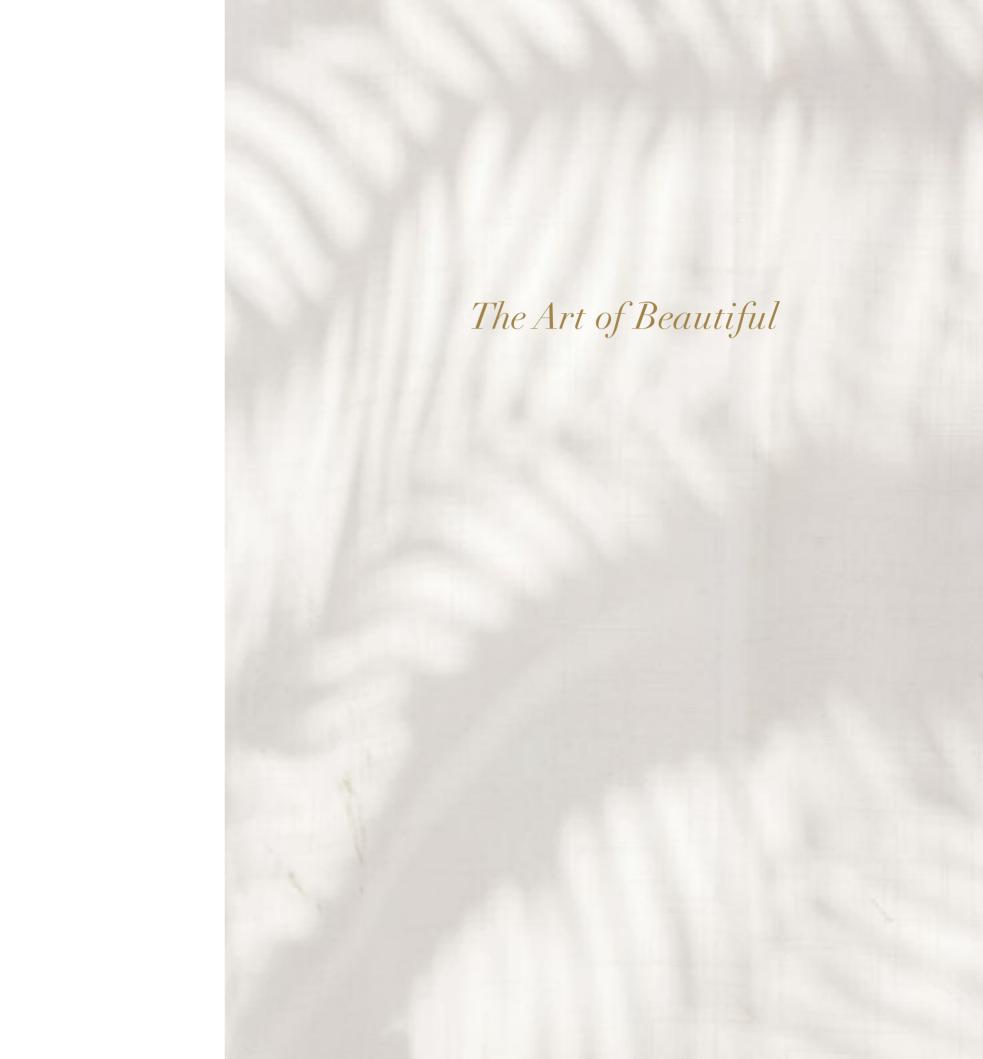
#### New Mauritius Hotels Limited

## **ANNUAL REPORT 2016**



# BEACHCOMBER RESORTS & HOTELS





## CONTENTS

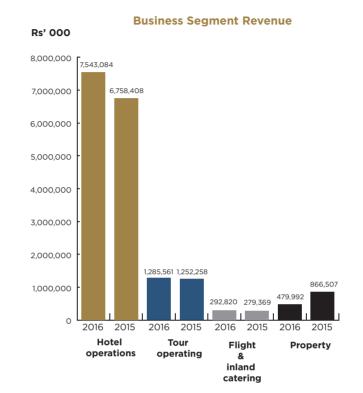
- Key Figures
- 10 Value Added Statement
- 12 Chairman's Address
- Branding
- Corporate Governance Report
- Board of Directors' Statements
- Beachcomber Values & Corporate Culture
- Social Responsibility & Sustainability Report
- Financial Report
- Company Secretary's Certificate
- Independent Auditors' Report
- Financial Statements
- Notes to the Financial Statements
- Notice of Annual Meeting
- Proxy

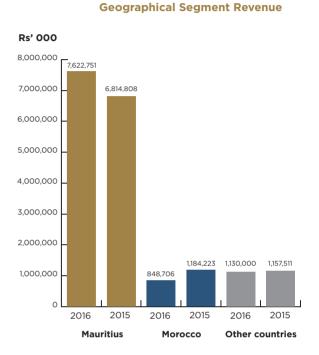
4 / Annual Report 2016 / 5

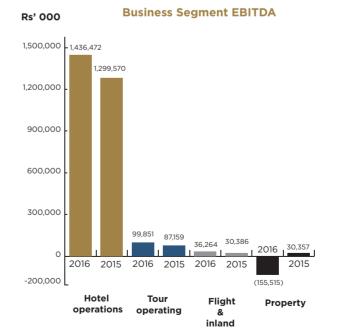
## Key Figures

**September 30, 2016** 

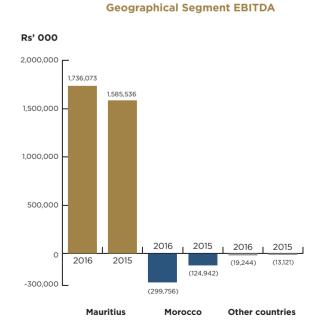
STATEMENT OF PROFIT OR LOSS	THE	GROUP
	2016	2015
	Rs'm	Rs'm
		Restated
Revenue	9,601	9,157
EBITDA	1,183	1,554
(Loss)/Profit before tax	(758)	231
Income tax expense	(209)	(50)
(Loss)/Profit for the year	(967)	181
Non-controlling interests	(31)	(40)
(Loss)/Profit attributable to owners of the parent	(998)	141
STATEMENT OF FINANCIAL POSITION		
Non-current assets	27,727	28,320
Current assets	7,781	8,374
Share capital	5,000	5,000
Retained earnings	5,215	6,411
Other reserves	1,635	1,807
Shareholders' funds	11,850	13,218
Non-controlling interests	50	59
Total equity	11,900	13,277
Non-current liabilities	15,034	15,118
Current liabilities	8,574	8,299
DISTRIBUTION TO SHAREHOLDERS		
Dividends	(160)	-
KEY FINANCIAL RATIOS	2016	2015
Number of room keys as at 30.09	2,193	2,199
Room nights available	788,512	785,899
Number of guests nights	1,191,191	1,088,766
Occupancy (%)	71	66
TRevPar (Rs)	9,566	8,600
(Loss)/Earnings per share (Rs)	(2.06)	0.29
Dividends per share (Rs)	0.33	174
Interest cover (x)	1.50	1.74
Net Asset value per share (Rs)*	24.57	27.42
Return on equity (%)	(8.13)	1.36
Return on assets (%)*	(2.72)	0.49







catering



Net debt/Total assets (%)\*

6 / Annual Report 2016
Annual Report 2016

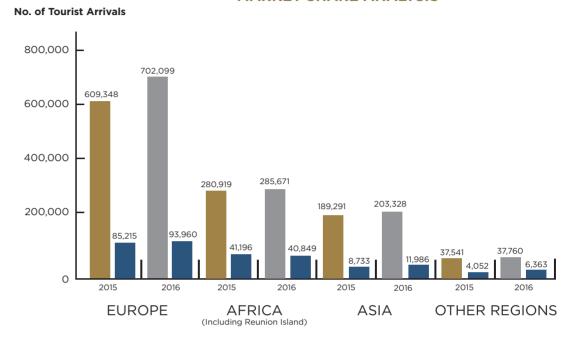
48

45

<sup>\*</sup> Ratios above exclude leasehold land with an estimated value of Rs 7Bn



#### MARKET SHARE ANALYSIS



## Tourist Arrivals Mauritius 2015



Tourist Arrivals Mauritius 2016



Guest Arrivals Beachcomber Resorts & Hotels (Mauritius)

#### **2016 ACCOLADES**

- Best hotel chain at Italia Travel Awards •
- Best hotel chain at Swiss Travel Awards •
- Tripadvisor 2016 Certificate of Excellence •
- Recognition from guests on HolidayCheck (Germany)
- Booking.com recognition to all Beachcomber properties
- Royal Palm wins Mauritius' Leading Hotel Suite at World Travel Awards •
- Victoria Beachcomber wins TUI Top Quality Award for the third year running •
- EarthCheck Sustainable Tourism Certification to Beachcomber Head Office, Dinarobin Beachcomber & Paradis Beachcomber •

















## Value Added Statement

for the year ended September 30, 2016

	THE GROUP Rs'm	THE COMPANY Rs'm
Revenue	9,601	7,049
Value added tax	1,240	1,014
Total revenue	10,841	8,063
Payment to suppliers for material and services	(5,014)	(3,028)
Value added by operations	5,827	5,035
Finance revenue and other income	136	158
Total wealth created	5,963	5,193
Distributed as follows:		
Employees		
Staff costs	3,100	2,239
Government		
Value added tax	1,240	1,014
Environment fees	57	57
Corporate tax	40	7
Licenses, leases and other taxes	186	162
Social security charges	221	151
	1,744	1,391
Reinvested to maintain/develop operations		
Depreciation and amortisation	648	395
Retained earnings*	(641)	281
	7	676
Providers of capital		
Dividends to shareholders	160	160
Interest on borrowings	952	727
	1,112	887
Total wealth distributed	5,963	5,193

**WEALTH DISTRIBUTION** 



Debt Providers	16
Shareholders	3
Government	29
Employees	52
	100



Debt Providers	14
Shareholders	16
Government	27
Employees	43
	100

<sup>\*</sup> Retained earnings exclude impairment losses of Rs 326m and Rs 2.3Bn for the Group and the Company respectively.



Dear Shareholders.

I am pleased to present the Annual Report for New Mauritius Hotels Limited ("NMH" or "the Group") for the year ended 30 September 2016. 2015/16 has been a year of consolidation for the Group. Several initiatives have been implemented which will better equip the Group to face the challenges of an ever-evolving global industry. Beachcomber brand, the re-shaping of the corporate identity and making it more transversal across all hotels, business units and markets. This was an important first step in building a stronger identity for the future. The Artisans of the Group were at the forefront of the project "Beachcomber: Au Cœur des Valeurs" which has allowed the sharing of common goals and objectives. I am confident that they will continue to deliver the promise of the Beachcomber brand "The Art of Beautiful" in a sustainable and responsible manner.

Improving guests' experience in our resorts continues to be one of our key objectives. With that in mind, the Group has renovated 60 Ocean Beachfront Rooms and Suites at Paradis Beachcomber Golf Resort & Spa, introduced a Japanese restaurant "Umami" at Dinarobin amount will at least partly reverse in the current year, further Beachcomber Golf Resort & Spa and revamped the Mediterranean restaurant "Ponte Vecchio" at Shandrani Beachcomber Resort & Spa. Continued investments in infrastructure and technology will be made to make the guests' stays more comfortable and enjoyable. For the current year, Canonnier Beachcomber Golf Resort & Spa will undergo major renovations and the hotel will be closed as from early May to the beginning of September 2017. Victoria Beachcomber Resort & Spa will be extended by 40 rooms by the end of 2017, bringing the improved synergies with Mautourco Ltd, the company is already hotel's total room inventory to 294.

