

**Seychelles Public Transport Corporation
Directors' Report and Financial Statements
for the year ended December 31, 2010**

SEYCHELLES PUBLIC TRANSPORT CORPORATION

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report of Seychelles Public Transport Corporation together with the audited financial statements for the year ended December 31, 2010.

PRINCIPAL ACTIVITY

The Corporation operates the public transport in Seychelles.

RESULTS

SR

Profit for the year	22,891,277
Retained earnings brought forward	82,351,002
Retained earnings carried forward	<u>105,242,279</u>

PROPERTY AND EQUIPMENT

Additions to property and equipment of SR.18.5 million during the year comprised mainly vehicles and equipment (2009 : SR. 19.3m). Disposal comprised vehicles and equipment carried at SR.402,410 at net book value (2009 : Nil).

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

The Directors of the Corporation 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 were:

Veronique Laporte - Chief Executive Officer
Gilbert Morin - Chairman
Idith Alexander
Brenda Bastienne
David Bianchi (Appointed effective 26 October 2010)
Raymonde Course (Appointed effective 26 October 2010)
Jules Hoareau (Resigned effective 26 October 2010)
Veronique Herminie (Resigned effective 26 October 2010)

DIRECTORS' REPORT (CONT'D)

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 Generally Accepted Accounting Standards in Seychelles and in compliance 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.

AUDITORS


The retiring auditors, BDO Associates are eligible for re-appointment.



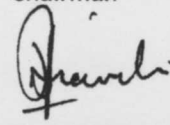
Veronique Laporte
Chief Executive Officer

Brenda Bastienne
Director

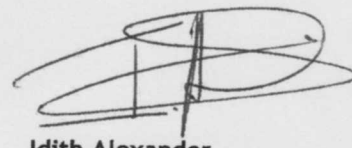
Dated: June 17, 2011
Victoria, Seychelles



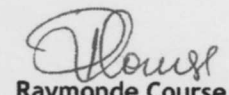
Gilbert Morin
Chairman



David Bianchi
Director



Idith Alexander
Director



Raymonde Course
Director

DIRECTORS' REPORT (CONT'D)

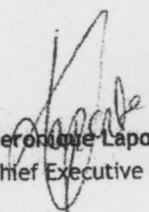
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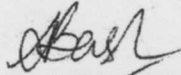
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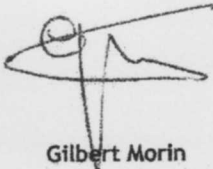


Veronique Laporte
Chief Executive Officer

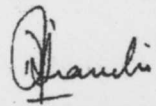


Brenda Bastienne
Director


Dated:
Victoria, Seychelles



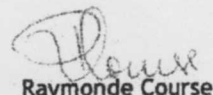
Gilbert Morin
Chairman



David Bianchi
Director



Idith Alexander
Director



Raymonde Course
Director



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The Creole Spirit
Quincy Street, Mahe
Victoria
Seychelles

SEYCHELLES PUBLIC TRANSPORT CORPORATION

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INDEPENDENT AUDITOR'S REPORT

This report is made solely to Seychelles Public Transport Corporation, 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 body corporate those matters which we are required to state to them in an auditor's 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 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 set out on pages 4 to 20 which comprise the Balance Sheet as at December 31, 2010, the Income Statement and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Board's Responsibility for the Financial Statements

As stated on page 2 of the Director's 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. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 controls relevant to the Corporation'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 Corporation's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of 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.

Opinion

In our opinion, the financial statements on pages 4 to 20 give a true and fair view of the financial position of the Corporation at December 31, 2010 and of its financial performance and its cash flows for the year then ended in accordance with the provisions of the Seychelles Public Transport Act, 1977 and Generally Accepted Accounting Standards.



SEYCHELLES PUBLIC TRANSPORT CORPORATION

3 (a)

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

Report on Other Legal Regulatory Requirements

Public Enterprise (Monitoring Act), 2009

In our opinion, proper accounting records have been kept by the Corporation 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.

A handwritten signature in black ink that reads 'BDO Associates'.

