

SEYCHELLES PUBLIC TRANSPORT CORPORATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

SEYCHELLES PUBLIC TRANSPORT CORPORATION

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DIRECTORS' REPORT - DECEMBER 31, 2012

The Directors are pleased to submit their report together with the audited financial statements of the Corporation and the Group for the period/year ended December 31, 2012.

PRINCIPAL ACTIVITY

The Corporation and its subsidiary, Praslin Transport Company Limited (PTC), operates public transport on Mahe and Praslin respectively.

CURRENT PERIOD/YEAR EVENTS

The Corporation took over PTC on August 1, 2012 and group accounts are being prepared for the first time for the period ended December 31, 2012.

The Corporation and the Group also decided to prepare their financial statements in compliance with International Financial Reporting Standards (IFRS) effective current period/year with transition date January 1, 2011.

RESULTS

	THE GROUP	THE CORPORATION
	SR	SR
Loss for the period/year	(9,991,344)	(21,720,254)
Retained earnings brought forward	-	119,969,353
Consolidation adjustments	106,560,937	-
Retained earnings carried forward	<u>96,569,593</u>	<u>98,249,099</u>

PROPERTY AND EQUIPMENT

The Corporation

Additions to property and equipment of **SR 25.9m** during the year comprised mainly buildings, vehicles and equipment (2011: SR 45.7m). Disposal comprised mainly vehicles and equipment carried at **SR 0.3m** at net book value (2011: SR 0.8m).

The Group

Additions to property and equipment of **SR 10.1m** during the period comprised mainly buildings, vehicles and equipment. Disposal comprised mainly vehicles and equipment carried at **SR 0.3m** at net book value.

Property and equipment are stated at cost less accumulated depreciation. The Directors are of the opinion that the carrying amounts of the assets approximate their fair value and do not require any adjustments for impairment.

DIRECTORS' REPORT - DECEMBER 31, 2012

DIRECTORS

The Directors of the Corporation and the subsidiary, PTC, in office from the date of the last report to the date of this report, appointed under Section 5(1) of the Seychelles Public Transport Act, 1977 are:

The Corporation

Steve Fanny (Chairman)
Geffy Zialor - Chief Executive Officer
(As from May 4, 2012)
Veronique Laporte
Raymonde Course
Patrick Andre
Rosa Morin
Ronald Cafrine (Up to May 4, 2012)

The subsidiary

Geffy Zialor
Jean-Baptiste Yvon Esther
Michael Antoine
Kevin Samson (As from October 5, 2012)
Tim Marie (As from October 5, 2012)
Michel Gardette (Up to October 5, 2012)
Veronique Laporte (Up to October 5, 2012)
David Bianchi (Up to October 5, 2012)
Rupert Simeon (Up to October 5, 2012)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Chief Executive Officer is responsible for the overall management of the affairs of the Corporation including its daily operations and the making of major investments and policy proposals to the Board of Directors for approval.

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS) and with the Seychelles Public Transport Corporation Act, 1977. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. The Directors have the general responsibility of safeguarding the assets, both owned by the Corporation and those that are held in trust and used by the Corporation.

The Directors consider they have met their aforesaid responsibilities.

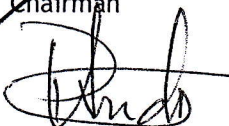
AUDITORS

The retiring auditors, Messrs. BDO Associates, being eligible offer themselves for re-appointment.

APPROVAL



Steve Fanny
Chairman



Patrick Andre
Director



Geffy Zialor
Director



Rosa Morin
Director



Veronique Laporte
Director



Raymonde Course
Director



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SEYCHELLES PUBLIC TRANSPORT CORPORATION

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of **Seychelles Public Transport Corporation and its subsidiary ("The Group")**, as a body, in terms of our engagement to conduct the audit on their behalf. Our audit work has been undertaken so that we might state to the members those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of **Seychelles Public Transport Corporation and its subsidiary** set out on pages 3 to 27 which comprise the Statement of Financial Position as at December 31, 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the period/year then ended and a summary of significant accounting policies and explanatory notes.

Directors' Responsibility

As stated on page 1(a) of the Directors' Report, the Board of Directors are responsible for preparation of the financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on those financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditors consider internal control relevant to the Bank'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 Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



SEYCHELLES PUBLIC TRANSPORT CORPORATION

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Opinion

In our opinion, the financial statements on pages 3 to 27 give a true and fair view of the financial position of the Group and the Corporation as at December 31, 2012 and of its financial performance and its cash flows for the period/year then ended in accordance with International Financial Reporting Standards and comply with the Seychelles Public Transport Corporation Act, 1977.

Public Enterprise (Monitoring) Act, 2009

In our opinion, proper accounting records have been kept by the Corporation and its subsidiary as far as it appears from our examination of those records.

We have obtained all the information necessary for the purpose of our audit and are satisfied with the information received.

Other matter

The financial statements of the Corporation's subsidiary, Praslin Transport Company Limited, was audited by another auditor for the period/year ended December 31, 2011 who expressed an unmodified opinion on those financial statements on May 29, 2013.