Notwithstanding the above, the Group has continued to face many Our resorts in Mauritius posted good results for the financial difficulties during the year especially with respect to its Moroccan operations. The region continues to suffer from geopolitical events operations in Marrakech. Royal Palm Marrakech continues to be recognised as one of the leading hotels in Morocco, with a magnificent 18-hole golf course sprawling across the resort. However, despite the marked increase in occupancy rate from the previous year, the operations did not reach the breakeven point for the financial year 15/16 which triggered an impairment based on optimise revenues from this hotel, the Board of Directors has decided to leverage on the strength of an international reputable

hotel operator. A letter of intent has been signed with one of the largest international hotel groups and it is expected that the Hotel Management Agreement will be finalised during the next few weeks. This agreement should lead to a marked improvement in operational performance.

One of the key areas of focus has been the repositioning of the In respect of Domaine Palm Marrakech, villa sales have decreased significantly from the previous year. This has resulted in a loss for the year which has negatively impacted the Group results. An improvement in sales has been experienced over the last few months and management is budgeting to sell, about 12 villas during the 16/17 financial year. The finalisation of the hotel management contract referred to above and the marketing of branded residences to a wider customer base should give an added impetus to sales.

> The results for the year 2015/16 were also impacted by some non-recurring events. In March 2016, the Group was subject to an electronic fraud which resulted in a loss of Rs 115m. Full provision has been made for the loss but Management is confident that this to the insurance claim submitted. Measures have been taken to re-inforce the internal controls in place to ensure that systems are not vulnerable to such risks. Significant re-organisation costs were also incurred in respect of Beachcomber Tours France which had a negative impact on results. The new management currently in place is delivering as per expectations. Similarly, all matters relating to White Palm have now been addressed and with showing a positive return.

year 2015/16 on the back of a consecutive year of double digit increase in tourist arrivals. For the year to 30 September and the terrorist attacks in Europe have severely affected our 2016, the number of tourist arrivals in Mauritius reached over 1.2 million, reflecting the positive initiatives taken by the authorities to increase seat capacity and to allow access to new carriers in Mauritius. The island also continues to benefit from the status it enjoys as a safe destination. In addition, the Group has intensified its efforts to diversify both its market base and its distribution channels. Whilst our tour operators the value in use of the hotel. In view of the ongoing difficulties to and sales offices in the UK, France, South Africa and Italy continue to be our main feeder sources, there is an increased number of bookings being captured through our direct channels,



resulting from our efforts to improve our website and to regroup our reservations team under one roof in order to better cross-sell our hotel rooms. An increase in bookings from online travel agents has also been noted. As a result of all the above, the number of guests in our hotels increased by more than 10% during the year under review.

Whilst discussions were ongoing during the financial year 2015/16 to enter into a sale and lease back transaction with Beachcomber Hospitality Investments Ltd ("BHI"), I am pleased to report that the transaction was effected in December 2016. Three properties namely Victoria Beachcomber Resort & Spa, Mauricia Beachcomber Resort & Spa and Canonnier Beachcomber Golf Resort & Spa have been sold to BHI for the sum of EUR 162.5m. Upon obtaining the Prime Minister's Office approval, Mara Delta group will hold 44.4% in the equity of BHI, with the remaining 55.6% being retained by NMH. EUR 100m will be unlocked in cash from this transaction which will be used by NMH to repay its debt. To date, EUR 71.5m have been received and already used to fully repay the loans availed for the Marrakech project. This initiative is in line with the NMH's commitment to reduce its indebtedness to a more comfortable level.

It is worthy to note that whilst approval from the relevant government authorities has also been obtained to transfer the property at Les Salines, this transaction has not yet been executed and is not part of the above BHI deal. The Group fully intends to pursue its initiative to develop Les Salines land and initial planning discussions are being held to advance the hotel and residential development projects.

The results for the first quarter of the financial year 2016/17 are encouraging, driven by a 4% increase in revenue from hotel operations. Group occupancy rate increased to 78% compared to 73% for the same period last year with noted improvement in Marrakech and in Mauritius. However, average spend per guest was lower by 2% on account of a weaker EUR and GBP. The impact on results was partly mitigated by the gain on translation of the EUR denominated borrowings. Revenues from sales of villas in Marrakech continue to be below expectations with an insignificant contribution in the first quarter due to timing differences before recognition of income on a committed sale.

I seize this opportunity to thank Mr Marcel Masson for his dedication to the Group. He retired from office in April 2016 after having served as Finance Director for over three decades. He was responsible for all financial and administrative matters and was key to growing the Group to its present state. I also place on record my appreciation for the contribution of Mr Francis Montocchio, who has served as Company Secretary for over twenty-five years until his retirement in September 2016. The Board appointed Ms Pauline Seeyave as Chief Financial Officer and Executive Director in August 2016 and also appointed ENL Ltd as Company Secretary in September 2016.

Looking to the future, I remain confident in the ability of the Management team to restore Group profitability to reasonable and sustainable levels, despite the challenges it still faces in the near future. Many initiatives are under way to put Beachcomber on a higher growth path, thus enabling generation of strong cash flows for smooth running of operations, renovations and payment of dividends without increasing debt levels. I am certain that together, the Artisans of the Group will take Beachcomber to new heights especially as the Group continues its quest for expansion in the Indian Ocean Region.

HECTOR ESPITALIER-NOEL CHAIRMAN

December 27, 2016

thice\_

## **Branding**

**Achievements 2016** 



Crafting the Brand Architecture - Beachcomber crafts a new visual identity to strengthen its trade name and brand transversally

Beachcomber engaged itself in 2016 in a new branding exercise: a continuation of its corporate strategy and internal approach, aiming at creating a new image that helped reveal its values and ensure the consistency of the Beachcomber brand.

This project builds on the work previously undertaken on our core values and brings a new impetus through further engaging our teams.

Building upon its heritage and personality with the true significance of its name revealed: "Beachcomber" stands for "one who collects the treasures the sea has left on the shore". the essence of Beachcomber's singularity is now summarized in its vision: "The Beauty of a Place inspires the Beauty of the Heart", with the central idea of the brand built around the concept of "The Art of Beautiful" and putting forward our employees: our Artisans, who are at the core of our success.

Beachcomber has chosen the symbol of the nautilus for its logo with the letter "B" in its centre (B for Beachcomber... Beautiful... Beauty); it also represents a sign of the Sun enhanced by the flow of the water on the sand.

The "Beachcomber" trade name is reinforced to cement the bond across the sites and hotels of the Group with a common logo being shared by all. However, in order to be in line with the concept of a collection of hotels with different positioning within the Luxury-Upscale segment, each hotel will continue to be associated with a specific colour reference.

Though the visual identity was primarily the work of Dragon Rouge, a French design-based company, this project involved over a period of 6 months some key representatives of Beachcomber (around 50 people).

Eight working groups were set up, each with a defined scope to work towards the implementation of the project, which started with understanding the baseline, defining the 20% that would contribute to the 80% of the buzz in the guest journey while reviewing and adapting the designs and themes provided to best fit operations and ensuring the new brand identity is revealed taking into consideration both a hard skill and soft skill component.

Each of the working groups covered a particular subject: Stationery, Signage and Design, Product Markers, Service Rituals, Communication Tools, Print Marketing, Digital Marketing and

The groups involved representatives of each of our eight hotels in Mauritius. And during the whole process we were continually ensuring we were in line with the eight values that had been defined during the "Beachcomber: Au Cœur des Valeurs" project, namely: the distinctive Mauritian concept and style, service quality, savoir-faire, team spirit, quest for innovation, caring management, trust, and finally the Group's reinforcing the other pillars across our hotels while ensuring robustness and resilience.

The project materialized itself with the launch events brand identity. in Mauritius (12, 13, 14 & 15 Sept), involving all of our 4,800 artisans, followed by specific events on our different markets, and reinforced with the communication campaign built around the concept of "More Beachcomber than Ever" i.e. "The Beauty of the Place, The Beauty of the Heart" or "Voir la Beauté, Vivre la Bonté".

In all our hotels in Mauritius, guests can recognise the Beachcomber thread starting with the signage at entrances, a common look to all our reception counters, the collaterals and amenities in rooms and the eight Beautiful rituals that, while being each linked to one of our core values, also express the kindness in a Beachcomber way, such as the Beautiful Cocktail, Beautiful Story, Beautiful Concert, Beautiful Lights and Beautiful Table, cell and operations. just to name the main ones.









#### Wav forward 2017:

Building the Brand Standards - Ensure we live up to the promise of the Brand and continue to build on its value.

It is also our promise to cultivate "The Art of Beautiful" in all its dimensions.

Our responsibility for the gift that nature has given us is to pass it on to future generations, whilst taking care of each member of our teams. Each person is, and will remain, a true Artisan of Beachcomber's very personal idea of hospitality.

In line with the main pillars of our Brand which have been clearly identified: Corporate Identity; Safety; Sustainability; Products; Service; and further to the Corporate Identity project which has been defined in 2016, the challenge ahead lies in the consistency in the way we use and communicate on our

A Branding Committee has been set up and objectives have been earmarked for each of these pillars. We will build upon the great team work that has started to continue develop the remaining 60% and help build the standards across, without jeopardizing on the positioning of our hotels and the very soul of Beachcomber.

The whole process will be based upon a continual improvement approach that will ensure the Beachcomber brand gets stronger

Three teams have been earmarked to help fuel the work: Ideas & Innovation, Product Development and Green Team.

A Brand & Quality Assurance department will be set up, working in close collaboration with our Learning & Development

This is only the beginning of an exciting journey.

for the year ended September 30, 2016



The Directors are pleased to submit New Mauritius Hotels Limited's (the "Company" or "NMH") report on corporate governance.

This report describes the main corporate governance framework and compliance of the Company with the disclosures required under the Code of Corporate Governance for Mauritius ("the Code").

Reasons for non-compliance are provided in the Corporate Governance Report, where applicable.

#### 1. SHAREHOLDERS

#### (i) Substantial Shareholders

As at 30 September 2016, the shareholders holding more than 5% of the ordinary shares of the Company were as follows:

	Ordinary (%)
Rogers and Company Limited	19.26
ENL Land Ltd	10.61
Swan Life Ltd	10.34
Joseph Rene Herbert Maingard Couacaud	7.05

#### (ii) Shareholder Relations and Communication

- The Company communicates to its shareholders through its Annual Report, circulars issued in compliance with the Listing Rules of the Stock Exchange of Mauritius Ltd, press announcements, publication of unaudited quarterly and audited abridged financial statements of the Company, dividend declaration and the Annual Meeting of shareholders.
- Interim, audited financial statements, press releases and so forth are accessible from the Company's website, www.beachcomber.com.

- Analysts meetings are also organised periodically.
- In compliance with the Companies Act 2001, shareholders are invited to the Annual Meeting of NMH at which the Board of Directors is also present. The Company's Annual meeting provides an opportunity to shareholders to raise and discuss matters relating to the Company with the Board.

#### (iii) Dividend Policy

Depending on the availability of funds, the Company's policy is to distribute up to 50% of its earnings as dividends.

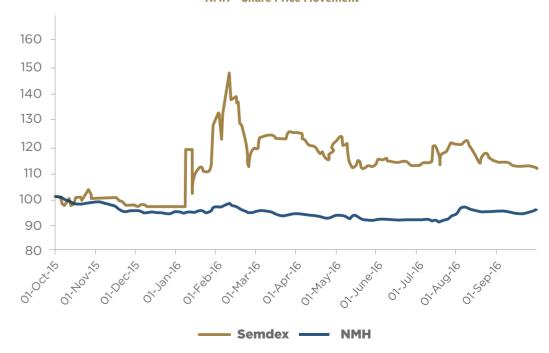
#### (iv) Shareholders' Calendar

December 2016	Publication of abridged audited financial statements for year ended 30 September 2016
February 2017	Publication of 1st Quarter results to 31 December 2016
March 2017	Annual Meeting of Shareholders
May 2017	Publication of half-year results to 31 March 2017
August 2017	Publication of 3 <sup>rd</sup> Quarter results to 30 June 2017

#### (v) Stock Market Information

- NMH's Ordinary shares are listed on the Official List of the Stock Exchange of Mauritius Ltd.
- As at 30 September 2016, the Ordinary Share Price was trading at Rs 20.05.
- The Company is governed by the Listing Rules of the Stock Exchange of Mauritius Ltd.
- Hereunder is the graphical representation of the movement of SEMDEX and price movement of the Company's Ordinary share price from 1 October 2015 to 30 September 2016 in comparison to a new base level of 100 at 1 October 2015.

