



ISLANDS DEVELOPMENT COMPANY LTD

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DIRECTORS REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2013

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ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013

The directors present herewith their report and audited financial statements of the company for the year ended 31 March 2013.

Activities

The principal activity of the company during the year was the management of outlying islands, the transportation related thereto on behalf of the Seychelles Government and construction activities.

The company is also actively engaged in promoting tourism and private investment which has resulted in the company engaging itself in construction activities of resorts and villas on island managed by itself.

Results

The subsidiary, Green Island Construction Company Limited, which was incorporated on 8 May 2012, carries on the business of building contractors.

As shown in the statement of income on page 5 activities of the current year give the company a profit of R 2,993,463 after taxation.

Application of profits and revenue reserves (company)

The profit for the year with revenue reserves from prior years give the company R 33,138,628 (2012 - R 30,145,165) available for distribution.

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

Fixed assets

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

- construction of a workers camp at cost of R 9,650,035
- purchase of vehicles and trailers at a cost of R 2,987,610
- purchase of sundry machinery tools at a cost of R 1,827,865

The carrying amounts of property, plant and equipment are reviewed to determine whether they are in excess of their market or recoverable amount at balance sheet date. If the carrying amount exceeds the recoverable amount, the asset is written down to the lower amount.

Directors and their interest in the company

The directors of the company during the year and their interests in accordance with the register maintained under Section 111 of the Companies Act 1972, were as follows:-

	SHARES HELD	
	1 April	31 March
Mr. G.M.Savy	0	0
Mr. P. Lablache	0	0
Mr. R. Renaud	0	0
Mr. D. Dogley	0	0
Mr. H. Aglae	0	0
Ms. L. Desaubin	0	0
Ms. S. Renaud	0	0
Mr. P. Payet	0	0

Mr. G. Savy and Mr. P. Lablache retire from the board in accordance with Articles of Association and being eligible offer themselves for re-election.

No contract of significance subsisted with the company or its subsidiary at any time during the year in which the directors had directly or indirectly, a material interest.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2013

Statement of directors responsibilities

The directors are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for the period. In preparing those accounts, the directors are required to:-

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

The Companies Act 1972 also requires the directors to keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They also have the general responsibility for taking reasonable steps to safeguard the assets of the company and detect fraud and other irregularities.

Auditors

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

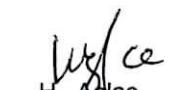
DIRECTORS

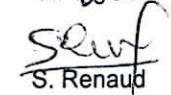

P. Lablache
Chairman


D. Dogley


P. Payet


G.M. Savy
Chief Executive Officer


H. Adlai


S. Renaud


R. Renaud
Deputy Chief Executive Officer


L. Desaubin

8 July 2013



INDEPENDENT AUDITOR'S REPORT

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARIES

We have audited the accompanying financial statements of Islands Development Company Limited on pages 4 to 15, which comprise the balance sheet for the Parent Company and the Group as at March 31, 2013, the income statement including the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management, under the historical cost convention and the financial reporting provisions of the Seychelles Companies Act 1972.

This report is made solely for the Company's members as a body in accordance with Section 158 of the Companies Act 1972. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's Members as a body for our audit work, for this report or for the opinion we have formed.

Management's Responsibility for the Financial Statements

Management is responsible for keeping proper accounting records and for the preparation of financial statements that give a true and fair view of the company's affairs in accordance with the financial reporting provisions of the Seychelles Companies Act 1972, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and that these are in accordance with the accounting records maintained by the management. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We have no relation with, or material interest in the Company (or any of its subsidiaries), other than in our capacities as auditors, tax and business advisors and arm's length dealings with the company in the ordinary course of business.

Opinion

In our opinion, the accompanying financial statements Islands Development Company Limited set out on pages 4 to 15 gives a true and fair view of the financial position of Parent Company and the Group as at March 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with the financial reporting provisions of the Seychelles Companies Act 1972.