BDO Associates

BDO ASSOCIATES

Chartered Accountants

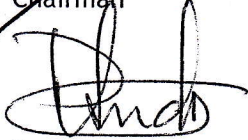
July 9, 2013
Victoria, Seychelles

STATEMENTS OF FINANCIAL POSITION - DECEMBER 31, 2012

	Notes	THE GROUP		THE CORPORATION	
		2012	2012	2011	2010
		SR	SR	SR	SR
ASSETS					
Non-current assets					
Property and equipment	5	98,009,433	92,403,787	83,785,195	52,265,473
Investment in subsidiary	6	-	10,000	-	-
		<u>98,009,433</u>	<u>92,413,787</u>	<u>83,785,195</u>	<u>52,265,473</u>
Current assets					
Inventories	7	18,670,970	18,226,679	19,167,035	23,049,140
Investment in financial assets	8	35,800,946	35,800,946	52,140,560	27,028,406
Trade and other receivables	9	8,536,525	9,589,476	13,815,958	19,319,197
Cash and cash equivalents	10	9,151,283	9,123,415	13,153,591	34,164,483
		<u>72,159,724</u>	<u>72,740,516</u>	<u>98,277,144</u>	<u>103,561,226</u>
Total assets		<u><u>170,169,157</u></u>	<u><u>165,154,303</u></u>	<u><u>182,062,339</u></u>	<u><u>155,826,699</u></u>
RESERVES AND LIABILITIES					
Reserves					
Grants	11	56,656,059	50,436,720	46,948,896	33,734,215
Retained earnings		96,569,593	98,249,099	119,969,353	105,242,279
		<u>153,225,652</u>	<u>148,685,819</u>	<u>166,918,249</u>	<u>138,976,494</u>
LIABILITIES					
Non-current liability					
Retirement benefit obligations	12	11,715,981	11,416,960	10,750,202	9,279,121
Current liability					
Trade and other payables	13	5,227,524	5,051,524	4,393,888	7,571,084
Total liabilities		<u>16,943,505</u>	<u>16,468,484</u>	<u>15,144,090</u>	<u>16,850,205</u>
Total reserves and liabilities		<u><u>170,169,157</u></u>	<u><u>165,154,303</u></u>	<u><u>182,062,339</u></u>	<u><u>155,826,699</u></u>


These financial statements have been approved for issue by the Board of Directors on



Steve Fanny
Chairman


Patrick Andre
Director


Geffy Zialor
Director


Rosa Morin
Director


Veronique Laporte
Director


Raymonde Course
Director

STATEMENTS OF COMPREHENSIVE INCOME - PERIOD/YEAR ENDED DECEMBER 31, 2012

	Notes	THE GROUP	THE CORPORATION	
		2012	2012	2011
		SR	SR	SR
Revenue	2(j)	44,191,712	108,804,291	137,328,897
Operating expenses	14	(23,016,895)	(54,796,106)	(52,869,670)
Operating profit		21,174,817	54,008,185	84,459,227
Administrative expenses	14	(33,424,083)	(81,559,072)	(74,873,722)
Other income	16	1,972,320	5,084,307	3,577,262
(Loss)/Profit before finance income		(10,276,946)	(22,466,580)	13,162,767
Foreign exchange gains		285,602	746,326	1,564,307
(Loss)/Profit for the period/year	18	(9,991,344)	(21,720,254)	14,727,074
<i>Other comprehensive income</i>				
<u>Grants</u> (note 11)				
Grant received during the period/year		-	14,062,892	19,407,100
Donation of inventory		282,635	282,635	205,078
Gain arising on take-over of entity under common control	17(ii)	902,389	-	-
Grant received in advance in prior year		-	-	3,000,000
Net book value of assets disposed originally acquired from grants		-	-	(151,056)
Release to income statement				
- Operating costs	11	(282,635)	(282,635)	(205,078)
- Depreciation charge	14	(4,674,785)	(10,575,068)	(9,041,363)
Total other comprehensive income		(3,772,396)	3,487,824	13,214,681
Total comprehensive (loss)/income for the period/year		(13,763,740)	(18,232,430)	27,941,755

The notes on pages 8 to 27 form an integral part of these financial statements.

Auditors' report on pages 2 and 2(a)

STATEMENTS OF CHANGES IN EQUITY - PERIOD/YEAR ENDED DECEMBER 31, 2012

THE GROUP

	Grants	Retained earnings	Total
	SR	SR	SR
Consolidation adjustments			
- The Corporation	54,483,553	107,338,054	161,821,607
- The subsidiary (note 17(ii))	5,944,902	(777,117)	5,167,785
Total comprehensive loss for the period/year	(3,772,396)	(9,991,344)	(13,763,740)
Balance at December 31, 2012	<u>56,656,059</u>	<u>96,569,593</u>	<u>153,225,652</u>

THE CORPORATION

	Grants	Retained earnings	Total
	SR	SR	SR
Balance at January 1, 2012	46,948,896	119,969,353	166,918,249
Total comprehensive income/(loss) for the year	3,487,824	(21,720,254)	(18,232,430)
Balance at December 31, 2012	<u>50,436,720</u>	<u>98,249,099</u>	<u>148,685,819</u>
Balance at January 1, 2011	33,734,215	105,242,279	138,976,494
Total comprehensive income for the year	13,214,681	14,727,074	27,941,755
Balance at December 31, 2011	<u>46,948,896</u>	<u>119,969,353</u>	<u>166,918,249</u>