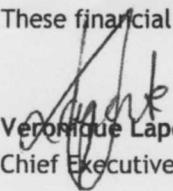
BDO Associates
Chartered Accountants


Dated: June 17, 2011
Victoria, Seychelles

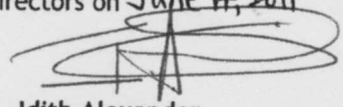
BALANCE SHEET AS AT DECEMBER 31, 2010

	<u>Notes</u>	<u>2010</u> SR	<u>2009</u> SR
ASSETS			
Non-current asset			
Property and equipment	5	52,265,473	42,022,192
Current assets			
Inventories	6	23,049,140	21,097,405
Trade and other receivables	7	19,747,603	6,796,179
Investments	8	26,600,000	14,020,809
Cash and bank balances	9	34,164,483	38,276,704
		<u>103,561,226</u>	<u>80,191,097</u>
Assets classified as held for sale	10	-	2,172,596
Total assets		<u><u>155,826,699</u></u>	<u><u>124,385,885</u></u>
EQUITY AND LIABILITIES			
Financed by			
Retained earnings		<u>105,242,279</u>	<u>82,351,002</u>
LIABILITIES			
Non-current liabilities			
Accumulated development grant	11	33,734,215	29,274,095
Retirement benefit obligation	12	9,279,121	8,175,118
		<u>43,013,336</u>	<u>37,449,213</u>
Current liabilities			
Other payables	13	7,571,084	4,585,670
Total liabilities		<u>50,584,420</u>	<u>42,034,883</u>
Total equity and liabilities		<u><u>155,826,699</u></u>	<u><u>124,385,885</u></u>

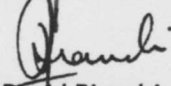
These financial statements have been approved for issue by the Board of Directors on June 17, 2011

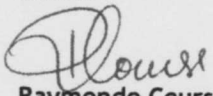

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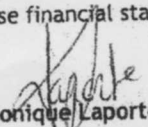

Raymonde Course
Director

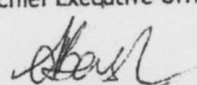
The notes on pages 7 to 20 form an integral part of these financial statements
Auditors' report on pages 3 and 3(a)

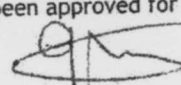
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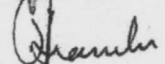
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These financial statements have been approved for issue by the Board of Directors on

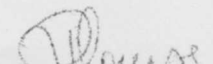

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INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Notes</u>	<u>2010</u> SR	<u>2009</u> SR
Incomes			
Revenue from operations	2(h)	130,311,566	135,408,961
Other income	14	1,636,631	1,536,665
		<u>131,948,197</u>	<u>136,945,626</u>
Expenditures			
Staff costs	15	(52,103,406)	(42,699,898)
Operating costs	15	(48,290,174)	(51,609,606)
Administrative expenses	15	(8,544,172)	(6,462,097)
Depreciation	16	(1,910,763)	(1,916,177)
Profit before net finance income		<u>21,099,682</u>	<u>34,257,848</u>
Net finance income	17	<u>796,916</u>	<u>1,318,329</u>
Profit after net finance income		<u>21,896,598</u>	<u>35,576,177</u>
Provision for doubtful debts	7 (a)	(693,598)	(281,353)
Gain on disposal of assets	18	155,627	-
Foreign exchange gain/(losses)		<u>1,532,650</u>	<u>(5,180,099)</u>
Profit for the year	19	<u>22,891,277</u>	<u>30,114,725</u>
Retained earnings brought forward		<u>82,351,002</u>	<u>52,236,277</u>
Retained earnings carried forward		<u><u>105,242,279</u></u>	<u><u>82,351,002</u></u>

The notes on pages 7 to 20 form an integral part of these financial statements
Auditors' report on pages 3 and 3(a)

CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Notes</u>	<u>2010</u> SR	<u>2009</u> SR
Cash flows from operating activities			
Profit for the year		22,891,277	30,114,725
<i>Adjustments for</i>			
Depreciation on property and equipment	5	7,922,044	7,000,293
Gain on sale of property and equipment	18	(155,627)	-
Credit impairment on assets held for sale	10	72,596	-
Interest received	17	(796,916)	(1,318,329)
Amortisation of development grant	11	(6,011,281)	(5,394,456)
Movement in provision for gratuity and compensation		1,104,003	(2,836,709)
		<u>25,026,096</u>	<u>27,565,524</u>
<i>Changes in working capital</i>			
- Inventories		(1,951,735)	(3,704,411)
- Trade and other receivables		(12,951,424)	803,270
- Other payables		2,985,414	366,235
Cash generated from operations		<u>13,108,351</u>	<u>25,030,618</u>
Interest received		796,916	395,610
Net cash inflow from operating activities		<u>13,905,267</u>	<u>25,426,228</u>
Cash flow from investing activities			
Purchase of property and equipment		(12,221,295)	(11,433,352)
Purchase of investment		(26,600,000)	(14,020,809)
Proceed received from assets held for sale	10	2,100,000	-
Proceeds from sale of property and equipment	18	265,000	-
Proceeds from maturity of investment		14,020,809	13,595,614
Net cash outflow from investing activities		<u>(22,435,486)</u>	<u>(11,858,547)</u>
Cash flow from financing activities			
Development grant received		4,417,998	8,103,018
Net cash inflow from financing activities		<u>4,417,998</u>	<u>8,103,018</u>
Net (decrease)/increase in cash and cash equivalents		<u>(4,112,221)</u>	<u>21,670,699</u>
Movement in cash and cash equivalents			
At January, 1	9	38,276,704	16,606,005
(Decrease)/Increase		(4,112,221)	21,670,699
At December, 31	9	<u>34,164,483</u>	<u>38,276,704</u>

The notes on pages 7 to 20 form an integral part of these financial statements
Auditors' report on pages 3 and 3(a)

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2010

1. GENERAL INFORMATION.

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

The principal activities of the Corporation 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.

2.1 The financial statements have been prepared under the historical cost convention and comply with Generally Accepted Accounting Standards in Seychelles. Where necessary comparative figures have been amended to conform with change in presentation in current year.

2.2 Summary of significant accounting policies**(a) Property and equipment**

All property and equipment is stated at historical cost less depreciation. Except for land which is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets 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 to the Corporation and the cost of the item can be measured reliably.

Depreciation on property and equipment acquired by the Corporation from Development Grants is reduced from Development Grant carried in the books under non-current liabilities and credited to the total depreciation charge in the income statement.

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

	%
Leasehold Buildings	2 - 20
Furniture & Equipment	10 - 50
Vehicles & Engines	14.29 - 20

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each balance sheet date.

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.2 Summary of significant accounting policies (Cont'd)****(b) Inventories**

Inventories comprising of technical spares, operating supplies and consumables, are stated at cost and are measured on moving weighted average basis.

Provisions for obsolete inventories are based on management's appraisal of inventories. Obsolete items of inventories are written off against the provision when identified, and which in the opinion of management, cannot be used in the future.

(c) Financial instruments

Financial assets and liabilities are recognised on the Corporation's balance sheet when the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation's accounting policies in respect of the main financial instruments are set out below.

(i) Investments

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

(ii) Trade and other receivables

Trade and other receivables are recognised initially at fair value less any provision for impairment. A provision for impairment of trade and other 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 the receivables. The amount of provision is recognised in the income statement.

The amount of provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.2 Summary of significant accounting policies (Cont'd)****(c) Financial instruments (Cont'd)****(iv) Other payables**

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

(d) Retirement benefit obligation

The Corporation provides for gratuity and compensation for length of service as per the regulations of Ministry of Administration and Manpower applicable to public enterprises.

Gratuity

As per Circular No.6 of 2006, effective from January 1st, 2007, employees of the public enterprises engaged on continuous terms of service are paid gratuity every five years.

Provision is made on a yearly basis for this liability by charging the income statement and reversed if the employee leaves the Corporation before completing first 5 years or thereafter at the interval of the next 5 years.

Compensation

The amendments to the Seychelles Employment Act entitle an employee 5/6th of a day's wage for each completed month of service. The Corporation accrues this liability on a current basis and carries it to a provision account for payments to be made as and when they occur.

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

Items included in the financial statements are measured using Seychelles Rupee, the currency of the 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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.2 Summary of significant accounting policies (Cont'd)****(e) Foreign currencies (Cont'd)****(ii) Transactions and balances**

Foreign currency transactions are translated in the Seychelles Rupee using the exchange rates ruling on the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Income Statement. Monetary assets and liabilities, represented in foreign currency, are translated into Seychelles Rupee using the exchange rates ruling on the balance sheet date.