Pool & Patel

POOL & PATEL
CHARTERED ACCOUNTANTS

8 July 2013

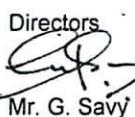
ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

Consolidated statement of financial position

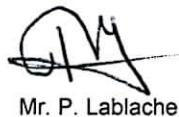
Financial statements are prepared in Seychelles Rupees

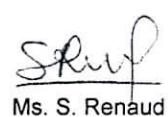
	Note	CONSOLIDATED		COMPANY	
		2013	2012	As at 31 March	2013
Assets					
Property, plant and equipment	13	71,992,144	69,307,204	58,631,300	69,307,204
Investments	14	50,237	50,237	150,237	50,237
Lendings	21	2,169,690	1,885,000	2,169,690	1,885,000
Capital work in progress	22	0	901,863	0	901,863
Deferred income tax asset	11	493,652	2,524,170	488,238	2,524,170
Non-current assets		74,705,723	74,668,474	61,439,465	74,668,474
Inventories	16	14,007,034	7,560,420	7,099,153	7,560,420
Taxation	11	0	111,896	0	111,896
Trade and other receivables	17	71,175,565	45,909,223	47,611,892	45,909,223
Cash and cash equivalent		23,451,365	11,833,881	23,438,743	11,833,881
Current assets		108,633,964	65,415,420	78,149,788	65,415,420
Total assets		183,339,687	140,083,894	139,589,253	140,083,894
Liabilities					
Employee benefit obligations	18	1,483,917	1,521,240	1,467,511	1,521,240
Deferred tax liability	11	1,632,497	3,051,951	782,030	3,051,951
Deferred grants	15	27,550,180	29,412,998	27,550,180	29,412,998
Borrowings	19	8,033,662	7,750,012	8,033,662	7,750,012
Non-current liabilities		38,700,256	41,736,201	37,833,383	41,736,201
Borrowings	19	10,246,910	3,663,190	7,234,285	3,663,190
Taxation	11	1,863,165	0	877,484	0
Trade and other payables	20	82,697,436	50,905,038	46,871,173	50,905,038
Current liabilities		94,807,511	54,568,228	54,982,942	54,568,228
Total liabilities		133,507,767	96,304,429	92,816,325	96,304,429
Share capital	12	13,634,300	13,634,300	13,634,300	13,634,300
Retained earnings		36,197,620	30,145,165	33,138,628	30,145,165
Equity		49,831,920	43,779,465	46,772,928	43,779,465
Total liabilities and equity		183,339,687	140,083,894	139,589,253	140,083,894

The notes on pages 8 to 14 are an integral part of these financial statements.

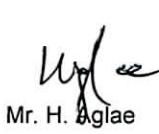
Directors

Mr. G. Savy


Mr. R. Renaud

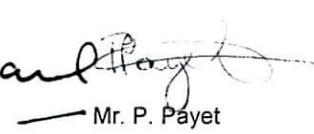

Mr. P. Lablache


Ms. S. Renaud


Mr. D. Dogley


Mr. H. Aglae


Ms. L. Desaubin


Mr. P. Payet

8 July 2013

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

Statement of income - by nature of expense and retained earnings

Financial statements are prepared in Seychelles Rupees

	Note	CONSOLIDATED		COMPANY	
		2013	2012	As at 31 March	2012
Revenue	3	265,207,652	124,627,467	191,962,787	124,627,467
Direct costs	4	(210,121,793)	(89,353,877)	(146,508,398)	(89,353,877)
Other income	5	21,101,639	11,395,449	21,536,639	11,395,449
Administrative salaries and benefits	7	(26,909,455)	(19,391,790)	(24,209,339)	(19,391,790)
Depreciation (net of deferred grant credit)	13/15	(10,185,532)	(8,050,457)	(10,147,584)	(8,050,457)
Bad debts			(809,703)	0	(809,703)
Fuel for electricity generation & island use		(3,633,527)	(4,145,648)	(3,633,527)	(4,145,648)
Repairs and maintenance		(9,769,841)	(8,397,624)	(9,769,841)	(8,397,624)
Communication		(2,591,659)	(1,756,215)	(1,799,589)	(1,756,215)
External transportation		(3,648,500)	(1,869,333)	(3,648,500)	(1,869,333)
Exchange (losses)/gains (operating)		(432,513)	(41,029)	(3,557,650)	(41,029)
Utilities		(1,827,380)	(1,036,060)	(1,054,868)	(1,036,060)
Travelling		(1,638,125)	(1,096,095)	(1,269,292)	(1,096,095)
Insurances		(448,691)	(276,307)	(334,621)	(276,307)
Other expenses		(4,740,900)	(2,908,681)	(2,540,761)	(2,908,681)
Operating profit before exceptional item		10,361,375	(3,109,903)	5,025,456	(3,109,903)
Exceptional item	6	0	13,568,227	0	13,568,227
Operating profit		10,361,375	10,458,324	5,025,456	10,458,324
Finance income	9	138,801	66,713	138,801	66,713
Finance costs	10	(553,582)	(273,636)	(424,777)	(273,636)
Finance costs - net		(414,781)	(206,923)	(285,976)	(206,923)
Profit before income tax		9,946,594	10,251,401	4,739,480	10,251,401
Income tax expense	11	(3,894,139)	(2,981,135)	(1,746,017)	(2,981,135)
Profit for the year		6,052,455	7,270,266	2,993,463	7,270,266
Dividends		0	0	0	0
		6,052,455	7,270,266	2,993,463	7,270,266
Retained earnings 1 April		30,145,165	22,874,899	30,145,165	22,874,899
Retained earnings 31 March		36,197,620	30,145,165	33,138,628	30,145,165