STATEMENTS OF CASH FLOW FOR THE PERIOD/YEAR ENDED DECEMBER 31, 2012

	Notes	THE GROUP	THE CORPORATION	
		2012	2012	2011
		SR	SR	SR
Cash flows from operating activities				
(Loss)/Profit for the period/year		(9,991,344)	(21,720,254)	14,727,074
<i>Adjustments for:</i>				
Depreciation on property and equipment	5	6,879,650	16,947,147	13,309,324
Release of grants	11	(4,674,785)	(10,575,068)	(9,041,363)
Donation of inventory	11	(282,635)	(282,635)	(205,078)
Loss on disposal of property and equipment	18	5,340	5,340	518,126
Interest receivable	16	(913,466)	(2,387,044)	(1,101,348)
Consolidation adjustment		(11,398,142)	-	-
Net movement in retirement benefit obligations		707,305	666,758	1,471,081
		<u>(19,668,077)</u>	<u>(17,345,756)</u>	<u>19,677,816</u>
<i>Changes in working capital</i>				
- Inventories		1,343,687	1,222,991	4,087,183
- Trade and other receivables		5,373,947	3,387,888	5,545,692
- Trade and other payables		638,007	657,636	(177,196)
		<u>(12,312,436)</u>	<u>(12,077,241)</u>	<u>29,133,495</u>
Interest received	16	913,466	2,387,044	1,101,348
Net cash (outflow)/inflow from operating activities		<u>(11,398,970)</u>	<u>(9,690,197)</u>	<u>30,234,843</u>
Cash flow from investing activities				
Purchase of property and equipment	5	(10,129,665)	(25,896,079)	(45,656,928)
Proceeds from sale of property and equipment	5	325,000	325,000	158,700
Purchase of investment in financial assets	8	(63,428,546)	(63,428,546)	(66,223,152)
Purchase of investment in subsidiary company	6	-	(10,000)	-
Proceeds from redemption of investment in financial assets	8	80,606,754	80,606,754	41,068,545
Net cash outflow from investing activities		<u>7,373,543</u>	<u>(8,402,871)</u>	<u>(70,652,835)</u>
Cash flow from financing activity				
Capital grant received and net cash inflow from financing activity	11	-	14,062,892	19,407,100
Net decrease in cash and cash equivalents		<u>(4,025,427)</u>	<u>(4,030,176)</u>	<u>(21,010,892)</u>
Movement in cash and cash equivalents				
At January 1,		-	13,153,591	34,164,483
Consolidation adjustments				
- The Corporation		13,153,591	-	-
- The subsidiary	17(ii)	23,119	-	-
Decrease during the period/year		<u>(4,025,427)</u>	<u>(4,030,176)</u>	<u>(21,010,892)</u>
At December 31,	10	<u>9,151,283</u>	<u>9,123,415</u>	<u>13,153,591</u>

NOTES TO THE FINANCIAL STATEMENTS - PERIOD/YEAR ENDED DECEMBER 31, 2012

1. GENERAL INFORMATION

The Corporation is fully owned by the Government of Seychelles and is domiciled in Seychelles. Its head office is located at Victoria, Seychelles and so is its principal place of business.

The principal activity of the Corporation and that of its subsidiary are as stated in the Directors' report on page 1.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of Seychelles Public Transport Corporation and its subsidiary have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act, 1972. These financial statements have been prepared under the historical cost convention, except that relevant financial assets and financial liabilities are measured at their fair value or amortised cost as appropriate.

IFRS 1, "First-time adoption of IFRS has been applied in the preparation of these financial statements. The Corporation has adopted International Financial Reporting Standards for the first time for the period/year ended December 31, 2012, previously the financial statements were prepared under the Seychelles GAAP. Where necessary, comparative figures have been amended to conform with change in presentation in current year. The Corporation's transition date is January 1, 2011.

No reconciliation was required between the comparative figures reported under IFRS and Seychelles GAAP since these did not change but subject to reclassifications only.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

Disclosures - Transfers of Financial Assets (Amendments to IFRS 7). These amendments improve the disclosure requirements in relation to transferred financial assets. The amendments are not expected to have any impact on the Group's/Corporation's financial statements.

Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS1). These amendments replace references to a fixed transition date with 'the date of transition to IFRSs' and set out the requirements for how an entity resumes presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The amendments will not have any impact on the Group's/Corporation's financial statements.

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12), introduces a presumption that investment properties that are measured using the fair value model in accordance with IAS 40 Investment Property are recovered entirely through sale for the purposes of measuring deferred taxes. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. This amendment will not have any impact on the Group's/Corporation's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(a) Basis of preparation (Cont'd)***Standards, Amendments to published Standards and Interpretations issued but not yet effective*

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2013 or later periods, but which the Group's/Corporation's has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income (Effective July 1, 2012)

IFRS 9 Financial Instruments

IAS 27 Separate Financial Statements

IAS 28 Investments in Associates and Joint Ventures

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

IAS 19 Employee Benefits (Revised 2011)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Amendment to IFRS 1 (Government Loans)

Annual Improvements to IFRSs 2009-2011 Cycle

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities:

Transition Guidance

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

Where relevant, the Group is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(b) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Historical cost consists of purchase cost, together with any incidental expenses of acquisition and installation.