Non-monetary assets which are denominated in a currency other than the Seychelles Rupee are translated at exchange rates prevailing at the date these assets were recognised in the Financial Statements.

(f) Development grant

Development grant received from the Government of Seychelles for acquisition of property and equipment and property and equipment received in form of donations is treated as deferred income by crediting development grant, reflected as non current liability in the balance sheet.

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

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

(g) Impairment

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).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.2 Summary of significant accounting policies (Cont'd)****(h) Revenue recognition**

Revenue comprises sale of bus tickets and the fair value for the sale of services, net of rebates and discounts.

Sales of bus tickets are recognised on a cash basis whereas sales of services are recognised in the accounting 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).

Other revenues earned by the Corporation are recognised on the following basis:

- Interest income - on a time-proportion basis using the effective interest method.
- Rental income - as and when it falls due.
- Repair income - on accrual basis as and when services are rendered.

(i) Taxation

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

(j) 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.

3. FINANCIAL RISK MANAGEMENT

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

(a) Credit risk

The Corporation'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 Corporation's management based on experience and the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2010

3. FINANCIAL RISK MANAGEMENT (Cont'd)**(a) Credit risk (Cont'd)**

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

(b) Liquidity risk

The Corporation 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) Foreign exchange risk

The Corporation is exposed to foreign exchange risk arising mainly on purchases from foreign suppliers, salaries to expatriates and billing of certain customers in foreign currency.

(d) Interest rate risk

The Corporation does not have any significant interest-bearing assets and liabilities and its income and operating cash flows are substantially independent of changes in market interest rates. The Corporation is not significantly exposed to interest rate risk.

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.

Critical accounting estimates and assumptions

The Corporation 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, there were no estimates and assumptions that had a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2010

5. PROPERTY AND EQUIPMENT

	Freehold Land SR	Leasehold Buildings SR	Vehicles and Engines SR	Furniture and Equipment SR	Total SR
<u>COST</u>					
At January 1, 2010	75,000	27,812,591	70,906,000	17,719,092	116,512,683
Additions	-	-	14,195,860	4,371,875	18,567,735
Disposals	-	-	(3,898,291)	(1,321,862)	(5,220,153)
At December 31, 2010	<u>75,000</u>	<u>27,812,591</u>	<u>81,203,569</u>	<u>20,769,105</u>	<u>129,860,265</u>
<u>ACCUMULATED DEPRECIATION</u>					
At January 1, 2010	-	16,600,860	47,054,612	10,835,019	74,490,491
Charge for the year	-	817,707	5,241,137	1,863,200	7,922,044
Disposals	-	-	(3,655,269)	(1,162,474)	(4,817,743)
At December 31, 2010	<u>-</u>	<u>17,418,567</u>	<u>48,640,480</u>	<u>11,535,745</u>	<u>77,594,792</u>
<u>NET BOOK VALUE</u>					
At December 31, 2010	<u>75,000</u>	<u>10,394,024</u>	<u>32,563,089</u>	<u>9,233,360</u>	<u>52,265,473</u>
At December 31, 2009	<u>75,000</u>	<u>11,211,731</u>	<u>23,851,388</u>	<u>6,884,073</u>	<u>42,022,192</u>

Breakdown of Leasehold buildings is given below:

	<u>2010 & 2009</u> SR
Buildings on other leasehold land (expiring in August 2048)	2,500,000
Other leasehold buildings	25,312,591
	<u>27,812,591</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2010

6. INVENTORIES

	2010	2009
	SR	SR
Vehicle spares	19,495,345	21,340,851
Consumables, loose tools and operating supplies	3,567,799	3,172,867
Transfer to assets classified as held for sale (note 13)	-	(1,094,626)
	<u>23,063,144</u>	<u>23,419,092</u>
Provision for obsolete inventories (note (a) below)	(14,004)	(2,321,687)
	<u>23,049,140</u>	<u>21,097,405</u>

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

At January, 1	2,321,687	626,231
Write off / provision for the year	(2,307,683)	1,695,456
At December, 31	<u>14,004</u>	<u>2,321,687</u>