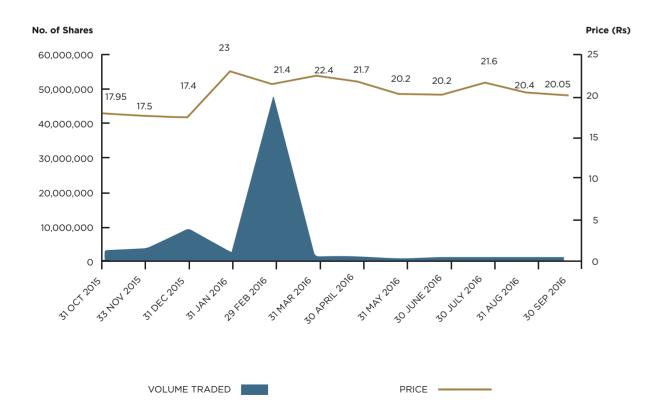
NMH - Share Price Movement



for the year ended September 30, 2016



The graphical representation of the volume of shares traded and the market price from 1 October 2015 to 30 September 2016 is provided below:



#### (vi) Share Ownership

Distribution of ordinary shareholders at 30 September 2016

Range of Share Count	eholding		Shareholder count	Number of Shares held	% Shares held
1	_	1000	2,836	941,772	0.19
1,001	_	5,000	2,296	5,812,245	1.20
5,001	-	10,000	716	5,123,275	1.06
10,001	-	25,000	674	10,916,065	2.25
25,001	-	50,000	380	13,574,780	2.80
50,001	-	75,000	179	10,881,619	2.25
75,001	-	100,000	87	7,542,139	1.56
100,001	-	250,000	192	29,728,733	6.14
250,001	-	500,000	69	24,012,963	4.96
500,001	-	1,000,000	49	35,598,978	7.35
1,000,001	-	1,500,000	18	22,027,503	4.55
1,500,001	-	2,000,000	6	10,068,054	2.08
2,000,001	-	2,500,000	2	4,869,417	1.01
2,500,001	-	5,000,000	8	27,473,494	5.67
5,000,001	-	8,000,000	2	11,628,797	2.40
8,000,001	-	25,000,000	3	40,316,497	8.33
Over 25,000,001	1		4	223,754,277	46.20
Total			7,521	484,270,608	100

To the best knowledge of the directors, the spread of shareholders at 30 September 2016 was as follows:

	No of Shareholders	No. of Shares held	%
Individuals	7,062	146,528,310	30.26
Insurance and Assurance Companies	30	63,380,539	13.09
Investment and Trust Companies	187	46,677,233	9.64
Other Corporate Bodies	130	157,286,723	32.48
Pension and Providence Funds	110	69,553,153	14.36
PLC Groups	2	844,650	0.17
Total	7,521	484,270,608	100

20 / Annual Report 2016

for the year ended September 30, 2016

#### 2. BOARD OF DIRECTORS

- As at 30 September 2016, NMH was governed by a Board of Directors consisting of ten Directors. The Board of Directors is the Company's supreme governing body and has full power over the affairs of the Company.
- The Board of Directors' primary objectives are to protect and enhance shareholder value within an appropriate structure which safeguards the rights and interests of shareholders and other stakeholders by ensuring that the Company and its controlled entities are properly managed. The Board, together with senior management, is responsible to shareholders and other stakeholders for the Company's business performance.
- It is the responsibility of the Board of Directors to define general company strategic policies and guidelines, to evaluate the plans and projects submitted by management and to make sure that results are achieved in accordance with plans.
- In compliance with the Code, the role and function of the Chief Executive Officer ("CEO") is separate from that of the Chairman.
- The Chairman has the responsibility to lead the Board and facilitate constructive contributions by all Directors in order to ensure the Board functions effectively as a whole in discharging its responsibilities. The Board has delegated its powers to the CEO and the management team to conduct the business of the Company. The CEO is responsible for the execution of the business strategy defined by the Board of Directors, the elaboration of plans and projects and the operational and financial performance of the Company.
- The Board of Directors holds regularly scheduled meetings as well as additional meetings when called by its Chairman and CEO. The annual calendar of Board Meetings is agreed upon at the beginning of the year.
   The Agenda is circulated in advance to the Board members and the items therein backed by background information to enable the Board to take appropriate decisions.
- The Directors are aware that the Code recommends that each director should be elected (or re-elected as the case may be) every year at the Annual Meeting of shareholders. However, at each Annual Meeting of the Company, two Directors, who have been longest in office since their appointment or last re-appointment, retire by rotation and are eligible for re-appointment, in compliance with the provisions of the Company's Constitution. At the Company's Annual Meeting in 2016, the shareholders re-elected Messrs. Colin Taylor and Herbert Couacaud as members of the Board of Directors.
- Newly appointed Directors go through an induction process in order to become familiar with the Group's operations, business environment and senior management. Ms Pauline Seeyave was appointed as director of NMH in August 2016 following the retirement of Mr Marcel Masson in May 2016.
- During the discharge of their duties, the Directors are entitled to seek independent professional advice at the Company's expense and have access to the records of the Company.



















Ist column, from top to bottom

Sunil Banymandhub, Gilbert Espitalier-Noël, Colin Taylor

2<sup>nd</sup> column, from top to bottom Hector Espitalier-Noël, Louis Rivalland, Pauline Seeyave, Jean-Pierre Montocchio

> 3<sup>rd</sup> column, from top to bottom Herbert Couacaud, François Venin, Jacques Silvant

for the year ended September 30, 2016



#### (i) BOARD PROFILE

The profiles of the Directors of NMH are outlined below:

#### **Hector Espitalier-Noël**

(Born in 1958)

Chairman, Non-Executive Director

- Appointed as Director: April 1997
- Qualifications: Member of the Institute of Chartered Accountants in England and Wales
- Committee: Member of the Corporate Governance Committee

Hector Espitalier-Noël previously worked with Coopers and Lybrand in London and with De Chazal du Mée in Mauritius. He is the Chief Executive Officer of ENL Limited and the ENL Group since 1990. He is also the Chairman of ENL Limited, the Mauritius Sugar Syndicate and Bel Ombre Sugar Estate Ltd and a past chair of Rogers and Company Limited, the Mauritius Chamber of Agriculture and the Mauritius Sugar Producers Association. Hector Espitalier-Noël has a vast experience in the sugar cane industry, property, hospitality and financial services sectors being the Chairman and a Board member of various companies evolving in those sectors.

#### Other directorship in listed companies:

Ascencia Limited

**ENL Commercial Limited** 

ENL Land Ltd

**ENL Limited** 

Rogers and Company Limited

Swan General Ltd

Swan Life Ltd

Tropical Paradise Co Ltd

#### Sunil Banymandhub

(Born in 1949)

Independent Non-Executive Director

- Appointed as Director: March 2000
- Qualifications: B.Sc Honours First Class in Civil Engineering (UMIST,UK), Master's Degree in Business Studies (London Business School), Associate of the Institute of Chartered Accountants in England and Wales
- Committee: Chairman of the Audit & Risk Committee

Sunil Banymandhub has occupied senior positions with various major companies and institutions in Mauritius.

#### Other directorship in listed companies:

Fincorp Investments Ltd MCB Group Ltd

Omnicane Ltd

Bluelife Limited

#### **Herbert Couacaud**

(Born in 1948)

Non-Executive Director

- Appointed as Director: May 1981
- · Qualifications: B.Sc in Economics and Mathematics
- Committee: Member of the Corporate Governance Committee

Herbert Couacaud has been the Chief Executive Officer of New Mauritius Hotels Limited since 1974 until he retired in June 2015.

#### Other directorship in listed companies:

Fincorp Investment Ltd

#### Gilbert Espitalier-Noël

(Born in 1964)

Chief Executive Officer, Executive Director

- Appointed as Director: February 2013
- Qualifications: BSc University of Cape Town, BSc (Hons)
   Louisiana State University and MBA INSEAD.
- Committee: Member of the Corporate Governance Committee

Gilbert Espitalier-Noël joined the Eclosia Group (previously known as Food and Allied Group) in 1990 and was appointed Group Operations Director in 2000. He left the Eclosia Group in February 2007 to join the ENL Group as Executive Director until June 2015. He is since July 2015, the Chief Executive Officer of New Mauritius Hotels Limited. Gilbert Espitalier-Noël was President of the Mauritius Chamber of Commerce and Industry in 2001, of the Joint Economic Council in 2002 and 2003 and the Mauritius Sugar Producers Association in 2008 and 2014.

Gilbert Espitalier-Noël possesses an extensive experience in the agro industrial, property and hospitality sectors.

#### Other directorship in listed companies:

**ENL Commercial Limited** 

ENL Land Ltd

**ENL Limited** 

Livestock Feed Limited

Rogers and Company Limited

for the year ended September 30, 2016

#### Jean-Pierre Montocchio

(Born in 1963)

Non-Executive Director

- Appointed as Director: April 2004
- Qualifications: Notary
- Committee: Chairman of the Corporate Governance Committee

Jean-Pierre Montocchio was appointed Notary Public in Mauritius in 1990. He participated in the National Committee on Corporate Governance as a member of the Board of Directors' Sub-Committee.

#### Other directorship in listed companies:

Caudan Development Ltd

**ENL Land Ltd** 

Fincorp Investment Ltd

Les Moulins de la Concorde Ltee

Promotion and Development Ltd

Rogers and Company Limited

MCB Group Ltd

#### **Louis Rivalland**

(Born in 1971)

Non-Executive Director

- Appointed as Director: March 2002
- Qualifications: BSc. (Hons) degree in Actuarial Science and Statistics, Post Graduate Diploma in Strategy and Innovation (SAID Business School, University of Oxford), Fellow of the Institute of Actuaries (UK)
- Committee: Member of the Audit & Risk Committee

Louis Rivalland is currently the Group Chief Executive of the Swan General Ltd and Swan Life Ltd.

He is a former President of the Joint Economic Council and of the Insurers' Association of Mauritius. He has played an active role in the development of risk management, investment, insurance and pensions in Mauritius having chaired or been part of various technical committees in these fields.

#### Other directorship in listed companies:

Air Mauritius Limited Swan General Ltd

#### **Pauline Seeyave**

(Born in 1974)

**Executive Director** 

- Appointed as Director: August 2016
- Qualifications: Master of Arts (St Catharine's College, University of Cambridge), Associate of the Institute of Chartered Accountants in England and Wales.

Pauline Seeyave is currently the Chief Financial Officer of New Mauritius Hotels Limited. She was a Senior Executive and Director of SBM Bank (Mauritius) Ltd and also a past Director of State Insurance Company of Mauritius Ltd and Club Méditerranée Albion Resorts Ltd.

Other directorship in listed companies: None

#### François Venin

(Born in 1957)

**Executive Director** 

- Appointed as Director: July 2015
- · Qualifications: Baccalaureat

François Venin is currently the Chief Sales & Marketing Officer of New Mauritius Hotels Limited. He is responsible for managing the NMH Group's sales and marketing strategies of 10 hotels and all overseas offices of the Group. He also assists in the decision process on new projects or ventures and manages communications platforms with optimum use of all available digital channels.