NOTES TO THE FINANCIAL STATEMENTS - PERIOD/YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(b) Property and equipment (Cont'd)**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow and the cost can be reliably measured. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Properties in the course of construction for production or administrative purposes are carried at cost less any recognised impairment loss. Cost includes professional fees and borrowing costs capitalised for qualifying assets. Depreciation of these assets on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual values over their expected useful lives as follows:

	%
Buildings on leasehold land	2% - 20%
Furniture, fittings and equipment	10% - 50%
Vehicles and engines	12.5% - 20%

Land is not depreciated.

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its estimated recoverable amount.

Gains and losses on disposal of property and equipment are determined by comparing proceeds with carrying amount and are included in the statement of comprehensive income.

(c) Inventories

Inventories are stated at the lower of cost and net realisable value. In general cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes the borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. Provisions are made for obsolete inventories based on management's appraisal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(d) Financial instruments****(i) *Held-to-maturity financial assets***

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity.

(ii) *Trade and other receivables*

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the statement of comprehensive income.

(iii) *Trade and other payables*

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

(iv) *Cash and cash equivalents*

Cash comprises of cash in hand and at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, against which bank overdrafts, if any, are deducted. The cash flow statement is prepared using the indirect method.

(e) Investment in subsidiary***Separate financial statements of the investor***

Investments in subsidiary companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Corporation and enterprises controlled by the Corporation made up to December 31, each year. Control is achieved where the Corporation has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date of their acquisition or up to the date of their disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(e) Investment in subsidiary (Cont'd)***Consolidated financial statements (Cont'd)*

The consolidated financial statements have been prepared in accordance with the acquisition method. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income in the year of acquisition.

The results of subsidiaries which are not consolidated are brought into the financial statements to the extent of dividends received.

All significant intercompany transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

(f) Retirement benefit obligations*Defined benefit plans*

The Group provides for a payment of gratuity to permanent employees. Gratuities are paid every five years (except in the case of early retirement) as from January 2007, for continuous service. The amount provisioned every year is based on the number of years the employee has worked after the last payment date. This type of employee benefits has the characteristics of a defined benefit plan. The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined obligation at the reporting date less fair value of plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

The Group does not do 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.

(g) Foreign currencies**(i) Functional and presentation currency**

primary economic environment in which the entity operates ("functional currency"). The financial statements of the Corporation are presented in Seychelles Rupees, which is the Corporation's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(g) Foreign currencies (Cont'd)***(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on 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 the statement of comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(h) Grants

Grants from the Government of Seychelles for acquisition of property and equipment received in form of donations is treated as deferred income by crediting capital grant, classified under equity in the statement of financial position.

Depreciation calculated on such assets is released from grants and credited to depreciation charge in the statement of comprehensive income until those assets are fully depreciated.

In the event that property and equipment acquired from grants are disposed of before they are fully depreciated, the carrying amount of such asset is reversed to the grant and gain or loss, if any, are recognised to the statement of comprehensive income.

(i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably. Revenue is measured at the fair value of consideration received.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Revenue recognition (Cont'd)

Sale of services are recognised in the period/year in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

(k) Business tax

The Corporation is exempt from tax as per paragraph 1 of the Second Schedule to Business Tax Act, 2009.

(l) Provisions

Provisions are recognised when the Corporation has a present or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS - PERIOD/YEAR ENDED DECEMBER 31, 2012

3. FINANCIAL RISK MANAGEMENT**3.1 Financial risk factors**

The Group's activity exposes it to a variety of financial risks, including: credit risk, liquidity risk, currency risk and interest rate risk.

A description of the significant risk factors is given below together with the risk management policies applicable

(a) Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on experience and the current economic environment.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

(b) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of credit facilities as applicable. Liquidity risk is considered as low.

(c) Currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to GB Pound Sterling, ZAR and US Dollar. Foreign exchange risk arises from commercial transactions and assets denominated in currencies other than the functional currency.

At December 31, 2012, if the Seychelles Rupee had weakened/strengthened by 5% against GBP, ZAR and US Dollar with all variables held constant, loss for the period/year would have been **SR 409,811** (2011: SR 848,159) higher/lower, mainly as a result of foreign exchange losses/gains on translation of foreign currency monetary assets and liabilities as depicted in the table below:

	US Dollar		GBP		ZAR	
	2012	2011	2012	2011	2012	2011
	SR'000	SR'000	SR'000	SR'000	SR'000	SR'000
Investment in financial assets	444	866	-	-	-	-
Trade and other payables	(26)	(7)	(2)	(3)	(6)	(8)
	418	859	(2)	(3)	(6)	(8)

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial risk factors (Cont'd)

(d) Interest rate risk

The Group and the Corporation have significant interest-bearing assets and income and operating cash flows from these assets are dependent of changes in market interest rates. As at December 31, 2012, had interest rates weakened/strengthened by 5%, loss for the period/year of the Group and the Corporation would have been SR 119,352 (2011: SR 55,067 - The Corporation) higher/lower.