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

Cash flow statement

Financial statements are prepared in Seychelles Rupees.

Note	CONSOLIDATED		COMPANY	
	As at 31 March		As at 31 March	
	2013	2012	2013	2012
Cash flows from operating activities				
Profit /loss for the year before exceptional item	9,946,594	10,251,401	4,739,480	10,251,401
Adjustments for:-				
Reversal of provision for dispute with sub contractor	6	0	(13,568,226)	0
Taxation paid	11	(1,308,014)	(111,896)	(990,626)
Depreciation (net of adjustment for deferred grant)	13/15	10,185,532	8,050,457	10,147,584
Changes in provision for employee benefits	18	(37,323)	693,925	(53,729)
Work in progress expensed to repairs		901,863	0	901,863
Profit on disposal of tangible fixed assets		0	(1,049,527)	(453,000)
Finance costs	9/10	414,781	206,923	285,976
		20,103,433	4,473,057	14,577,548
Changes in working capital				4,473,057
Decrease in inventories		(6,446,614)	(2,321,053)	461,267
Increase in debtors		(25,266,342)	6,881,718	(1,702,669)
Increase in creditors		31,792,398	10,896,449	(4,033,865)
Cash generated from operations		20,182,875	19,930,171	9,302,281
Interest received	9	138,801	66,713	138,801
Interest paid	10	(269,932)	0	(141,127)
Net cash from operating activities		20,051,744	19,996,884	9,299,955
Cash flows from investing activities				
Payments to acquire tangible fixed assets	13	(14,733,290)	(16,901,827)	(1,334,498)
Work in progress		0	(793,962)	0
Investment	14	0	0	(100,000)
Proceeds from sale of assets		0	1,049,527	453,000
Net cash used in investing activities		(14,733,290)	(16,646,262)	(981,498)
Cash flow from financing activities				
Loan made	21	(284,690)	0	(284,690)
Dividend paid		0	0	0
Net cash used in financing activities		(284,690)	0	(284,690)
Increase in cash and cash equivalents		5,033,764	3,350,622	8,033,767
Cash & cash equivalent at 1 April		8,170,691	4,820,069	8,170,691
Cash & cash equivalents 31 March		13,204,455	8,170,691	16,204,458
				8,170,691

ISLANDS DEVELOPMENT COMPANY LIMITED

FIVE YEAR FINANCIAL SUMMARY - 31 MARCH 2013

Financial statements are prepared in Seychelles Rupees

	2013	2012	2011	2010	2009
Balance sheet					
Share capital					
Authorised	13,635	13,635	13,635	13,635	13,635
Issued and fully paid	13,634	13,634	13,634	13,634	13,634
Retained earnings	35,698	30,145	22,874	17,996	2,880
Deferred grants	27,550	29,413	31,883	34,353	36,053
Long term loan	8,034	7,750	7,476	7,212	7,017
Net assets employed	84,916	80,942	75,867	73,195	59,584
Profit and loss					
Turnover	213,500	136,033	126,952	171,228	345,705
Profit / loss before taxation	4,740	(3,316)	8,721	13,549	14,983
Exceptional item - creditor written back	0	13,568	0	0	0
	4,740	10,252	8,721	13,549	14,983
Taxation	(1,746)	(2,981)	(3,841)	(1,890)	0
	2,994	7,271	4,880	11,659	14,983
Dividends	0	0	0	0	0
	2,994	7,271	4,880	11,659	14,983
Retained earnings - 1 April	30,145	22,874	17,994	(1,848)	(16,831)
First time recognition of deferred taxes	0	0	0	8,185	0
Restated retained earnings 1 April	30,145	22,874	17,994	6,337	(16,831)
Retained earnings - 31 March	33,139	30,145	22,874	17,996	(18,679)