François Venin was previously General Manager of Mauricia Beachcomber and Canonnier Beachcomber and had before that worked overseas for Club Méditerranée.

Other directorship in listed companies: None

#### **Marcel Masson**

(Born in 1952)

**Executive Director** 

- Appointed as Director: In 1988
- Resigned as Director: May 2016
- Qualifications: Fellow Member of the Association of Chartered Certified Accountants

Marcel Masson joined the Company in 1985 and was the Finance Director until he resigned in April 2016.

Other directorship in listed companies (Up to resignation date): None

#### Jacques Silvant

(Born in 1965)

**Executive Director** 

- Appointed as Director: February 2013
- Resigned as Director: January 2017
- Qualifications: Degree in Hospitality and Management, France

Jacques Silvant joined New Mauritius Hotels Limited in 2001 and is currently the General Manager of the Royal Palm Beachcomber Luxury.

Other directorship in listed companies: None

#### **Colin Taylor**

(Born in 1965)

Independent Non-Executive Director

Appointed as Director: February 2013

- Resigned as Director: January 2017
- Qualifications: Bsc (Hons) Engineering and Business Studies,
   Msc Management
- Committees: Member of the Audit & Risk and the Corporate Governance Committees

Colin Taylor joined the Rogers Group in the Automotive Division in 1987. He was appointed Manager of the Taylor Smith Engineering Division in 1991 and was promoted to Managing Director three years later. He was appointed Executive Director of the Rogers Group Engineering Cluster in 1999 and has been CEO of Taylor Smith Group since 2004. He also holds the post of Honorary Consul for Sweden in Mauritius. He is also a Director of Taylor Smith Investment Ltd.

#### Other directorships in listed companies:

CIM Financial Services Ltd
Constance Hotels Services Limited
Hotelest Limited

#### (ii) DIRECTORS' INTERESTS

- Directors inform the Company as soon as they become aware that they are interested in a transaction. The Company Secretary keeps a register of Directors' interests and ensures that the latter is updated regularly.
- As at 30 September 2016, Directors' interests in NMH's shares were as follows:

	DIRECT		INDIRECT	
N	o. of shares	%	No. of shares	%
Sunil Banymandhub	-	-	-	-
Herbert Couacaud	34,151,868	7.05	-	-
Gilbert Espitalier-Noël	54,324	0.01	6,605,451	1.36
Hector Espitalier-Noël	-	-	7,176,890	1.48
Jean-Pierre Montocchio	-	-	542,383	0.11
Louis Rivalland	304,200	0.06	-	-
Pauline Seeyave (appointed on 11 August 2016)	3,117	0.00	-	-
Jacques Silvant	-	-	-	-
Colin Taylor	-	-	-	-
François Venin	-	-	-	-
Marcel Masson (resigned on 9 May 2016)	-	-	-	-

for the year ended September 30, 2016

#### (iii) SHARE DEALINGS BY DIRECTORS

- NMH's Board of Directors abides to the principles of the Model Code for Securities Transactions by Directors of Listed Companies as detailed in Appendix 6 of the Listing Rules issued by the Stock Exchange of Mauritius Ltd and the Companies Act 2001.
- The Company Secretary keeps the Directors apprised of closed periods and of their responsibilities in respect of the above Code.
- During the financial year under review, none of the Directors have traded in the shares of NMH except for the following:

	Acquired	Disposed
Hector Espitalier-Noël	275,200	275,263
Louis Rivalland	14,100	-

#### (iv) BOARD APPRAISAL

- An appraisal of the Board and of its members is carried out once a year with the aim of evaluating the Board's effectiveness and improving its workings.
- The Board also encourages its members to keep on enhancing their knowledge and competencies through personal development programmes offered by local institutions and/or their professional bodies.

#### (v) BOARD COMMITTEES

#### a) Corporate Governance Committee

• At 30 September 2016, the composition of the Corporate Governance Committee ("CGC") was as follows and in compliance with the Code is composed of a majority of Non-Executive Directors:

Director	Category
Jean-Pierre Montocchio	Non-Executive Director, Chairman
Herbert Couacaud	Non-Executive Director
Gilbert Espitalier-Noël	Executive Director
Hector Espitalier-Noël	Non-Executive Director
Colin Taylor	Independent Non-Executive Director

- The Directors are aware that the Code recommends that the Chairperson of the CGC should be an Independent Non-Executive Director. However, the Board of Directors has resolved to appoint Mr Jean-Pierre Montocchio, a Non-Executive Director, as Chairperson of the CGC of the Company in view of his professional qualifications, experience and knowledge.
- The quorum for decisions by the CGC is three members present throughout the meeting provided that, when a decision is called for, at least two of the members shall be Non-Executive Directors.
- The Company Secretary acts as Secretary of the Committee.
- The details of attendance to the meetings of the CGC are disclosed on page 29 of the Annual Report.
- The CGC carried out its tasks according to the Terms of Reference attributed to it, namely:
- To ensure that the disclosure requirements with regard to corporate governance, whether in the annual report or other reports on an ongoing basis, are in accordance with the principles of the applicable Code of Corporate Governance;
- To make recommendations to the Board on all new Board appointments and to review, through a formal process, the balance and effectiveness of the Board, identifying the skills needed and those individuals who might best be seen to be providing such skills in a fair and thorough manner;
- To determine and develop a policy on executive remuneration to avoid potential conflicts of interest.

#### b) Audit & Risk Committee

- The Audit and Risk Committee ("ARC") is the cornerstone of the Group's system of internal controls and risk management.

  The Board has delegated its powers on internal control and risk management to the ARC which reviews the risk philosophy, strategy and policies of the Group.
- At 30 September 2016, composition of the ARC was as follows and in compliance with the Code was composed entirely
  of Non-Executive Directors:

Directors	Category
Sunil Banymandhub	Independent Non-Executive Director, Chairman
Louis Rivalland	Non-Executive Director
Colin Taylor	Independent Non-Executive Director

• The Board of Directors has approved a new terms of reference for the ARC. The main duties of the ARC as per the terms of reference are as follows:

*Financial Statements:* To review the quality and integrity of the financial statements of the Company and any formal announcement relating to the organisation's financial performance.

*Internal Controls and Risk Management systems:* To keep under review the adequacy and effectiveness of the organisation's systems of internal control, including financial controls and business risk management systems.

*Internal Audit:* To review and assess the annual Internal Audit work plan; To monitor and review the effectiveness of the company's Internal Audit function, in the context of the company's overall risk management system;

**External Audit:** To consider and make recommendations to the Board in relation to the appointment, re-appointment and removal of the Company's external auditor;

Reporting Responsibilities: To report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

- Up to 31 August 2016, the Deputy Chief Internal Auditor acted as secretary to the ARC. As from 1 September 2016, the Company Secretary, ENL Limited, acts as Secretary of the Committee.
- The Head of the Internal Audit function has ready and regular access to the Chairperson and other members of the ARC.
- The details of attendance to the meetings of the ARC are disclosed below.

#### (vi) ATTENDANCE AT BOARD & COMMITTEE MEETINGS

During the year under review, the attendance of the Directors at the Board and Committee meetings of the Company was as follows:

		Board	Audit & Risk Committee	Corporate Governance Committee
No. of Meetings I	neld	8	4	3
Category	Directors		Attendance	
Executive	Gilbert Espitalier-Noël	7		3
	Pauline Seeyave (appointed on 11 August 2016)	1		
	Jacques Silvant	7		
	François Venin	7		
	Marcel Masson (resigned on 9 May 2016)	4		1
Non-Executive	Herbert Couacaud	5		1
	Hector Espitalier-Noël	8		3
	Jean-Pierre Montocchio	8		2
	Louis Rivalland	5	3	
Independent	Sunil Banymandhub	7	4	
	Colin Taylor	6	3	2



for the year ended September 30, 2016

#### (vii) REMUNERATION OF DIRECTORS

- The Company's philosophy on matters of remuneration is geared towards rewarding effort and merit as fairly as possible.
- Pursuant to the above, committees have been set-up to regulate and follow up closely all matters relating to remuneration.
- Those concerning Directors, including Executive Directors, are dealt with by the Corporate Governance Committee.
- A central remuneration committee, on which sit the General Managers of all the Company's business units, the Chief Financial Officer
  and the Group Human Resource Manager, is also in operation to decide on all matters relating to the remuneration of the Company's
  personnel at large. These include salary structure, incentive bonus and profit sharing scheme. Regular benchmarking is made
  to keep abreast of labour market trends.
- For the year under review, the actual remuneration and benefits perceived by the Directors are as per below:

Directors	Remuneration from the Company
Directors	(Rs)
Sunil Banymandhub	420,000
Herbert Couacaud	19,781,000
Gilbert Espitalier-Noël	15,419,000
Hector Espitalier-Noël	480,000
Jean-Pierre Montocchio	420,000
Louis Rivalland	420,000
Pauline Seeyave (appointed on 11 August 2016)	1,427,000
Jacques Silvant	9,838,000
Colin Taylor	420,000
François Venin	14,397,000
Marcel Masson (until March 2016)	19,724,000

The Directors of the Company did not receive any remuneration from the Company's subsidiaries.

#### 3. PROFILE OF THE SENIOR MANAGEMENT TEAM

#### Gilbert Espitalier-Noël

**Chief Executive Officer** 

See under Board profile

#### **Pauline Seeyave**

**Chief Financial Officer** 

See under Board profile

François Venin

Chief Sales and Marketing Officer

See under Board profile

#### **OPERATIONS IN MAURITIUS**

#### Hotels

#### **Jacques Silvant**

General Manager, Royal Palm Beachcomber Luxury See under Board profile

#### Michel Daruty De Grandpre

Michel Daruty de Granpre graduated from "l'Ecole Hôtelière de Glion" in Switzerland. He joined the Group in April 1980. He worked in different departments before becoming the General Manager of Le Chaland Hotel in 1983. He is, since 1985, the General Manager of Trou aux Biches Beachcomber Golf Resort & Spa.

#### Jean Louis Pismont

Jean Louis Pismont graduated from the hotel school of Granville and also holds a Hotel Management degree from Thonon-les-Bains in France. Before coming to Mauritius, he worked in several countries rising through the ranks within reputable international hotel chains. He joined the NMH Group in 1996 and is currently the General Manager of Dinarobin Beachcomber Golf Resort & Spa and Paradis Beachcomber Golf Resort & Spa. He also oversees the operation of Beachcomber Seychelles Sainte Anne Resort & Spa and the Royal Palm Marrakech. Jean Louis Pismont is also the current president of AHRIM (Association of Hotels and Restaurants of Mauritius).

#### **Lothar Gross**

Lothar Gross graduated from Hotels and Restaurants Management in Germany and also holds a post graduate degree in Business Economics from Berlin Hotel Management School. Before joining the NMH Group in February 2009 as Manager of Victoria Beachcomber Resort & Spa, he had worked in various other hotels in Mauritius and Maldives. He is now the General Manager of Shandrani Beachcomber Resort & Spa.

#### Rico Paoletti

Rico Paoletti graduated in Switzerland. Before joining the NMH Group as Hotel Manager of Canonnier Beachcomber Golf Resort & Spa in 2008, he worked in various countries for reputable international hotel chains. He is now the General Manager

of Victoria Beachcomber Resort & Spa and Mauricia Beachcomber Resort & Spa.

#### Kervyn Rayeroux

Kervyn Rayeroux holds a Master's degree (MSc) in Hospitality and Tourism Management from the University of Birmingham. He started as Management Trainee in 1993 at Paradis Beachcomber Golf Resort & Spa and has since occupied various managerial positions in different hotels of the group in Mauritius and Seychelles. He was appointed General Manager of Canonnier Beachcomber Golf Resort & Spa since October 2016.