7. TRADE AND OTHER RECEIVABLES

	2010	2009
	SR	SR
Trade receivables	4,140,563	3,945,952
Prepayments to overseas suppliers	9,083,363	1,297,930
Receivables in respect of cash defalcation	487,538	505,937
	<u>13,711,464</u>	<u>5,749,819</u>
Provision for credit impairment (note (a) below)	(1,181,136)	(1,066,045)
	<u>12,530,328</u>	<u>4,683,774</u>
Deposits, advances and prepayments	7,217,275	2,112,405
	<u>19,747,603</u>	<u>6,796,179</u>

(a) Movement on the provision for credit impairment is as follows:

	2010	2009
	SR	SR
At January, 1	1,066,045	720,243
Write off during the year	(578,507)	-
Provision for the year	693,598	345,802
At December, 31	<u>1,181,136</u>	<u>1,066,045</u>

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2010

8. INVESTMENTS

	<u>2010</u>	<u>2009</u>
	SR	SR
Investments in money market	<u>26,600,000</u>	<u>14,020,809</u>

The investments earn interest ranging from 2.35% to 4.75% (In 2009 : 12.75%), mature in less than one year and were neither past due nor impaired.

9. CASH AND CASH EQUIVALENTS

	<u>2010</u>	<u>2009</u>
	SR	SR
Cash in hand	13,000	12,000
Cash at bank	<u>34,151,483</u>	<u>38,264,704</u>
	<u>34,164,483</u>	<u>38,276,704</u>

10. ASSETS HELD FOR SALE

	<u>2010</u>	<u>2009</u>
	SR	SR
At January, 1	2,172,596	-
Equipment	-	1,077,970
Inventories	-	1,094,626
	<u>2,172,596</u>	<u>2,172,596</u>
Proceeds received during the year	(2,100,000)	-
Amount written off	(72,596)	-
At December, 31	<u>-</u>	<u>2,172,596</u>

In February 2009, the Corporation discontinued its operations on Praslin. As a result to this, assets were classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2010

11. ACCUMULATED DEVELOPMENT GRANT

	2010	2009
	SR	SR
At January, 1	29,274,095	18,408,093
Grant received for the year	3,000,000	7,644,684
Donation of property and equipment	6,346,440	7,844,758
Grant received in advance in prior years	1,417,998	771,016
	<u>40,038,533</u>	<u>34,668,551</u>
Net book value of assets disposed originally acquired from grant	(293,037)	-
Release to income statement		
- Operating costs	-	(310,340)
- Depreciation charge (note 16)	(6,011,281)	(5,084,116)
At December, 31	<u>33,734,215</u>	<u>29,274,095</u>

12. RETIREMENT BENEFIT OBLIGATION

Retirement benefits comprise gratuity and length of service compensation payable on retirement of employees under the Seychelles Employment Act.

	2010	2009
	SR	SR
At January, 1	8,175,118	11,011,827
Charge to income statement	2,374,103	(450,819)
	<u>10,549,221</u>	<u>10,561,008</u>
Paid during the year	(1,270,100)	(2,385,890)
At December, 31	<u>9,279,121</u>	<u>8,175,118</u>

13. OTHER PAYABLES

	2010	2009
	SR	SR
Other payables and accruals	4,555,224	3,133,507
Development grant received in advance	3,000,000	1,417,998
Advances received	15,860	34,165
	<u>7,571,084</u>	<u>4,585,670</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2010

14. OTHER INCOME

	2010	2009
	SR	SR
Advertising income	-	400,000
Income from repairs	231,072	168,438
Rental income	378,300	343,725
Sundry income	1,027,259	624,502
	<u>1,636,631</u>	<u>1,536,665</u>

15. EXPENSES BY NATURE

	2010	2009
	SR	SR
Cost of inventories	46,328,052	50,012,063
Employee benefit expense (note 20)	52,103,406	42,699,898
Repairs and maintenance	1,962,122	1,597,542
Office expenses	3,017,555	2,321,385
Other expenses	5,526,617	4,140,713
	<u>108,937,752</u>	<u>100,771,601</u>
<i>Analysed as:</i>		
- Staff costs	52,103,406	42,699,898
- Operating costs	48,290,174	51,609,606
- Administrative costs	8,544,172	6,462,097
	<u>108,937,752</u>	<u>100,771,601</u>

16. DEPRECIATION

	2010	2009
	SR	SR
Depreciation charge for the year (note 5)	7,922,044	7,000,293
Release from development grant (note 11)	(6,011,281)	(5,084,116)
Net charge to Income Statement	<u>1,910,763</u>	<u>1,916,177</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2010