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

Financial statements are prepared in Seychelles Rupees

1 Reporting entity

Island Development Company Limited, wholly owned by the Seychelles Government, is incorporated and domiciled in the Seychelles. The address of the company's registered office is at IDC, New Port, Mahe, Seychelles.

The company's principal activity is the management of outer islands, transportation related thereto on behalf of the Seychelles Government and construction activities.

The wholly owned subsidiary, Green Island Construction Company Limited, incorporated on 8 May 2012, carried on the business of building contractors.

2 Summary of significant accounting policies

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

2.1 Basis of presentation

The statements of the group are prepared in accordance with the requirements of the Seychelles Companies Act, 1972 and the International Financial reporting Standard for Small and Medium-sized Entities (IFRS for SME's). They have been prepared under the historical cost convention.

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

2.2 Basis of consolidation

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than half of the voting rights.

Where a subsidiary either began or ceased to be a subsidiary, the results are included are only from the date the control commenced or up to the date the control ceased.

Inter-company transactions, balances and unrealised gains within the group, which are related parties, are eliminated in full.

2.3 Comparatives

Where necessary comparatives figures have been adjusted to confirm to changes in the current year. In particular, for comparatives for the group, the financial statements reflect the financial position of the company at 31 March 2012 and the financial performance for the year then ended.

2.4 Functional and reporting currency

The financial statements are presented in the Seychelles Rupee, which is the reporting currency under the Companies Act, 1972.

2.5 Impairment of financial assets

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

2.6 Foreign currency translation

Foreign currency transactions are translated in the Seychelles Rupee at the rate of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in statement of income.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

Financial statements are prepared in Seychelles Rupees

2.6 Foreign currency translation (cont...)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of income within finance income or costs. All other exchange gains and losses are presented in the statement of income within other income or expenses.

The Banks mid-rates for the period were:

Currency	Exchange rates at 31 March			Changes in percent	
	2013	2012	2011	2011-2012	2010-2011
US \$	11.57	14.02	12.30	17%	-14%
Euro	15.28	18.77	17.53	19%	-7%

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner indicated by the management.

The company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when cost is incurred if the replacement part is expected to provide future benefits to the company. The carrying amount of the replaced part is derecognised. All repairs and maintenance are charged to statement of income during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives. The estimated useful lives range as follows:

Machinery, furniture & equipment	5 -10 years	Computers	5 years
Motor vehicles	4 years	Staff houses	33 years
Office building	25 years	Hotels & airstrips	25 years

The assets residual values and depreciation methods are reviewed, and adjusted prospectively, if there is an indication or a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other income or expenses in the statement of income.

2.8 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.

Cost is based on the averaging principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

At each reporting date, inventories are assessed for impairment. If the inventory is impaired, the carrying amount is reduced to its selling price less cost to complete and sell; the impairment loss is recognised immediately in statement of income.

2.9 Taxation

The tax expense for the period comprises of current and deferred tax.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and unused tax losses or tax credits.

The current income tax charge and deferred tax is calculated on the basis of tax rates and laws that have been enacted or substantially enacted by the reporting date.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

Financial statements are prepared in Seychelles Rupees

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.11 Trade receivables

Trade receivables are initially recognised at the transaction price. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to original terms of the receivables.

2.12 Government grants

Subventions, grants or assets received from the Seychelles Government are dealt with as follows:-

- Grants towards acquisition of fixed assets - Deferred and amortised over estimated useful lives of the assets.
- Grants for recurrent expenditure - Treated as revenue on an accrual basis.
- Grants for managing Government assets - offset against operating costs.

2.13 Revenue recognition

In relation to the rendering of services, revenue is recognised by reference to the state of completion of the transaction at the balance sheet date.

Retention withheld by clients is recognised in the income statement when received by the company.

2.14 Borrowings

Borrowings are recognised initially at transaction price and subsequently at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance cost.