#### • Flight and Inland Catering

#### **Olivier Nairac**

Olivier Nairac holds a degree in Business Management from Surrey University. He joined NMH in January 2007 as Operations Manager at Beachcomber Catering and is the General Manager since April 2013.

#### Boutiques

#### **Annabelle Dupont**

Annabelle Dupont studied Marketing and Management in Paris and worked for two years in France in a Manpower Salesforce company. She joined the NMH Group in 1990 and launched the owned brand Beachcomber Elegance. She is the Manager of Beachcomber Holiday Shop since 1996.

#### **OVERSEAS OPERATIONS**

#### Hotels

#### **Xavier Jolivet**

Xavier Jolivet worked for reputable hotel chains in France, USA and Monaco before joining the Group as Deputy Manager of the Royal Palm Beachcomber Luxury in 2005. He resigned as the General Manager of the Royal Palm Marrakech in September 2016.

#### **Loic Launay**

Loic Launay has more than 20 years of experience in the luxury hospitality industry. He joined the Royal Palm Marrakech as Director of Operations in September 2014 and is the General Manager of Royal Palm Marrakech since September 2016.

for the year ended September 30, 2016

#### **Norbert Couvreur**

Norbert Couvreur worked for reputable hotel chains such as Sheraton hotels before joining the group as Hotel Manager of Mauricia Beachcomber Resort & Spa. He was appointed General Manager of Beachcomber Seychelles Sainte Anne Resort & Spa in 2011 and resigned in April 2016.

#### Youssef Sabri

Youssef Sabri holds a Master's degree. He joined Club Med Hotels in 1995 and has since occupied various positions in the Group worldwide before becoming Resort Manager of Club Med, Pointe aux Canonniers. In June 2016, he has been appointed General Manager of Beachcomber Seychelles Sainte Anne Resort & Spa.

#### Property

#### **Laurent Piat**

Laurent Piat studied Commerce in Montpellier, Paris and Swansea and worked for one year in an investment bank in New York before returning to Mauritius as Project Manager for a local group. In 2007, he joined NMH as Project Coordinator until he was appointed General Manager of Domaine Palm Marrakech.

#### **HUMAN RESOURCE & TRAINING**

#### **Bertrand Piat**

Bertrand Piat holds a B.Sc (Hons) Psychology and Economics from City University, London and MA Occupational Psychology from Sheffield University. He has 22 years of Human Resources and Training experience in Corporate and Consulting roles, locally and abroad. He joined the Company in 2009. Bertrand Piat is currently the Group Human Resources Manager.

## FONDATION ESPOIR ET DEVELOPPEMENT BEACHCOMBER (FED)

#### Malenn Oodiah

Malenn Oodiah holds a DEA in Sociology from the University of Strasbourg. He joined the Beachcomber Group in 1990. He co-founded the Fondation Espoir Développement Beachcomber in 1999 and is the current chairperson of the FED.

#### **TOUR OPERATING AND SALES OFFICES**

#### **Sheila Collet Serret**

Sheila Collet Serret joined the Group as Sales Representative at Trou Aux Biches hotel in 1987. She moved to Italy in 1989 to open and manage the Beachcomber office in Bergam and has been in this role ever since.

#### **Michael Edwards**

Michael Edwards joined Beachcomber Tours Limited in the UK as Managing Director in 2001, having spent many years at International Travel Connections Limited, another UK tour operator, in a similar role. In his early years he also served in various capacities in the hotel industry in the UK and in the Caribbean.

#### **Terry Munro**

Terry Munro qualified as a chartered accountant in 1975. He joined Beachcomber Marketing (Pty) Ltd as Managing Director in 1986 and has been in this role ever since.

#### Guv Zekri

Guy Zekri has 35 years of experience in the tourism industry. He has also a very good experience of the Indian Ocean tourism sector having specialized in that sector since 20 years. Guy Zekri is a member of French Tour Operator Union board (SETO) and is in charge of Beachcomber Tours Office since March 2016.

#### **Richard Robert**

Richard Robert is a Fellow Member of the Association of Certified Accountants (FCCA). He joined the Rogers System & Audit Department in 1990 and in 2001, was transferred to Mautourco Ltd, as Finance Manager and was promoted as Managing Director in 2010. He was also recently appointed as Managing Director of White Palm Ltd during the year.

#### 4. REGISTERED OFFICE

The registered office of NMH is situated at Beachcomber House, Botanical Garden Street, Curepipe.

#### 5. RELATED PARTY TRANSACTIONS

- Details on related party transactions are given in Note 5.4 to the financial statements.
- Shareholders are also apprised of related party transactions through the issue of circulars and press releases by the

Company in compliance with the Listing Rules of the Stock Exchange of Mauritius Ltd.

#### **6. SHARE CAPITAL**

The share capital of NMH is composed of 484,270,608
 Ordinary shares of no par value.

## 7. MATERIAL CLAUSES OF THE COMPANY'S CONSTITUTION

The material clauses of NMH's constitution are as follows:

- Fully paid up shares are freely transferable;
- The Company may acquire and hold its own shares;
- A special meeting of shareholders may be called at any time by the Board and shall be so called on the written request of shareholders holding shares carrying together not less than five percent (5%) of the voting rights entitled to be exercised on the issue;
- A Director is not required to hold shares in the Company:
- The Constitution of the Company provides that the Board shall consist of nine or ten Directors. A quorum for a meeting of the Board is five Directors.

## 8. SHAREHOLDERS' AGREEMENT AFFECTING THE GOVERNANCE OF THE COMPANY BY THE BOARD

 The Directors confirm that, to the best of their knowledge, they are not aware of the existence of any such agreement for the year under review.

#### 9. CONTRACT OF SIGNIFICANCE

 The Directors confirm that, to the best of their knowledge, there are no such contracts during the year under review.

## 10. THIRD PARTY MANAGEMENT AGREEMENTS

 There are no management agreements between third parties (where such third party is a director of NMH, or a company owned or controlled by a director of NMH) and NMH.

#### 11. INTERNAL CONTROL/INTERNAL AUDIT

The Board is responsible for the effectiveness of the system of internal controls and for the risk management process of the Company and its subsidiaries. The Board is committed to continuously ensure adequate internal control procedures

are in place with a view to safeguard the assets of the Group and the integrity of the financial statements

Internal Audit remains an independent and objective task force reporting to the Audit Committee. The department consists of a team of professionally qualified accountants and of staff with the relevant experience who adopt a rigorous and methodical approach in their endeavour to ensure that appropriate procedures and controls are in place to protect the Group's income and assets.

All weaknesses identified are thoroughly investigated, formally discussed with top management and corrective measures recommended for implementation within a defined timeframe. Heat maps, implementation review summaries together with up to date progress status are presented to the Audit and Risk Committee.

#### 12. RISK MANAGEMENT

Whilst the responsibility for risk strategy sets with the Board, the Executive Directors and General Managers are accountable to the Board for the implementation the risk management framework.

A Risk Monitoring Committee, comprising the Chief Financial Officer (Chairman), the Chief Sales & Marketing Officer, the Group Human Resource Manager, General Managers of hotels, the Group Maintenance Engineer and the Risk Management Officer, regularly reviews and monitors the risks faced by the Group. Periodical reports are prepared by the Risk Management Officer highlighting, if any, critical risks identified at operational level and the way they are mitigated. Critical risks reported by all business units are consolidated and viewed at Group level.

The list below shows the risks that could materially affect the Group's business, revenues and operating profits and the strategies employed by management to mitigate these risks.

#### Reputation

To maintain its reputation and to reflect the strong positioning of its brand, the Group constantly upgrades its products and adheres to high quality standards in all areas of operation.

for the year ended September 30, 2016

The Group has built prestigious resorts and invests constantly to maximise its market share. Each hotel has developed its own personality whilst holding to the Group's philosophy of providing the best of Mauritian hospitality.

At the operational level, the Group ensures that key management positions are held by suitably qualified and trained staff with the required experience in the hotel industry. Ongoing attention is given to environment, health and safety issues and, in that respect, the Group thrives to adhere to the best practices aimed at ensuring sustainable development.

#### **Market and Competition**

The Group is faced with local as well as global competition and has to reckon with the seasonal nature of the hotel industry. To remain competitive, the Group provides superior quality resorts and facilities and adapts its marketing strategies to reach out to its target segment. It regularly participates in professional exhibitions and promotional fairs. There is an ongoing nurturing of the long and well established relationship with its tour operators and sales offices.

#### **Personnel and Quality service**

The Group is reliant upon recruiting and retaining key personnel and developing their skills to provide quality service to guests. In order to develop, support and market its products, the Group hires, trains and retains highly skilled employees with the required expertise. To that end, a training structure within the Group has been organised to consolidate the promotion of service excellence. The training infrastructure in place in all the business units together with the Beachcomber Training Academy enables professional knowledge and skills to be constantly enhanced.

Moreover, to motivate employees a comprehensive reward structure has been developed for their benefit, including high salary ranges, performance rewards, profit sharing, retirement benefits, and medical assistance. Additionally, to develop a spirit of unity social gatherings and staff welfare events are regularly organised.

#### **Technology and information systems**

The Group relies on appropriate technology and information systems for the running of its operations and disruption to such systems can adversely affect the efficiency of its operation and business continuity. To that end, the IT department has implemented procedures to safeguard the computer installations of all hotels of the Group to ensure continuity of operations.

Moreover, the Group always keeps pace with developments in technology and aligns with business needs and responds to changes in business strategy in order to maintain its competitiveness.

#### Fraud and Other Irregularities

The Group may suffer financial losses due to breakdown in internal controls at various levels. In each business unit, clearly defined systems and procedures are in place to ensure compliance with internal controls thus mitigating the risk of fraud. These systems are regularly monitored and reviewed by the Internal Audit Team to ensure their continued efficiency and effectiveness.

The Group has also formalised its ethical practices in order to consolidate its culture of honesty and integrity. The Code of Ethics and Business Conduct encourages all stakeholders to step up to their responsibility to behave ethically and contributes towards the prevention of frauds and irregularities.

#### Litigation and Insurance Cover

The Group is subject to risk of litigation from its guests, suppliers, employees and regulatory authorities, for breach of its contractual obligations or other duties.

Therefore, the Group has to ensure that its guests and employees are provided with secured accommodation and related facilities and a safe workplace respectively. Full time health and safety officers are employed to assist management in that respect.

Management regularly seeks guidance from legal advisers and insurance consultants to safeguard the Group against exposure to potential losses in all respects.

As regards statutory returns in respect of taxes, these are regularly reviewed and monitored by tax experts.

#### **Revenue and Cost Management**

The Group is exposed to events that discourage international travel. Factors such as epidemics, threatened acts of terrorism, natural disasters and continued effect of worldwide financial crisis could result in reduced worldwide travel. A decrease in the demand for hotel rooms as a result of such events has an adverse impact on the Group's operations and financial results.

The Group formulates plans which are reviewed on a regular basis and tariffs are adjusted to maximise its market share. Cost and expenditure are reviewed and rationalised but not at the expense of security, safety and service quality. Contingencies and business continuity plans are continuously revisited, formalised and updated accordingly.

The Group is also exposed to a variety of financial risks which may impact on the Group's reported results and its business value. Financial risks and strategies are described fully in note 3.3 to the Financial Statements.

#### 13. SHARE OPTION PLANS

NMH has no share option plans.

#### 14. CODE OF ETHICAL CONDUCT

NMH remains committed to the fostering of high ethical and moral standards within its Group and has adopted some fundamental principles in the way it conducts its activities as listed below. Core values such as honesty, trust and respect for others are well entrenched within the Group and ethical and compliance standards have also been established for procurement of goods and services.