3.2 Fair value estimation

The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, in the financial statements, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of assets

Property and equipment are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

(b) Asset lives and residual values

Property and equipment are depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. Consideration is also given to the extent of current profits and losses on the disposal of similar assets.

Future cash flows expected to be generated by the assets or cash-generating units are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value.

(c) Depreciation policies

Property and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group would currently obtain from the disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

The Directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the asset at the end of their expected useful lives.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1 Critical accounting estimates and assumptions (Cont'd)

(d) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's views of possible near-term market changes that cannot be predicted with any certainty.

5. PROPERTY AND EQUIPMENT

(a) THE GROUP

	Freehold land		Buildings on leasehold land		Vehicles and engines		Furniture, fittings and equipment		Capital work in progress		Total
	SR		SR		SR		SR		SR	SR	
COST											
Consolidation adjustments											
- The Corporation	75,000		27,713,291		133,889,379		2,570,192		20,433,901		184,681,763
- The subsidiary (note 17(ii))	-		927,494		6,225,266		471,285		-		7,624,045
Additions	-		220,000		9,181,004		323,707		404,954		10,129,665
Assets scrapped	-		-		(8,792,147)		-		-		(8,792,147)
Disposals	-		-		(639,365)		-		-		(639,365)
Transfers	-		2,073,985		-		(2,073,985)		-		-
At December 31, 2012	75,000		30,934,770		139,864,137		1,291,199		20,838,855		193,003,961
DEPRECIATION											
Consolidation adjustments											
- The Corporation	-		18,575,828		63,643,948		-		13,152,409		95,372,185
- The subsidiary (note 17(ii))	-		198,144		1,475,124		170,598		-		1,843,866
Charge for the period	-		334,017		5,730,018		21,168		794,447		6,879,650
Adjustments for assets scrapped	-		-		(8,792,147)		-		-		(8,792,147)
Disposal adjustments	-		-		(309,025)		-		-		(309,025)
At December 31, 2012	-		19,107,989		61,747,918		191,766		13,946,856		94,994,529
NET BOOK VALUE											
At December 31, 2012	75,000		11,826,781		78,116,219		1,099,433		6,891,999		98,009,432

NOTES TO THE FINANCIAL STATEMENTS - PERIOD/YEAR ENDED DECEMBER 31, 2012

5. PROPERTY AND EQUIPMENT (CONT'D)

(b) THE CORPORATION

	Freehold land		Buildings on leasehold land		Vehicles and engines		Furniture, fittings and equipment		Capital work in progress		Total	
	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR	SR
COST												
At January 1, 2011	75,000	27,812,591	81,203,569	-	20,769,105	-	129,860,265					
Additions	-	-	42,177,763	1,969,122	1,510,043	-	45,656,928					
Disposals	-	(99,300)	(4,223,872)	-	(2,498,508)	-	(6,821,680)					
At December 31, 2011	75,000	27,713,291	119,157,460	1,969,122	19,780,640	-	168,695,513					
Additions	-	-	23,864,192	973,672	1,058,215	-	25,896,079					
Assets scrapped	-	-	(8,792,147)	-	-	-	(8,792,147)					
Disposals	-	-	(639,365)	-	-	-	(639,365)					
Transfers	-	2,073,985	-	(2,073,985)	-	-	-					
At December 31, 2012	75,000	29,787,276	133,590,140	868,809	20,838,855	-	185,160,080					
DEPRECIATION												
At January 1, 2011	-	17,418,567	48,640,480	-	11,535,745	-	77,594,792					
Charge for the year	-	765,772	10,522,605	-	2,020,947	-	13,309,324					
Disposal adjustments	-	(84,064)	(4,223,872)	-	(1,685,862)	-	(5,993,798)					
At December 31, 2011	-	18,100,275	54,939,213	-	11,870,830	-	84,910,318					
Charge for the year	-	770,347	14,100,774	-	2,076,026	-	16,947,147					
Disposal adjustments	-	-	(309,025)	-	-	-	(309,025)					
Adjustments for assets scrapped	-	-	(8,792,147)	-	-	-	(8,792,147)					
At December 31, 2012	-	18,870,622	59,938,815	-	13,946,856	-	92,756,293					
NET BOOK VALUE												
At December 31, 2012	75,000	10,916,654	73,651,325	868,809	6,891,999	-	92,403,787					
At December 31, 2011	75,000	9,613,016	64,218,247	1,969,122	7,909,810	-	83,785,195					

(c) Depreciation has been charged to administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS - PERIOD/YEAR ENDED DECEMBER 31, 2012

6. INVESTMENT IN SUBSIDIARY

	THE CORPORATION	
	2012	2011
	SR	SR
<u>Cost - Unquoted</u>		
At December 31, (note 17(ii))	10,000	-

Details of the subsidiary are as follows:

Name of subsidiary	Class of shares held	% Direct Shareholding	Year ended
Praslin Transport Company Limited	Ordinary	100%	December 31, 2012

The subsidiary is incorporated in Seychelles and is engaged in providing public transportation on Praslin, Seychelles.