Borrowings are classified as current liabilities unless the company/group has an unconditional right to defer settlement of the liability for 12 months after the reporting date.

2.15 Employee benefit obligations

Employment Amendments Act (1999) requires employees to be compensated upon retirement or resignation for continuous service from date of their employment. The financial statements include liability accrued to the employee in full with the expense included as part employment costs.

2.16 Leases

The Seychelles Government has granted 99 year leases, for islands managed by the company for a fully paid up nominal rent. (Commencing 20th December 1994).

The company leases out (as operating leases) various islands or parts thereof on sub leases.

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss account on a straight line basis over the period of the lease.

3 Revenue Analysis of revenue by category	Consolidated		Company	
	2013	2012	2013	2012
Construction	196,605,200	74,591,116	123,360,335	74,591,116
Transportation	56,264,435	37,207,581	56,264,435	37,207,581
Property rental	12,338,017	12,828,770	12,338,017	12,828,770
Total	265,207,652	124,627,467	191,962,787	124,627,467

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

4 Cost of sales	Consolidated		Company	
	2013	2012	2013	2012
<u>Analysis of cost by category</u>				
<u>Construction</u>				
Material	98,195,085	30,468,990	73,352,436	30,468,990
Labour	29,440,973	23,483,620	23,020,275	23,483,620
Subcontractor	32,350,048	0	0	0
Accommodation	1,843,912	0	1,843,912	0
	161,830,018	53,952,610	98,216,623	53,952,610
<u>Transportation</u>				
Insurance	3,313,013	2,859,362	3,313,013	2,859,362
Repairs & maintenance	17,886,641	10,719,633	17,886,641	10,719,633
Staff costs	7,913,637	7,724,073	7,913,637	7,724,073
Fuel and oil	14,371,513	11,339,230	14,371,513	11,339,230
Other operational costs	4,806,971	2,758,969	4,806,971	2,758,969
	48,291,775	35,401,267	48,291,775	35,401,267
Total	210,121,793	89,353,877	146,508,398	89,353,877

5 Other income	Consolidated		Company	
	2013	2012	2013	2012
Guest house activities	2,897,782	2,761,946	2,897,782	2,761,946
Surplus from sale of produce	1,524,754	(134,395)	1,524,754	(134,395)
Surplus from shop sales	207,576	185,916	207,576	185,916
Landing fees	549,831	274,755	549,831	274,755
Reimbursement for maintenance of island	4,526,394	6,243,574	4,526,394	6,243,574
Recharges to subsidiary	5,201,110	0	5,201,110	0
Late development penalty	3,243,254	571,472	3,243,254	571,472
Income from coral fill	1,629,216	78,005	1,629,216	78,005
Profit on asset disposal	0	1,049,527	435,000	1,049,527
Other	1,321,722	364,649	1,321,722	364,649
Total	21,101,639	11,395,449	21,536,639	11,395,449

6 Exceptional item

The exceptional item relates to a provision made in 2009 over a dispute between the company and one of its sub contractors. The liability which was settled and finalised in 2012.

7 Employee salaries and benefits expense	Consolidated		Company	
	2013	2012	2013	2012
Wages and salaries	23,684,843	16,932,676	21,317,079	16,932,676
Pension costs	306,920	219,131	303,986	219,131
Employee benefits cost	2,917,692	2,239,983	2,588,274	2,239,983
Total	26,909,455	19,391,790	24,209,339	19,391,790

8 Profit for the year	Consolidated		Company	
	2013	2012	2013	2012
Profit for the year has been arrived at after charging/(crediting):				
Auditors remuneration	310,000	213,675	185,000	213,675
Profit on sale of fixed assets	0	(1,049,527)	(435,000)	(1,049,527)
Rents paid	761,560	488,667	430,600	488,667

9 Finance income	Consolidated		Company	
	2013	2012	2013	2012
Interests on deposits and bonds	138,801	66,713	138,801	66,713

10 Finance costs	Consolidated		Company	
	2013	2012	2013	2012
Interest on loan	(283,650)	(273,636)	(283,650)	(273,636)
Interest on overdraft	(269,932)	0	(141,127)	0
Total	(553,582)	(273,636)	(424,777)	(273,636)