#### **Fundamental principles**

NMH and its subsidiaries commit to the following fundamental principles:

- Observing good corporate governance practices, good accounting and management principles and practices, as well as clear, objective and timely communication to their shareholders;
- Achieving their business objectives with corporate social responsibility, valuing their employees, preserving the environment and contributing towards the development of the communities where they are active; and
- Observing their legal obligations in the countries where they are active, directly or indirectly.

#### **Coverage and Scope**

Amongst the desirable ethical conducts that are expected to be observed by the members of the Board of Directors, employees and trainees of the Company and its subsidiaries are:

 Performing their activities in conformity with the highest level of ethical conduct and follow the Group's policies and rules, stimulating and guiding their colleagues in that respect;

- Maintaining a positive, honorable, loyal, honest professional attitude of mutual respect, trust and collaboration with other colleagues at work, shareholders and investors;
- Preserving the Group's assets, including its image and reputation, facilities, equipment and materials, using them only for their intended purposes;
- Defending the Company's interests in matters they are participating in, according to predefined criteria;
- Being diligent, responsible and respectful in relations with authorities, clients, competitors, suppliers, members of the communities and all other individuals, companies and organisations with which the Company relates in the exercise of its regular activities, always seeking to preserve the Group's good reputation, image and relations;
- Avoiding situations in which their own interests may come into conflict with the Company's interests, and when this is not possible, refrain from representing NMH in the issue under consideration, communicating the fact immediately to their immediate superior;
- Assuring that the communications and information are provided exclusively by authorised employees, and that they are in compliance with NMH's policies, controls and procedures and with the applicable legislation;
- Refraining from establishing commercial relations with companies that knowingly do not follow ethical standards compatible with those followed by the Group;
- Preserving the secrecy of the Group's confidential and strategic information to which they have access, even if they no longer have any bonds with the company, as well as act with due caution in relation to privileged information; and
- Being committed to preserving the environment and obeying the environmental legislation, acting with social responsibility and respect towards human dignity.

The following conducts are intolerable and subject to disciplinary penalties:

- Taking advantage of their position aimed at obtaining conveniences or any other form of illegitimate personal benefit, or for third parties they relate with;
- Discrimination based on ethnic background, sexual preference, religious belief, union affiliation, political conviction, ideology, social class, special handicap condition, marital status or age;
- Harassment of any nature, including moral or sexual, provoking discomfort to others;

#### for the year ended September 30, 2016

- Allowing or promoting political, religious or commercial propaganda within business premises;
- Preferential or privileged treatment towards any client or supplier that disagrees with the Group's policies approved by the Board;
- Offering payment or any other sort of personal benefit to any authority or server from the public administration, directly or indirectly, in exchange for advantages;
- Establishing contact with the Company's competitors, violating the applicable competition laws; and
- Distorting the figures or accounting characterization of items that may reflect on the Group's management reports or financial statements.

#### 15. COMPANY SECRETARY

- In accordance with the terms of a Service Agreement entered into by NMH with ENL Limited in September 2016, the latter provides corporate secretarial services to the Company.
- All Directors have access to the advice and services of the Company Secretary, delegated by ENL Limited.
- The Company Secretary is responsible to the Board for ensuring proper administration of board proceedings.
- The Company Secretary provides guidance to Directors on matters of company law and with regard to their responsibilities in the statutory environment in which the Company operates.

#### 16. AUDITORS

#### 16.1. Auditor's Fees

The fees paid to the auditors for audit and other services are disclosed on page 42 of the Annual Report.

#### 16.2. Re-appointment of auditors

Following the amendments brought by the Financial Reporting Act in September 2016, where an audit firm has audited the accounts of a listed company for a continuous period of 7 years or more and is, as at 7 September 2016, auditing the accounts of that company, it may continue to audit the accounts of that company subject to such conditions and for such time as may be prescribed.

Since at the date of the Corporate Governance Report, the conditions mentioned above have not yet been prescribed by the Authorities, the Board of Directors of NMH has recommended to the shareholders the automatic re-appointment of Ernst & Young as auditors of NMH for the year ending 30 September 2017.

#### 17. DONATIONS

The aggregate amounts of political and other donations made during the year under review are disclosed on page 42 of the Annual Report.

## 18. ENVIRONMENT AND SOCIAL RESPONSIBILITY

NMH remains committed to reduce resource waste and save energy through its continuous efforts to use modern technologies that limit negative impacts on the environment. All necessary steps are taken to ensure that NMH compares favourably when benchmarked against the best practices. During the year under review, the Group has been working closely with EarthCheck and the Board is pleased to announce that the Paradis Beachcomber and Dinarobin Beachcomber have reached the Bronze environmental Certification. The aim is to have all Beachcomber hotels certified by the end of 2017.

NMH did not have any obligation to pay CSR contribution due to tax losses arising in the preceding year. However, the Company decided to maintain its support to the solidarity fund (FED) with a voluntary contribution of Rs 7.4m.

Preety Gopaul, ACIS For ENL Limited, Company Secretary

27 December 2016



## Board of Directors' Statements

for the year ended September 30, 2016

#### I. OTHER STATUTORY DISCLOSURES

(Pursuant to Section 221 of The Companies Act 2001 and Section 88 of The Securities Act 2005) 30 September 2016

#### **Activities**

The activities of the NMH Group are disclosed in note 1.1 to the Financial Statements.

#### **Directors**

A list of the Directors of the Company and its subsidiaries is given on pages 45 of the Annual Report 2016.

#### **Directors' Service Contracts**

None of the directors of the Company and of the subsidiaries have service contracts that need to be disclosed under Section 221 of the Companies Act 2001.

#### **Directors' Remuneration and Benefits**

Total remuneration and benefits received, or due and receivable, by the Directors from the Company and its subsidiaries were as follows:

	From the	e Company	From the Subsidiaries			
Directors of NMH	2016	2015	2016	2015		
	Rs'000	Rs'000	Rs'000	Rs'000		
Executive Directors	61,634	65,926	-	-		
- Full-time	61,634	65,926	-	-		
- Part-time	-	-	-	-		
Non-executive Directors	11,377	4,832	-	-		
Post-employment benefits – Executive Directors	3,507	1,375	-	-		
Total	76,518	72,133	-	-		

Directors of subsidiaries who are not directors of the Company	2016	2015
	Rs'000	Rs'000
Executive Directors (2016: 5; 2015: 4)	36,274	32,996
- Full-time	35,404	32,208
- Part-time	870	788
Non-executive Directors (2016: Nil; 2015:Nil)	-	-
Post-employment benefits- Executive directors	2,674	2,689
Total	38,948	35,685

#### Directors' Interests in the Equity of NMH

- (i) The interests of the Directors in the equity of NMH as at 30 September 2016 are found on page 27.
- (ii) As at 30 September 2016, none of the Directors, except for those detailed below, held any direct interests in the equity of the subsidiaries of the Company:

	Beachcomber	Hotel SA	Beachcomber Hotel	Marrakech SA			
	No. of shares	%	No. of shares	%	No. of shares	%	
Gilbert Espitalier-Noël	1	0.00	1	0.00	1	0.00	
Hector Espitalier-Noël	1	0.00	1	0.00	-	-	
Jacques Silvant	1	0.00	1	0.00	1	0.00	
François Venin	1	0.00	-	-	1	0.00	

Direct and Indirect Interests of Senior Officers (excluding directors) In the Equity of NMH

As at 30 September 2016, none of the senior officers (excluding directors), except for those detailed below, held any direct or indirect interests in the equity of the Company:

	Number of shares	Direct (%)	Indirect Number of shares	(%)
Michel Daruty de Grandpre	2,417,952	0.499	-	_
Lothar Gross	26,800	0.006	-	-
Olivier Nairac	7,518	0.002	131,499	0.027
Laurent Piat	1,050	0.002	-	-

#### **Indemnities and Insurance**

A Directors' and Officers' Liability Insurance policy has been subscribed to by the Company. The policy provides cover for the risks arising out of the acts or omissions of the Directors and Officers of the Company.

#### **Contracts of Significance**

During the year under review, there was no contract of significance to which NMH, or one of its subsidiaries was a party and in which a director of NMH was materially interested either directly or indirectly.

#### Shareholders

At 27 November 2016, the following shareholders were directly or indirectly interested in more than 5% of the ordinary share capital of the company:

Name of shareholders	Interest (%)
Rogers & Company Limited	19.26
ENL Land Ltd	10.61
Swan Life Ltd	10.34
Joseph Rene Herbert Maingard Couacaud	7.05

#### **Donations**

The Company has maintained its policy of channeling all requests for social assistance through its solidarity fund, Fondation Espoir et Développement (FED), created in March 1999. During the year, the Company contributed Rs 7.4m (2015: Rs 6.5m) to the fund.

Political donations are dealt with by the Board. For the year under review, an amount of Rs 0.6m has been donated to political parties (2015: Rs 7.5m).

#### **External Auditors' Fees**

Auditors' Remuneration	Gro	oup	Company				
	2016	2015	2016	2015			
udit fees paid to:	Rs'000	Rs'000	Rs'000	Rs'000			
rnst & Young	8,659	8,525	6,400	6,550			
ther firms	2,876	3,179	-	-			
ees paid for the other services provided by:							
rnst & Young	1,383	693	1,291	516			
Other firms	-	155	-	-			

#### II. STATEMENT OF DIRECTORS' RESPONSIBILITIES

#### **In Respect of Financial Statements**

The Company's Directors are responsible for the preparation and fair presentation of the financial statements, comprising the Company's and Group's statements of financial position at 30 September 2016, statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and Companies Act 2001.

The Directors are also responsible to ensure that adequate records have been maintained.

The external auditors are responsible for reporting on whether the financial statements are fairly represented.

The Directors' responsibility included designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that were reasonable in the circumstances.

The Directors have made an assessment of the Company as a going concern and have every reason to believe it will continue to operate for the foreseeable future. The financial statements have therefore been prepared on the going concern basis.

The Company's external auditors, Ernst & Young, have full access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as their observations of the fairness of financial reporting and the adequacy of internal controls.

#### III. STATEMENT OF COMPLIANCE

(Section 75 (3) of the Financial Reporting Act)

Name of Public Interest Entity ('PIE'): Reporting Period: New Mauritius Hotels Limited
1 October 2015 to 30 September 2016

We, the Directors of New Mauritius Hotels Limited, confirm that to the best of our knowledge, the PIE has not complied with Sections 2.2.6 and 3.9.2 (b) of the Code of Corporate Governance. The reasons for non-compliance are detailed on pages 22 and 28 of the Corporate Governance Report.