17. NET FINANCE INCOME

	<u>2010</u>	<u>2009</u>
	SR	SR
Interest income	922,363	1,380,054
Withholding tax	<u>(125,447)</u>	<u>(61,725)</u>
	<u><u>796,916</u></u>	<u><u>1,318,329</u></u>

18. GAIN ON DISPOSAL OF PROPERTY AND EQUIPMENT

	<u>2010</u>	<u>2009</u>
	SR	SR
Net book value of property and equipment disposed (Note 5)	(402,410)	-
Less: Release from Development grant (Note 11)	293,037	-
Less: Proceeds received from disposals	<u>265,000</u>	-
Net credit to income statement	<u><u>155,627</u></u>	<u><u>-</u></u>

19. PROFIT FOR THE YEAR

	<u>2010</u>	<u>2009</u>
	SR	SR
Profit for the year is arrived at after:		
Crediting:		
Development grant released during the year (note 11)	6,011,281	5,394,456
and (charging):		
Depreciation (note 5 & 16)	7,922,044	7,000,293
Auditor's remuneration	147,063	147,063
Provision for obsolete inventories - charge (note 6)	-	1,695,456
Employee benefit expense (note 20)	<u>52,103,406</u>	<u>42,699,898</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2010

20. EMPLOYEE BENEFIT EXPENSE

	<u>2010</u>	<u>2009</u>
	SR	SR
Salaries and wages	39,377,482	35,039,618
Social security costs	7,624,059	7,065,414
Gratuity & compensation	2,374,103	(814,853)
Other staff costs	2,727,762	1,409,719
	<u>52,103,406</u>	<u>42,699,898</u>

21. CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2010 (2009: Nil).

22. CAPITAL COMMITMENTS

	<u>2010</u>	<u>2009</u>
	SR	SR
Approved but not contracted		
Property development	20,300,000	-
Equipment	6,626,000	9,926,000
Buses & vehicles	7,350,000	25,727,000
	<u>34,276,000</u>	<u>35,653,000</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2010

23. FINANCIAL SUMMARY

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
	SR' 000	SR' 000	SR' 000	SR' 000	SR' 000
Surplus / (deficit) from operations	22,891	30,115	(23,495)	(10,182)	(4,485)
Subvention	-	-	15,000	15,000	19,228
Surplus / (deficit) for the year	<u>22,891</u>	<u>30,115</u>	<u>(8,495)</u>	<u>4,818</u>	<u>14,743</u>
Accumulated surplus brought forward	<u>82,351</u>	<u>52,236</u>	<u>60,731</u>	<u>55,913</u>	<u>41,170</u>
Accumulated surplus carried forward	<u><u>105,242</u></u>	<u><u>82,351</u></u>	<u><u>52,236</u></u>	<u><u>60,731</u></u>	<u><u>55,913</u></u>
Cumulative Development Grant	<u><u>33,734</u></u>	<u><u>29,274</u></u>	<u><u>18,408</u></u>	<u><u>12,724</u></u>	<u><u>16,589</u></u>

INCOME AND EXPENDITURE ACCOUNT - YEAR ENDED DECEMBER 31, 2010

	2010	2009
	SR	SR
Income		
Income from operations	130,311,566	135,408,961
Release from development grant	6,011,281	5,084,116
Interest income	922,363	1,380,054
Sundry income	1,636,631	1,536,665
	<u>138,881,841</u>	<u>143,409,796</u>
Expenditure		
Staff related expenses	52,103,406	42,699,898
Operating expenses	46,328,052	50,012,063
Repairs and maintenance	1,962,122	1,597,542
Administrative expenses	7,719,160	5,663,239
Legal and professional fees	528,210	473,989
Advertising and promotion expenses	224,207	324,870
Net foreign exchange (gain)/loss	(1,532,650)	5,180,099
Withholding tax expenses	125,447	61,725
Depreciation	7,922,044	7,000,293
Gain on disposal of property and equipment	(155,627)	-
Bad debts write offs	72,595	-
Bad debt provision	693,598	281,353
Total expenditure	<u>115,990,564</u>	<u>113,295,071</u>
Surplus for the year	<u>22,891,277</u>	<u>30,114,725</u>