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

Financial statements are prepared in Seychelles Rupees

11 Taxation

11 (A) Group

	Balance sheet		Statement of income	
	2013	2012	2013	2012
11.1 Current tax				
Balance due from previous year	(111,896)	0	0	0
Corporate social responsibility tax	546,230	0	546,230	0
Provision for the year	2,736,845	0	2,736,845	0
Deduction at source provisional tax	(1,308,014)	(111,896)	0	0
Total	1,863,165	(111,896)	3,283,075	0
11.2 Deferred tax asset				
Employee compensation obligation	489,692	502,009	12,317	(479,020)
Tax losses and credits	0	1,751,053	1,751,053	230,769
Other temporary deductible differences	3,960	271,108	267,148	1,771,982
Total	493,652	2,524,170	2,030,518	1,523,731
11.3 Deferred tax liability				
Deferred due to accelerated tax depreciation	(861,632)	(3,051,951)	(2,190,319)	1,457,404
Assessable differences on unrealised exchange gains	(770,865)	0	770,865	
Total	(1,632,497)	(3,051,951)	(1,419,454)	1,457,404
Total deferred tax expense (Group)			611,064	2,981,135
Total income tax expense (Group)			3,894,139	2,981,135

11 (B) Company

	Balance sheet		Statement of income	
	2013	2012	2013	2012
11.1 Current tax				
Balance due from previous year	(111,896)	0	0	0
Corporate social responsibility tax	180,006	0	180,006	0
Provision for the year	1,800,000	0	1,800,000	0
Deduction at source provisional tax	(990,626)	(111,896)	0	0
Total	877,484	(111,896)	1,980,006	0
11.2 Deferred tax asset	2013	2012	2013	2012
Employee compensation obligation	484,278	502,009	17,731	(479,020)
Tax losses and credits	0	1,751,053	1,751,053	230,769
Other temporary deductible differences	3,960	271,108	267,148	1,771,982
Total	488,238	2,524,170	2,035,932	1,523,731
11.3 Deferred tax liability				
Deferred due to accelerated tax depreciation	(782,030)	(3,051,951)	(2,269,921)	1,457,404
Total deferred tax expense			(233,989)	2,981,135
Total income tax expense			1,746,017	2,981,135

12 Authorised and issued capital

Authorised and issued and fully paid 136,343 shares of R 100 each	13,634,300	13,634,300
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ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

Financial statements are prepared in Seychelles Rupees

13 Property, plant and equipment

13 (A) Group

	Buildings & utilities	Boats & engines	Machinery & fittings	Vehicles & trailers	Total
Cost					
At 1 April 2012	117,803,471	5,681,350	33,889,480	9,178,973	166,553,274
Additions	9,703,975	213,840	1,827,865	2,987,610	14,733,290
Disposal	0	0	0	(975,315)	(975,315)
At 31 March 2013	127,507,446	5,895,190	35,717,345	11,191,268	180,311,249
Accumulated depreciation and impairment					
At 1 April 2012	64,506,394	4,557,095	19,431,026	8,751,555	97,246,070
Annual depreciation	5,988,621	483,262	5,383,761	192,706	12,048,350
Disposals	0	0	0	(975,315)	(975,315)
At 31 March 2013	70,495,015	5,040,357	24,814,787	7,968,946	108,319,105
Carrying amount					
At 1 April 2012	53,297,077	1,124,255	14,458,454	427,418	69,307,204
At 31 March 2013	57,012,431	854,833	10,902,558	3,222,322	71,992,144

13 (B) Company

	Buildings & utilities	Boats & engines	Machinery & fittings	Vehicles & trailers	Total
Cost					
At 1 April 2012	117,803,471	5,681,350	33,889,480	9,178,973	166,553,274
Additions	53,940	213,840	841,819	224,899	1,334,498
Disposal	0	0	0	(975,315)	(975,315)
At 31 March 2013	117,857,411	5,895,190	34,731,299	8,428,557	166,912,457
Accumulated depreciation and impairment					
At 1 April 2012	64,506,394	4,557,095	19,431,026	8,751,555	97,246,070
Annual depreciation	5,988,621	483,262	5,382,605	155,914	12,010,402
Disposals	0	0	0	(975,315)	(975,315)
At 31 March 2013	70,495,015	5,040,357	24,813,631	7,932,154	108,281,157
Carrying amount					
At 1 April 2012	53,297,077	1,124,255	14,458,454	427,418	69,307,204
At 31 March 2013	47,362,396	854,833	9,917,668	496,403	58,631,300