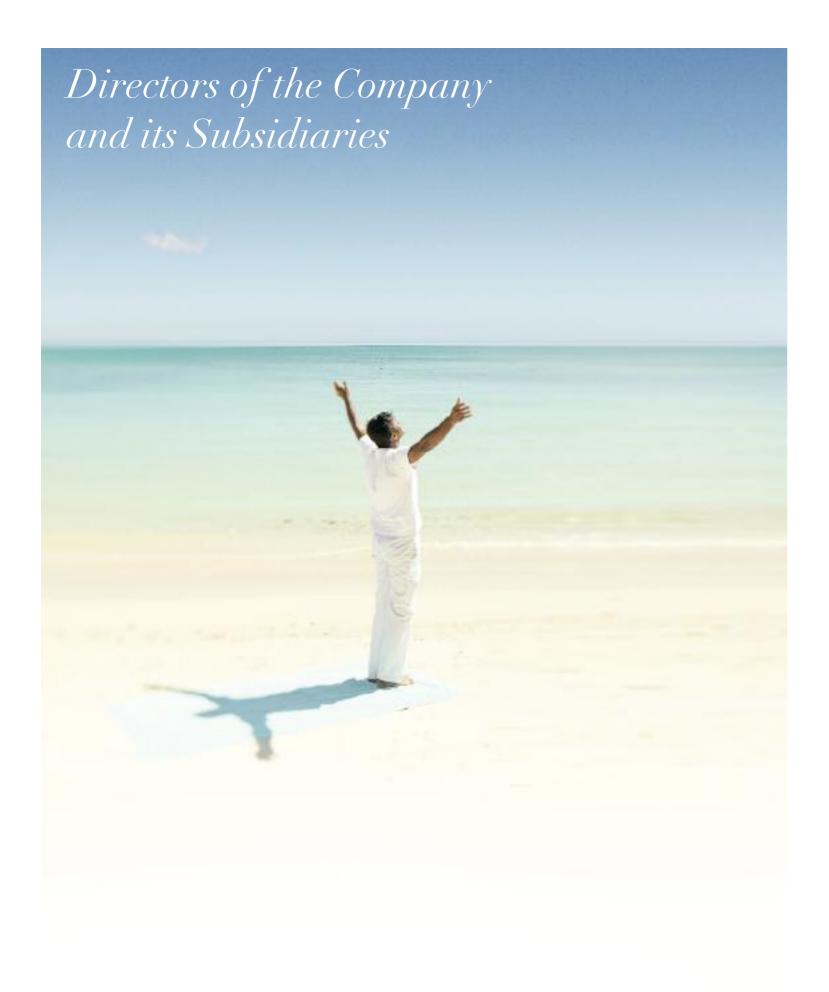
Hector Espitalier-Noël

Chairman

Jean-Pierre Montocchio

Director

27 December 2016



Wild Africa Safari Limited	White Palm Ltd	Trans-Maurice Car Rental Ltd	Ste Anne Resorts Limited	Santayarea by Beachcomber Limited	Royal Gardens Ltd	Plaisance Catering Ltd	New Mauritius Hotels Limited	New Mauritius Hotels (Morocco) Ltd	New Mauritius Hotel - Italia Srl	Mautourco Ltd	Les Salines Development Ltd	Les Salines Golf & Resort Limited	Kingfisher Ltd	Domaine Palm Marrakech S.A	Domaine de L'Harmonie Ltee	Beachcomber Training Academy Limited	Beachcomber Tours Limited	Beachcomber Tours	Beachcomber Marketing (Pty) Ltd	Beachcomber Limited	Beachcomber International Ltd	Beachcomber Hotel S.A	Beachcomber Hotel Marrakech S.A	Beach comber Hospitality Investments Ltd	Beachcomber Holidays (UK) Limited	Beach comber Gold Coast Resort Limited	
							<																				Banymandhub Kishore Sunil
				⊳						T																	Cieslik David
									<																		Collet Serret Marie Anne Sheila
																					<						Coombes Anthony Henri George Richard
					<		<	<			D	D	R		R						<					<	Couacaud Joseph Rene Herbert
			<	⊳												<										<	Daruty De Grandpre Jacques Gerard Michel
		D																									Doger De Speville Joseph Jacques
		D			<					$\vdash$																D	Doger De Speville J.R.P Robert
<							$\vdash$		$\vdash$	T	$\vdash$						<			T					<		Edwards Michael Wynn
	⊳	⊳	<	⊳		>	<		$\vdash$	>	⊳	⊳	⊳	<	⊳		<	<	<	⊳		<	<	<			Espitalier-Noël Gilbert
					<		<				<	<			<					<		⊳	⊳	<			Espitalier-Noël Hector
	<	⊳								<																	Espitalier-Noël Philippe
	<	⊳								<																	Fayd'herbe De Maudave Louis Rene Alexandre
				>																							Fleury Christine Arlette Francoise
							$\vdash$			$\vdash$	$\vdash$			<						T		<	R				Jolivet Xavier Marie
	D						$\vdash$		$\vdash$	T	$\vdash$									T							Khodabux Asraf
																										⊳	Lagesse Jean Marc
	D																										Le Luron Mikaël
	<sub>Z</sub>	<sub>ZD</sub>	R		<	R	R	<		R	R	R	<sub>Z</sub>	R			D		R	R	<	R	R			<	Masson Denys Marcel
			<			<										D										>	Montocchio Volcy Francis
										H	$\vdash$								<								Munro Terence Leslie Ross
						D				H																	Nairac Olivier Laurence
										H						>											Piat Jean Bertrand Evenor
							$\vdash$			$\vdash$	$\vdash$			D								D	D				Piat Maurice Daniel Laurent
																<											Pismont Jean Louis Fernand Andre
																ZD											Plissonneau-Duquene Joseph Tiburce Jacques
					<																<						Pitot Marie Adrien Robert Michel
	D	<								>										$\vdash$							Poussin Jean Paul
							<																				Rivalland Louis
	D	<								<																	Robert François Richard
							>													D							Seeyave Pauline Sybille Cheh
				⊳			<							<		<						<	<				Silvant Jacques Emile
							<																				Taylor Colin Geoffrey
<																	<								<		Taylor Peter Knowles
					<														$\vdash$	$\vdash$	<						Taylor Timothy
	D	D	<				<		$\vdash$	>			D	<		<	<		<			<	R				Venin François

44 / Annual Report 2016 Annual Report 2016 / 45

## Beachcomber Values & Corporate Culture

The hotel industry is a passionate service based sector in which men and women play a predominant role: that of creating happiness and comfort to visitors. Beachcomber has always been alive to that reality and has, by way of recognition, attached the highest importance to the human element as part of its philosophy and corporate culture.

Beachcomber is closely linked to the emergence of the local tourism industry and is known for the determination displayed by its founders to associate its personnel to the economic success and growth of the enterprise. It has, in the course

of time, introduced various measures aimed at improving the social and financial situation of its personnel. Amongst these measures, it is worth mentioning the salary structure which provides remuneration far above the industry's average and what is prescribed by law and, the profit sharing scheme which applies to all employees of the Company, the excellent in-house pension fund, a comprehensive health scheme for the employees and their family, the provision of free canteen facilities at work, free transport to attend duties and continuous training which paves the way for internal promotion and service excellence.

and difficulties of an expanding enterprise, the Group developments, the four pillars that will continue to ensure and remained alive to the necessity of reasserting and enhance the Group's notoriety and success. consolidating the values which have brought the enterprise to be and remain in the forefront of the tourism industry. During the year, the Group also witnessed the opening of Management continues to commit itself to uphold these values Trou-aux-Biches Training Centre which, in addition to which have now been embedded in the "Beachcomber Way".

originality in promoting a collective in-depth analysis of actively participated some 600 artisans of the various some 200 artisans. enterprises operating in Mauritius, Seychelles, South Africa, the participants, namely: the distinctive Mauritian concept the Group's robustness and resilience.

them the opportunity to express their perception hazard to those using their services. of Beachcomber, and it was very rewarding to note the reaffirmation of their pride to belong to an enterprise which Beachcomber, in partnership with a French well known they overwhelmingly described as 'caring' and in which they and highly recognized institute, has launched a specialized have full confidence and respect. In passing the floor to school under the name of Santayarea Mauritius by the employees, many aspirations also came to light, the more Beachcomber. The agreement between the parties has been important one being a strong need for continuous signed on 16th December 2015 and the school has started its professional improvement through training at all levels. operations since May 2016. This was one of the priorities of the Group and a challenge for Beachcomber Training Academy. Management is pleased 
The students are not only taught the usual techniques within the organisation.

by the employees, to strengthen the group's communication allow their clients to combine leisure with physical well being. and marketing strategies and to develop further the Beachcomber Brand. 2016 was marked by enhanced dynamism, strong initiatives, renewed commitments towards

During the past few years, despite the complexities social responsibilities and continued implication in sustainable

providing courses in the usual hotel trades, will constitute a breakthrough in the field of training of spa therapists and At the beginning of August 2016, Management launched the technicians. Spa services in the local hotel industry have project "Beachcomber: Au Cœur des Valeurs" which found its started being offered some 15 years ago. Today, they cannot be dissociated from the concept of luxury hospitality and is Beachcomber and of what its past achievements represented one of the criteria used by the authorities for hotels' in the eyes of the participants. The exercise spread over classification. The 10 hotels operating under the Beachcomber 3 months, entailed 36 sessions and 130 interviews to which label do provide spa services and employ, to that effect,

France and Morocco. Eight values were identified by Up to now, most of the practicing local therapists acquired their know-how through on-the-job training. At Beachcomber, and style, service quality, savoir-faire, team spirit, quest training was, to the greatest part, conducted with the for innovation, caring management, confidence, and finally assistance and guidance of representatives of Clarins, a renowned manufacturer of cosmetic products. The clientele is more and more demanding and also conscious that Well appreciated by the employees, the exercise also afforded insufficiently trained therapists could constitute a health

to report that for the year under review, the Group has but are also made to acquire the knowledge that will allow invested over 33,000 training hours in its artisans which is in them to act as counsellors in matters of health and well-being. line with the Group's objectives to nurture and retain talent 
The diploma that will be delivered upon successful completion of the course will be recognized by the French State (CNCP) and by the Mauritius Qualifications Authority. Beachcomber The way forward is to build on the good perception expressed hotels will thus be able to offer a holistic package that would

## Social Responsibility & Sustainability Report

for the year ended September 30, 2016



Beachcomber's actions have not been limited to promoting the well-being of its personnel. In 1999, conscious of its social responsibilities, the Group created 'Fondation Espoir et Développement' (FED) and committed itself to assist the most vulnerable young citizens, primarily by giving them the opportunity to find a means of living through basic literacy and training.

FED is composed of a team of permanent employees and has, since its creation, initiated a number of interesting and sustainable programmes which succeeded in bringing economic autonomy to many young persons who otherwise would have remained on the fringe of society.

The first integration programme of FED was the 'Projet Employabilité Jeunes' (PEJ) opened to young persons aged between 16 and 23 years and having experienced utter schooling failures. The basic objective was to turn them into mature and responsible adults capable of entering the labour market after having acquired some specific trade knowledge. The 2015-2016 promotion is made up of 180 boys and girls who have been proposed apprenticeship and on-the-job training in cooking, restaurant services and housekeeping in the Group's various hotels. They will also have the possibility to accede

to enhanced technical training by following courses either at Beachcomber Training Academy or at the Mauritius Institute of Training and Development leading to the National Certificate 2 (NC2). At the end of their apprenticeship and training they can thus obtain the NC2 in addition to the PEJ certification. Since its inception in 2004, PEJ proved to be a very successful social project. More than 1,600 young persons benefited from the programme, out of which some 1,000 were offered permanent employment by Beachcomber. The remaining 500 are now working either for other hotel groups or in other sectors.

The project 'Local Hands' was launched in 2006. It now regroups some 70 small artisans of modest standing and has for objective to allow them to attain autonomy by promoting and finding ways to develop the local craftsmanship. With the cooperation of other institutions, the project proposes training, production facilities and marketing assistance.

These artisans create unique local handicrafts and made-in-Mauritius souvenirs, produced from simple materials such as coconut shell, tissues, recycled materials and clay, mostly intended for tourists but also attractive to the public at large. Thanks to the training and the various forms of assistance

extended to them, the said artisans have succeeded in selling a large variety of quality products, essentially in hotels.

FED is now envisaging to put in place appropriate arrangements that will allow the artisans to self manage their sales in hotels. Necessary training will be given in grooming as well as in French and English languages to afford them maximum chances of success. By this new approach, FED wishes the artisans to achieve complete autonomy as it is important for them to have direct contacts with their clients so as to better understand their demand. A project has been initated by "Local Hands" to launch sales on the web.

The Euro 1 Project, launched in November 2014 at Mauricia Beachcomber and Canonnier Beachcomber was so encouraging that the project was extended to all resorts of the Group in a similar way.

The project aims at allowing consenting clients to contribute to FED's activities by giving a symbolic Euro at check out time. They may also contribute more or use the special box kept at the reception counter for their donations. In addition to the fund raising objective, the project is also a means of showing Beachcomber's commitments 1. Mastering Energy Consumption to social and environmental activities.

