439)	314,122
Changes in working capital:		
Trade and other receivables	10,635,253	(60,521,773)
Trade and other payables	(21,645,517)	24,404,737
Total	**(14,606,899)**	**(29,252,859)**

23 Dividends declared

	2017	2016
Dividends	**147,170,427**	**250,600,000**

Dividends are from capital profits.

24 Auditors remuneration

	2017	2016
Fees	**493,350**	**373,750**

Notes to the Annual Financial Statements

Figures in Seychelles Rupee

25 Related parties

Relationships

Holding company	Government of Seychelles
Subsidiaries	Bois De Rose Investment Limited

Related party balances and transactions with entities over which the company has control, joint control or significant influence.

Related party balance

	2017	2016
Loan accounts - Owing by related parties		
Bois De Rose Investment Limited	125,123,741	125,203,420
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Government of Seychelles	(100)	(100)
Related party transactions		
Interest received from related parties		
Bois De Rose Investment Limited	11,552,461	13,381,934
Compensation to directors and other key management		
Short-term employee benefits	249,705	336,144

26 Directors' fees

Executive

2017

	Fees	Pension	Total
Annie Dugasse	24,320		24,320
Ange Morel	36,480		36,480
Bernard Adonis	24,320		24,320
Hans Aglae	18,420		18,420
Jacquelin Dugasse	6,080		6,080
Karl Pragassen	24,320		24,320
Patrick Payet	12,160		12,160
Vijaykumari Tirant	36,480		36,480
Wendy Pierre	12,160		12,160
Total	194,740	-	**194,740**

2016

	Fees	Pension	Total
Ange Morel	30,400	-	30,400
Basil Hoareau	24,320	-	24,320
Conrad Benoiton	8,400	168	8,568
Glenny Savy	8,400	168	8,568
Hans Aglae	45,600	-	45,600
Patrick Payet	38,800	168	38,968
Veronique Herminie	11,400	228	11,628
Veronique Laporte	12,600	252	12,852
Wendy Pierre	30,400	-	30,400
Total	210,320	984	**211,304**

27 Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in note 9, cash and cash equivalents disclosed in note 7, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

This note represents information about the company's exposure to each of the above mentioned risks, the company's objectives, policies and processes for measuring and managing risks, and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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27 Risk management (continued)

Liquidity risk (continued)

At 31 December 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Fixed interest loan from Nouvobanq (Euro loan)	18,303,264	19,259,581	41,548,609	12,459,817
Trade and other payables	3,507,952	-	-	-

At 31 December 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Fixed interest loan from Nouvobanq (US dollar loan)	2,484,858	-	-	-
Fixed interest loan from Nouvobanq (Euro loan)	16,308,388	17,136,794	37,010,977	31,592,106
Trade and other payables	25,965,892	-	-	-

Interest rate risk

The company is mainly exposed to interest rate risk through the financing of other financial liabilities per note 9.

The company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk.

The company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to five years	Due after five years
Loans to group companies	11.50%	7,433,953	3,505,688	6,235,613	-
Fixed interest loan from Nouvobanq (Euro loan)	5.02%	18,303,264	19,259,581	41,548,609	12,459,817

Credit risk

Credit risk consists mainly of cash equivalents, trade and other receivables and loans. The carrying amount of financial assets represents the maximum credit exposure.

Trade receivables comprise a small customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2017	2016
Loans to group companies	125,123,741	125,203,420
Trade and other receivables	51,482,263	62,117,516
Cash and cash equivalents	77,403,630	1,340,682

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27 Risk management (continued)

Foreign exchange risk

The company operates locally but is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The company does not hedge foreign exchange fluctuations.

The company is exposed to foreign currency risk on borrowings that are denominated in a currency other than the functional currency of the company i.e. Seychelles Rupee. The currencies that give rise to this risk is primarily the US dollar and the Euro.

28 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

29 Events after the reporting period

No events have occurred after the reporting period that are required to be disclosed in these financial statements.

30 Prior year restatement

There was a prior year restatement of SR 179,100,000 relating to dividend income. The restatement was due to the fact that the dividend receivable was not being paid directly to the company, thus dividend income was being understated.

31 New Standards and Interpretations

The following amendments to IFRSs became mandatorily effective in the current year. All these amendments to IFRSs generally require full retrospective application (i.e. comparative amounts have to be restated), with some amendments requiring prospective application.

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendments to IAS 1 Disclosure Initiative
(Effective for annual periods beginning on or after 1 January 2017)

The amendments were a response to comments that there were difficulties in applying the concept of materiality in practice as the wording of some of the requirements in IAS 1 had in some cases been read to prevent the use of judgement. Certain key highlights in the amendments are as follows:

* An entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.
* An entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, this principle would even apply where an IFRS sets out specific or "minimum" disclosure requirements.

In the financial statements of the company amounts have been appropriately segregated so that immaterial information does not obscure material information by providing additional details regarding the items on the face of the financial statements that contain items with different names and functions in the notes to the financial statements.

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31 New Standards and Interpretations (continued)

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception (Effective for annual periods beginning on or after 1 January 2016)

The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value.

The amendments further clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

Moreover, the amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its

Lastly, clarification is also made that an investment entity that measures all its subsidiaries at fair value should provide the disclosures required by IFRS 12 Disclosures of Interests in Other Entities.

The amendments apply retrospectively.

Annual Improvements to IFRSs 2014 - 2016 Cycle (Effective for annual periods beginning on or after 1 January 2017)

The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS.

The IASB issued *Annual Improvements to IFRS Standards 2014–2016 Cycle* on 8 December 2016, amending the following standards:

Standards	Details
IFRS 1 *First-time adoption of International Financial Reporting Standards*	Deleted the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose This amendment is effective as from 1 January 2018.
IFRS 12 *Disclosure of interest in*	The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate that is classified as held for sale. The amendments are effective from 1 January 2017 and must be applied retrospectively.

31 New Standards and Interpretations (continued)

Annual Improvements to IFRSs 2014 - 2016 Cycle (continued)
(Effective for annual periods beginning on or after 1 January 2017)

IAS 28 Investments in Associates and Joint	Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice The amendments clarify that: - An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on investment-by-investment basis, to measure its investments in associates or joint ventures at fair value through profit or loss. - If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact.

These amendments will have no impact on the company.

IFRS 9 Financial instruments
(Effective for annual periods beginning on or after 1 January 2018)

IFRS 9 *Financial Instruments* sets out the requirements for recognisiong and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. This standards replaces IAS 39 *Financial Instruments: Recognition and Measurement.*

Classification and measurement of financial assets

The standard state that all financial assets are measured at fair value on initial recognition, adjusted for transaction cost, if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non- trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.

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31 New Standards and Interpretations (continued)

Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15 and lease receivables under IAS 17 Leases.

The company has not early adopted IFRS 9 *Financial Instruments* in its financial statement as at 31 December 2017.