14 Investments

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

	% Holding	2013	2012
Held in group company			
Green Island Construction Company Limited	100%	100,000	0
Other			
Desroches Island Lodge Limited	1%	48,237	48,237
Paradise Marine Limited	20%	2,000	2,000
Total		150,237	50,237

15 Deferred grants

	Consolidated	Company		
	2013	2012	2013	2012
Balance 1 April	29,412,998	31,883,038	29,412,998	31,883,038
Amortisation for the year	(1,862,818)	(2,470,040)	(1,862,818)	(2,470,040)
Balance 31 March	27,550,180	29,412,998	27,550,180	29,412,998

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

Financial statements are prepared in Seychelles Rupees

16 Inventories

	Consolidated		Company	
	2013	2012	2013	2012
Copra	472,073	52,000	472,073	52,000
Employee shop stocks	857,935	674,055	857,935	674,055
Live stock & livestock products	84,750	43,000	84,750	43,000
Engineering spares	3,431,344	3,760,423	3,431,344	3,760,423
Materials on site/Building materials	6,907,881	1,161,647	0	1,161,647
Fuel and sundry	2,253,051	1,869,295	2,253,051	1,869,295
Total	14,007,034	7,560,420	7,099,153	7,560,420

17 Trade and other receivables

	Consolidated		Company	
	2013	2012	2013	2012
Receivables from related parties (Notes 21)	6,363,008	4,656,454	12,553,002	4,656,454
Trade receivables	14,829,427	16,020,794	14,829,427	16,020,794
Completed works awaiting certification	10,517,394	0	0	0
Construction debtors	26,187,898	23,000,105	17,715,840	23,000,105
Prepaid goods and credit with suppliers	6,542,292	0	0	0
Other receivables	6,735,546	2,231,870	2,513,623	2,231,870
Total	71,175,565	45,909,223	47,611,892	45,909,223

18 Employee benefit obligations

	Consolidated		Company	
	2013	2012	2013	2012
1 April	1,521,240	827,315	1,521,240	827,315
Benefits paid	(1,178,024)	(447,650)	(1,178,024)	(447,650)
Current service cost	1,140,701	1,141,575	1,124,295	1,141,575
Total	1,483,917	1,521,240	1,467,511	1,521,240

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

19 Borrowings

	Consolidated		Company	
	2013	2012	2013	2012
Non current				
Seychelles Housing Corporation	8,033,662	7,750,012	8,033,662	7,750,012
Current				
Bank overdrafts	10,246,910	3,663,190	7,234,285	3,663,190
Total borrowings	18,280,572	11,413,202	15,267,947	11,413,202

The unsecured Seychelles Housing Corporation loan, which is overdue, bears interest at a rate of 3%.

20 Trade and other payables

	Consolidated		Company	
	2013	2012	2013	2012
Trade payables	22,696,659	21,508,464	22,696,659	21,508,464
Advances on contracts	24,818,717	0	0	0
Construction creditors	14,331,789	21,169,544	6,146,747	21,169,544
Salaries payable - construction workers	8,259,754	2,892,048	8,259,754	2,892,048
Staff performance incentives	1,625,140	0	1,625,140	0
Deferred revenue	2,404,990	1,651,797	2,404,990	1,651,797
Other accruals	8,560,387	3,683,185	5,737,883	3,683,185
Total	82,697,436	50,905,038	46,871,173	50,905,038

21 Related parties and transactions

These relate to shareholders, directors and senior management of the company and the companies of which they are principal owners. Pricing policies and terms of these transactions are considered by the Directors to have been conducted at an arms length unless stated otherwise below.