7. INVENTORIES

	THE GROUP	THE CORPORATION	
	2012	2012	2011
	SR	SR	SR
Vehicle spares	17,324,383	16,994,159	15,944,750
Consumables, loose tools and operating supplies	2,536,132	2,422,065	3,236,289
	19,860,515	19,416,224	19,181,039
Provision for obsolete inventories (note (b) below)	(1,189,545)	(1,189,545)	(14,004)
	18,670,970	18,226,679	19,167,035

(a) The cost of inventories recognised as expense and included in cost of sales amounted to SR 21,943,629 for the Group and SR 52,229,150 (2011: SR 50,152,721) for the Corporation.

(b) Movements in provision for obsolete inventories is as follows:

	THE GROUP	THE CORPORATION	
	2012	2012	2011
	SR	SR	SR
At January 1,	-	14,004	14,004
Consolidation adjustment	739,693	-	-
Charge for the period/year (note 14)	449,852	1,175,541	-
At December 31,	1,189,545	1,189,545	14,004

NOTES TO THE FINANCIAL STATEMENTS - PERIOD/YEAR ENDED DECEMBER 31, 2012

8. INVESTMENT IN FINANCIAL ASSETS

	THE GROUP		THE CORPORATION	
	2012	2012	2011	
	SR	SR	SR	SR
<u>Held-to-maturity financial assets</u>				
At January 1,	-	52,140,560	26,600,000	
Consolidation adjustment - The Corporation	52,140,560	-	-	
Additions during the period/year	63,428,546	63,428,546	66,223,152	
Redemptions during the period/year	(80,606,754)	(80,606,754)	(41,068,545)	
Interest accrued	838,594	838,594	385,953	
At December 31,	<u>35,800,946</u>	<u>35,800,946</u>	<u>52,140,560</u>	

(a) Held-to-maturity financial assets are denominated in the following currencies:

	THE GROUP		THE CORPORATION	
	2012	2012	2011	
	SR	SR	SR	SR
Seychelles Rupee	26,921,246	26,921,246	34,824,292	
US Dollar	8,879,700	8,879,700	17,316,268	
	<u>35,800,946</u>	<u>35,800,946</u>	<u>52,140,560</u>	

(b) The above held-to-maturity financial assets earned interest ranging from 0.75% to 10% (2011 : 0.55% to 5.5%) are expected to mature in less than one year and were neither past due nor impaired.

9. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE CORPORATION	
	2012	2012	2011	
	SR	SR	SR	SR
Trade receivables	4,942,926	4,882,778	8,916,319	
Amount receivable from subsidiary	-	1,780,490	-	
Prepayments	2,178,046	2,178,046	1,677,038	
Deposits and advances	2,544,492	1,877,100	3,888,696	
Receivables in respect of cash defalcation	428,487	428,487	434,487	
	<u>10,093,951</u>	<u>11,146,901</u>	<u>14,916,540</u>	
Provision for credit impairment (note (b) below)	<u>(1,557,425)</u>	<u>(1,557,425)</u>	<u>(1,100,582)</u>	
	<u>8,536,526</u>	<u>9,589,476</u>	<u>13,815,958</u>	

(a) The carrying amounts of 'trade and other receivables' approximate their fair value.

(b) The movement on the provision for credit impairment is as follows:

	THE GROUP		THE CORPORATION	
	2012	2012	2011	
	SR	SR	SR	SR
At January 1,	-	1,100,582	1,181,136	
Consolidation adjustment	1,382,602	-	-	
Amounts written off during the period/year	-	-	(118,847)	
Charge for the period/year (note 14)	174,823	456,843	38,293	

SEYCHELLES PUBLIC TRANSPORT CORPORATION
At December 31,

<u>1,557,425</u>	<u>1,557,425</u>	<u>1,100,582</u>
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NOTES TO THE FINANCIAL STATEMENTS - PERIOD/YEAR ENDED DECEMBER 31, 2012

9. TRADE AND OTHER RECEIVABLES (CONT'D)

- (c) As of December 31, 2012, trade receivables of SR 769,800 for the Group and the Corporation (2011: SR 1,686,033 - Corporation) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	THE GROUP	THE CORPORATION	
	2012	2012	2011
	SR	SR	SR
Between 3 and 6 months	245,524	245,524	536,642
Over 6 months	524,276	524,276	1,149,391
	<u>769,800</u>	<u>769,800</u>	<u>1,686,033</u>

- (d) The other classes within trade and other receivables did not contain impaired assets.
- (e) The carrying amounts of trade and other receivables are denominated in Seychelles Rupee.
- (f) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Corporation does not hold any collateral as security.