ISLANDS DEVELOPMENT COMPANY LIMITED & SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

Financial statements are prepared in Seychelles Rupees

21 Related parties and transactions (cont..)

21.1 Sale of goods; services and expenses recovered

	Consolidated		Company	
	2013	2012	2013	2012
To associated companies	41,172,189	106,462,393	41,172,189	106,462,393
To subsidiary	0	0	21,251,269	0
	41,172,189	106,462,393	62,423,458	106,462,393

21.2 Purchase of services

	Consolidated		Company	
	2013	2012	2013	2012
From associated company	9,674,149	9,229,695	9,674,149	9,229,695

21.3 Year end balances receivable from arising from purchase of services

	Consolidated		Company	
	2013	2012	2013	2012
From associated company	6,363,008	4,656,454	6,363,008	4,656,454
From subsidiary	0	0	6,189,994	0
	6,363,008	4,656,454	12,553,002	4,656,454

21.4 Loans to associated company

	Consolidated		Company	
	2013	2012	2013	2012
At 1 April	1,885,000	1,885,000	1,885,000	1,885,000
Loan given	284,690	0	284,690	0
Loan repaid	0	0	0	0
At 31 March	2,169,690	1,885,000	2,169,690	1,885,000

Loans and advances to/from related parties are free of interest and have no specific repayment terms.

21.5 Directors emoluments, pensions or compensation of parent company from group

	Consolidated		Company	
	Salary for Management		Fees, Pensions & Others	
	2013	2012	2013	2012
Mr. G.M. Savy	771,684	342,576	0	0
Mr. R. Renaud	350,409	0	0	0
Mr. P. Lablache	0	0	42,357	24,708
Mr. D. Dogley	0	0	21,177	24,708
Mr. H. Åglæ	0	0	21,177	24,708
Ms. L. Desaubin	0	0	21,177	24,708
Ms. S. Renaud	0	0	21,177	24,708
Mr. P. Payet	0	0	21,177	24,708
Total	1,122,093	342,576	148,242	148,248

22 Commitments

22.1 Capital commitments

There were no capital commitments, either contracted for or approved by the directors but not contracted for at 31 March 2013.

22.2 Operating lease commitments - company as a lessor

The company leases outer islands and buildings from Seychelles Government under long term leases. The lease is subject to rent reviews every 5 years. There is the option to renew or extend the lease at the end of the lease period provided that the lessee has complied fully with the terms and conditions of the lease.

The future minimum lease payments receivable under non cancellable operating leases are as follows:

	US\$	Rupees
Repayable no later than 1 year	502,320	210,000
Repayable later than 1 year and no later than 5 years	2,511,600	1,050,000
Repayable later than 5 years	24,669,000	10,080,000
	27,682,920	11,340,000

23 Contingencies

The directors are not aware of any outstanding contingent liabilities at 31 March 2013.

ISLANDS DEVELOPMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013

Financial Statements are prepared in Seychelles Rupees

	REF		2012
Contribution from transportation activities	B	8,407,660	2,855,841
Other income	A	23,422,869	19,146,424
Surplus from construction activities	C	22,934,064	25,354,709
Rental from hotels		12,338,017	12,019,067
Sale of fuel		15,991,503	12,673,598
		83,094,113	72,049,639
Produce			
Income	D	3,687,255	2,839,950
Less: direct expenses	E	(2,162,501)	(2,974,345)
		1,524,754	(134,395)
Shop			
Sales		2,446,086	2,467,168
Less: cost of sales		(2,238,510)	(2,281,252)
		207,576	185,916
Other Income			
Interest received		138,801	66,712
Exchange gain		0	5,558,140
		138,801	5,624,852
		84,965,244	77,726,012
Overheads			
Advertisement		15,530	291,302
Audit		230,000	218,658
Bank charges & interest		158,261	179,588
Directors fees		148,241	148,247
Donations & subscriptions		951,833	683,390
Electricity & water		1,054,869	1,036,060
Employment costs		22,584,199	19,391,790
Entertainment & accommodation		127,355	502,742
Exchange loss		3,557,650	5,599,169
Fuel for electricity generation & island use		19,625,030	16,819,246
Insurance		334,621	276,307
Legal & professional expenses		261,259	197,768
Licences		63,068	101,194
Loan interest		424,777	273,635
Printing, stationery & postage		372,214	465,792
Repairs & maintenance	F	8,510,398	8,397,624
Warehouse rent		120,000	120,000
Work in progress written off		93,000	
Telephone & communications		1,799,589	1,756,215
Transportation & fuel costs	G	3,648,500	1,869,333
Travelling		1,269,292	1,096,095
		(65,349,685)	59,424,156
		19,615,559	18,301,856
Depreciation adjustment			
Charge for the year		12,010,402	10,520,496
Less: adjustment for deferred grant		(1,862,818)	(2,470,040)
		(10,147,584)	(8,050,456)
Profit/(loss) for the year		9,467,975	10,251,400