10. CASH AND CASH EQUIVALENTS

	THE GROUP	THE CORPORATION	
	2012	2012	2011
	SR	SR	SR
Cash in hand	14,000	14,000	13,000
Cash at bank	9,137,283	9,109,415	13,140,591
	<u>9,151,283</u>	<u>9,123,415</u>	<u>13,153,591</u>

11. GRANTS

	THE GROUP	THE CORPORATION	
	2012	2012	2011
	SR	SR	SR
At January 1,	-	46,948,896	33,734,215
Consolidation adjustments			
- The Corporation	54,483,553	-	-
- The subsidiary (note 17(ii))	5,944,902	-	-
Grant received during the period/year	-	14,062,892	19,407,100
Gain arising on take-over of entity under common control (note 17(ii))	902,389	-	-
Donation of inventory	282,635	282,635	205,078
Grant received in advance in prior year	-	-	3,000,000
	<u>61,613,479</u>	<u>61,294,423</u>	<u>56,346,393</u>
Net book value of assets disposed originally acquired from grant	-	-	(151,056)
Release to statement of comprehensive income			
- Operating costs	(282,635)	(282,635)	(205,078)
- Depreciation charge (note 14)	(4,674,785)	(10,575,068)	(9,041,363)

NOTES TO THE FINANCIAL STATEMENTS - PERIOD/YEAR ENDED DECEMBER 31, 2012

12. RETIREMENT BENEFIT OBLIGATIONS

(a) Other post retirement benefits

Other post retirement benefits comprise mainly of retirement gratuity and compensation payable under the Employment Act. Movement during the period/year is as follows:

	THE GROUP	THE CORPORATION	
	2012	2012	2011
	SR	SR	SR
At January 1,	-	10,750,202	9,279,121
Consolidation adjustments			
- The Corporation	11,161,807	-	-
- The subsidiary (note 17(ii))	258,474	-	-
Charge for the period/year	832,119	2,068,512	2,462,391
Paid during the period/year	(536,419)	(1,401,754)	(991,310)
At December 31,	<u>11,715,981</u>	<u>11,416,960</u>	<u>10,750,202</u>

(b) It has been assumed that the rate of future salary increases will be equal to the discount rate.

13. TRADE AND OTHER PAYABLES

	THE GROUP	THE CORPORATION	
	2012	2012	2011
	SR	SR	SR
Trade payables	813,419	813,419	244,852
Other payables and accruals	4,414,105	4,238,105	4,149,036
	<u>5,227,524</u>	<u>5,051,524</u>	<u>4,393,888</u>

(a) The carrying amounts of 'trade and other payables' approximate their amortised costs.

(b) The carrying amounts of trade and other payables are denominated in the following currencies:

	THE GROUP	THE CORPORATION	
	2012	2012	2011
	SR	SR	SR
US Dollar	521,836	521,836	134,050
GBP	32,217	32,217	57,099
ZAR	129,437	129,437	161,947
Seychelles Rupee	4,544,034	4,368,034	4,040,792
	<u>5,227,524</u>	<u>5,051,524</u>	<u>4,393,888</u>

NOTES TO THE FINANCIAL STATEMENTS - PERIOD/YEAR ENDED DECEMBER 31, 2012

14. EXPENSES BY NATURE

	THE GROUP		THE CORPORATION	
	2012	2012	2011	
	SR	SR	SR	
Employee benefit expenses (note 15)	24,933,964	61,043,788	59,537,457	
Depreciation (note 5)	6,879,650	16,947,147	13,309,324	
Release of grants (note 11)				
- Operating costs	(282,635)	(282,635)	(205,078)	
- Depreciation charge	(4,674,785)	(10,575,068)	(9,041,363)	
Cost of inventories resognised as expense (note 7(a))	21,943,629	52,229,150	50,152,721	
Premises and equipment maintenance	1,076,237	2,812,392	2,716,948	
Electricity expenses	922,463	2,292,974	1,851,236	
Insurance costs	1,560,490	3,607,392	2,810,768	
Professional fees	269,739	704,874	561,338	
Rent	415,302	530,610	505,708	
Telephone charges	333,175	804,622	794,421	
Provision for obsolete inventories (note 7(b))	449,852	1,175,541	-	
Provision for credit impairment (note 9(b))	174,823	456,843	38,293	
Other expenses	2,439,074	4,607,548	4,711,619	
	<u>56,440,978</u>	<u>136,355,178</u>	<u>127,743,392</u>	
<i>Analysed as:</i>				
- Operating expenses	23,016,895	54,796,106	52,869,670	
- Administrative expenses	33,424,083	81,559,072	74,873,722	
	<u>56,440,978</u>	<u>136,355,178</u>	<u>127,743,392</u>	

15. EMPLOYEE BENEFIT EXPENSES

	THE GROUP		THE CORPORATION	
	2012	2012	2011	
	SR	SR	SR	
Wages and salaries, including termination benefits	20,161,865	49,104,216	46,904,255	
Social security costs	972,802	2,068,512	2,462,421	
Pension costs	2,907,163	7,539,761	7,411,073	
Other staff costs	892,134	2,331,299	2,759,708	
	<u>24,933,964</u>	<u>61,043,788</u>	<u>59,537,457</u>	

16. OTHER INCOME

	THE GROUP		THE CORPORATION	
	2012	2012	2011	
	SR	SR	SR	
Interest income	913,466	2,387,044	1,101,348	
Rental income	130,811	341,831	387,100	
Advertising income	146,909	383,899	281,098	
Income from repairs	158,029	412,958	330,106	
Sundry income	623,105	1,558,575	1,477,610	
	<u>1,972,320</u>	<u>5,084,307</u>	<u>3,577,262</u>	

NOTES TO THE FINANCIAL STATEMENTS - PERIOD/YEAR ENDED DECEMBER 31, 2012

17. ENTITY UNDER COMMON CONTROL TAKEN OVER

- (i) On August 1, 2012, the Corporation took over virtually 100% of the ordinary shares of Praslin Transport Company Limited, a Company under common control by the Government of Seychelles, whose principal activity is to provide public transportation services on Praslin, Seychelles.
- (ii) Details of the book and fair value of identifiable assets and liabilities taken over, purchase consideration and gain arising are as follows:

	Book and fair value
	SR
Property and equipment	5,780,179
Inventories	564,987
Trade and other receivables	933,109
Cash and cash equivalents	23,119
Retirement benefit obligations	(258,474)
Trade and other payables	(185,629)
Grants (note 11)	(5,944,902)
Total net assets (note (iii) below)	912,389
Cost/Fair value of investment (note 6)	(10,000)
Gain arising on take-over of entity under common control (note (iv))	902,389

- (iii) Since the acquisition date, Praslin Transport Company Limited has contributed SR 2.6m to group revenues and losses of SR 1.7m to group results. If the take-over had occurred on January 1, 2012, group revenue and losses would have been higher by SR 6.2m and SR 2.5m respectively.
- (iv) Both the Corporation and PTC, the subsidiary, are under common control, i.e. the Government of Seychelles. The net assets taken over tantamount to a gift and the gain arising has been recognised as a grant and credited to equity.

18. (LOSS)/PROFIT FOR THE PERIOD/YEAR

(Loss)/Profit for the period/year is arrived at after crediting and charging:

	THE GROUP		THE CORPORATION	
	2012	2012	2012	2011
	SR	SR	SR	SR
crediting:				
Rental income	130,811	341,831		387,100
and charging:				
Depreciation on property and equipment (note 5)	6,879,650	16,947,147		13,309,324
Release of grants (note 11)				
- Operating costs	(282,635)	(282,635)		(205,078)
- Depreciation charge	(4,674,785)	(10,575,068)		(9,041,363)
Directors' remuneration (note (i) below)	224,538	586,758		401,640
Auditors' remuneration	85,028	147,063		147,063
Loss on disposal of property and equipment	5,340	5,340		518,126
Rental of office premises	415,302	530,610		505,708
Employee benefit expenses (note 15)	24,933,964	61,043,788		59,537,457

NOTES TO THE FINANCIAL STATEMENTS - PERIOD/YEAR ENDED DECEMBER 31, 2012

18. (LOSS)/PROFIT FOR THE PERIOD/YEAR (CONT'D)

(i) Directors' remuneration

	THE GROUP	THE CORPORATION	
	2012	2012	2011
	SR	SR	SR
Steve Fanny (Chairman)	4,592	12,000	-
Geffy Zialor (Chief Executive Officer)	163,153	426,348	-
Veronique Laporte	43,017	112,410	401,640
Raymonde Course	4,592	12,000	-
Patrick Andre	4,592	12,000	-
Rosa Morin	4,592	12,000	-
	<u>224,538</u>	<u>586,758</u>	<u>401,640</u>

19. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	THE GROUP	THE CORPORATION	
	2012	2012	2011
	SR	SR	SR
Property development	20,000,000	20,000,000	22,500,000
Equipment	1,200,000	1,200,000	4,956,000
Buses and vehicles	-	-	15,000,000
	<u>21,200,000</u>	<u>21,200,000</u>	<u>42,456,000</u>

(b) Operating lease commitments

Operating leases relate to office premises facilities with lease terms of 5 years. The future minimum lease payments under non-cancellable operating leases are as follows:

	THE GROUP	THE CORPORATION	
	2012	2012	2011
	SR	SR	SR
Within one year	392,121	392,121	1,422,662
Later than one year and not later than five years	-	-	392,121
	<u>392,121</u>	<u>392,121</u>	<u>1,814,783</u>

20. CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2012 (2011: Nil).

NOTES TO THE FINANCIAL STATEMENTS - PERIOD/YEAR ENDED DECEMBER 31, 2012

21. RELATED PARTY TRANSACTIONS

THE GROUP

	Amount owed from related parties	Amount owed to related party
	SR	SR
<u>December 31, 2012</u>		
The Corporation	1,780,490	-
The subsidiary company	-	1,780,490
	<u>1,780,490</u>	<u>1,780,490</u>

December 31, 2011

The Corporation	-	-
The subsidiary company	-	-
	<u>-</u>	<u>-</u>

THE CORPORATION

	Amount owed from related parties	Amount owed to related party
	SR	SR
<u>December 31, 2012</u>		
The subsidiary company	1,780,490	-
	<u>1,780,490</u>	<u>-</u>

December 31, 2011

The subsidiary company	-	-
	<u>-</u>	<u>-</u>

- (a) The above transactions have been made at arm's length, on normal commercial terms and in the ordinary course of business.
- (b) Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash. There has been no guarantees provided for any related party payables.
- (c) Key management personnel compensation

	<u>THE GROUP</u>	<u>THE CORPORATION</u>	
	2012	2012	2011
	SR	SR	SR
Salaries and short term benefits	206,170	538,758	401,640
	<u>206,170</u>	<u>538,758</u>	<u>401,640</u>