Apart from the projects which it itself initiates and operates, FED also finances a number of interesting initiatives run by various ONGs engaged in education, health, culture, sports and leisure. Recommendations come from the Regional Committees on which sit hotel employees who can thus identify the needs in their respective regions after consultation with ONGs and Government institutions.

Today FED is more than ever determined to fight exclusion and strengthen its actions towards the social integration of the poor and vulnerable citizens. The results achieved so far in that direction is a cause of great satisfaction.

#### **ENVIRONMENT: AN ECO SUSTAINABLE COMMITMENT BY BEACHCOMBER**

The social action of Beachcomber would be meaningless if it were not accompanied by a strong environmental action. Indeed, any action centered on the human being cannot exclude a consideration for the environment. Similarly there can be no social responsibility without commitment to sustainable eco-development.

This eco-citizen approach is all the more important given that the management and optimum use of natural resources

has become an unavoidable challenge in the fight against global warming. Beachcomber has adopted this eco-citizen approach since the nineteen eighties, at a time when such an issue was neither relevant nor a priority. It was thus one of the pioneering Mauritian groups to develop systems and technologies promoting sustainable energy saving practices such as the installation of wastewater treatment plants and the use of central water chillers for air conditioning. Economies that also allowed significant operational cost reductions, since the hotels, as we know, are very large consumers of water and electricity.

Today more than ever, the objective is to reduce the energy footprint as much as possible, improve air quality and ultimately focus on renewable energy sources rather than continuing with the inconsiderate use of fossil fuels. To achieve these results, different strategies have been adopted over the years, starting with the education and awareness of all employees and guests as to the impact wrong behavior can have on energy saving projects.

Hotels are by definition big energy users in terms of air conditioning and lighting. Efforts must therefore be focused on the control and reduction of energy used for these purposes in order to reduce the impact on the environment and on the operating costs. It is very encouraging to note that our hotels, currently, have an average electrical energy intensity of 172.59 kWh / m<sup>2</sup> / year compared to an average of 309.4 kWh / m<sup>2</sup> / year for comparable resort hotels in the United States, according to the latest figures from the International Tourism Partnership (https://www.hotelfootprints.org/benchmarking) and average electricity usage of 179 kWh / m2 / year for similar resort hotels in the Asia-Pacific region per data obtained from Earthcheck.

These good electrical consumption indices have been made possible thanks to the constant upgrade of our equipment.

Since 2008 our group has embarked in the gradual replacement of air conditioning central water chillers and 8 years after the start of this program most of our hotels are fitted with best in class equipment boasting high efficiency and respectfulness to the environment.

Similarly, after being early testers of the LED bulb technology, it has now been deployed in all areas, well helped by the fall in the cost of the technology and its widespread availability. Its direct effect has been a reduction of over 80% in the specific power

Annual Report 2016 / 49 48 / Annual Report 2016

consumption associated with lighting and the indirect effect of lesser air conditioning usage due to a huge reduction in the heat emission of these new bulbs. LED bulbs have an average life of 30,000 hours and produce 20 times less heat than equivalent halogen or incandescent bulbs.

In addition, the deployment of lighting and occupancy sensors in hotel rooms since 2012 has allowed overall savings of 30% on cooling costs which represent, on average, 45% of the total energy cost of a hotel. This technology has been installed at the new headquarters with the same efficiency.

Several other systems have been implemented over the years in our hotels with the aim of improving our energy efficiency, reducing overall energy costs and ultimately reducing our carbon footprint. Systems worth mentioning include:

In house designed heat recovery system for kitchen central cold room compressors whereby all hot water used in the main kitchens are produced as a byproduct of the cold room refrigeration process.

A micro load shedding which limits the use of electricity at any time according to a predetermined set point, thus preventing it from overshooting the load demand and being penalized by the electricity board.

Extensive use of the variable speed drives associated with more and more advanced control systems have saved a lot of electricity and water during recent years. Today, it is used in areas as diverse as capacity control for cold room compressors, pressure control on drinking water pumps and chilled water distribution pumps, control of extraction fans in kitchen hoods and control of dissolved oxygen in wastewater treatment plants.

#### 2. Water Saving

The need to preserve scarce water resources and the fact that hotels are major consumers, prompted Beachcomber to take a number of very tangible measures.

Each hotel has its own wastewater treatment plant. For example, Paradis Beachcomber Golf Resort & Spa and Dinarobin Beachcomber Golf Resort & Spa on the Morne Peninsula share a common wastewater treatment plant which cleans up to 60% of the total volume of wastewater produced per day, representing between 450 and 600 cubic meters of treated water. This water is used for irrigation of the gardens and of the 18 holes golf course. The same principle is applied in all the hotels of the Group.

Taps and showers of all hotels of the Group have been fitted with flow regulators and aerators, which resulted in a 50% reduction of water consumption without disrupting the customer's comfort. The Group also has in place a guest awareness program concerning the scarcity of water and its proper use which includes explanatory stickers and information sheets in the rooms.

Installation of computerised water quality controllers in pools has reduced the volume of water used for washing the filters, but has also limited the consumption of chlorine and acid. The pools are, therefore, much healthier for customers and more economic in operation.

Since many years now, it has become obvious that the availability of rainwater in Mauritius has gone down with the ever growing number of users whilst storage capacity was lagging behind. Water stress will therefore continue to increase in the coming years and will directly affect the hotels unless corrective actions are taken. This forced Beachcomber to find alternative supply sources, mainly through desalination of sea water, a technique increasingly used worldwide, especially in coastal areas. Here too, Beachcomber has been a pioneer, having installed a desalination unit to supply the Beachcomber Seychelles Sainte Anne Resort & Spa, since 2002. This unit was supplemented in 2012 by a new plant having a daily capacity of 300 cubic meters. A new unit of another 325 cubic meters has been added in September 2016 and the initial units dating from 2002 have been removed.

In Mauritius, a first desalination plant was built at the Morne Peninsula in 2007. With a production capacity of 800 cubic meters per day, it covers all the water needs of the Dinarobin Beachcomber Golf Resort & Spa and the Paradis Beachcomber Golf Resort & Spa. About 650 cubic meters of water is used for hotel consumption, whilst 150 cubic meters are devoted to irrigating gardens and golf courses. The desalination capacity on the Morne Peninsula was subsequently increased to 1,600 cubic meters per day, with a special focus on golf irrigation. Since 2011, Trou aux Biches Beachcomber Golf Resort & Spa was also equipped with a desalination plant covering 60% of its needs.

To reduce the incidence that hotels have on the supply of potable water to the population, it is most probable that all hotels will have to be equipped with their own desalination plant in the near future. These are big investments but they allow a constant and high quality supply to hotel guests without any negative impact on the local population.

#### 3. Invest in solar energy

Beachcomber has a genuine will to invest in solar energy. Ultimately, the goal is to replace all the hot water boilers fired with fossil fuels with solar thermal systems to achieve substantial energy savings and an interesting reduction in carbon footprint.

Mauricia Beachcomber was the first hotel in Mauritius to use such a system in 2008. Today, Royal Palm, Paradis, Dinarobin, Trou aux Biches, Sainte Anne in Seychelles and Royal Palm Marrakech are equipped with similar systems.

Beachcomber currently owns more than 6,500 square meters of panels, making the Group the owner of the largest field of thermal solar panels in the Indian Ocean. These investments enable the production of free hot water for guests during summer months and at very low costs other months of the year.

#### 4. Energy Improvement Projects realised in 2015/2016

#### A. Continued upgrading of chilled water production groups

This financial year has seen a continuation of our chiller upgrading program started a few years back. New, much more efficient chillers have been installed at Beachcomber Catering, Royal Palm Beachcomber and Shandrani Beachcomber. They all boast cutting edge technology and operate with ozone friendly refrigerants contrary to the ones they have replaced.

## B. Refurbishments at Paradis Beachcomber Golf Resort & Spa

The works have continued this year with the further refurbishment and redevelopment of 60 Ocean Beachfront rooms and suites. These rooms are now lit exclusively with LED powered light fittings and are also fitted with intelligent air conditioning thermostats which incorporate presence detection and various scenarios leading to interesting energy savings. The fan coil units used for air conditioning are of the latest generation and fitted with best in class electronic commutation motors which are very economical and quiet. These works when compounded with those done last year and with the replacement of the water chillers have brought about an interesting decrease in the specific electric consumption of the hotel.

#### C. Gradual Replacement of Thermostatic Expansion Valves

The thermostatic expansion valves used in the majority of cold rooms of our hotels are gradually being replaced by electronic regulators and electric expansion valves which are much more accurate and generate great savings when combined with a variable speed drive on the compressors.

#### D. Replacement of Refrigerant R22

The replacement of R22 as refrigerant in air conditioning systems and cold rooms has now been completed in all hotels except for Canonnier Beachcomber which is due for refurbishment in 2017. These resorts are currently operating with ozone friendly refrigerants in their systems.

As environmental laws are evolving constantly, Canonnier Beachcomber shall be fitted with cold rooms working on natural refrigerants to comply with the new, legally binding, variation in the Montreal Protocol which was agreed in Kigali, Rwanda in October 2016 and which has drawn out a calendar for the phasing out of HFC's due to their high climate warming potential.

## E. Establishment of a "Waste Management System" for Waste Collection

The "Waste Management System" implemented at Paradis Beachcomber Golf Resort & Spa and Dinarobin Beachcomber Golf Resort & Spa, in collaboration with the South African company "Don't Waste" is now operational at the Head Office and will be deployed as from February 2017 in all the hotels of the group.

While we already had good feedbacks from the experience at the resorts, the deployment of "Don't Waste" at the Head Office has brought interesting results in terms of savings achieved. Beachcomber Head Office is currently recycling 30.24 tonnes/year, out of 80.64 tonnes/year produced. This leaves a balance of 50.4 tonnes/year which is disposed of. Our recycling ratio is presently of 37.5% and with further measure to be implemented in the coming year our aim is to bring this ratio to 45.8%.

#### 5. Energy and Water consumption Indices

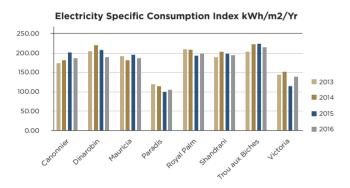
For six years now, a Benchmark for the specific consumption of water and electricity has been established for the hotels in the group to compare with similar institutions worldwide.

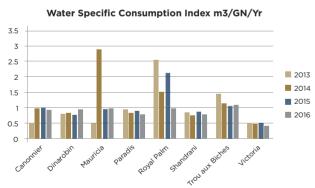
Generally speaking the trend for both electricity and water usage indices is downward or stable, showing improved processes in place, good support of staff and clients, as well as constant improvement in equipment and technology.

#### Highlights of 2016:

Royal Palm Beachcomber Luxury is reaping the benefits of its refurbishment in 2014 with greatly improved performances for electricity and water. Replacement of damaged pipes and installation of water efficient fittings have had a significant positive effect on the specific water consumption. Electricity is also down thanks to widespread use of LEDs throughout the hotel and to the installation of an intelligent climate control system in the rooms.

Figures for Paradis Beachcomber Golf Resort & Spa are a little misleading due to the closing down of 64 rooms for several months this year for refurbishment while electricity usage was still important due to site requirements. The full benefits of our improvements there shall be seen in the forthcoming year.





Hotels where more efficient water chillers have been installed in the previous financial year (Paradis, Dinarobin and Canonnier) have shown a marked improvement in their specific electricity consumption.

Water consumption at Trou aux Biches Beachcomber Golf Resort & Spa is stable for the last 3 years and shows that the hotel has now mastered the specificity of having more than 100 water bodies.

Water intensity is down this year and is at its lowest since this parameter is calculated.

#### 6. Participation in the National Energy Efficiency Program

Seven hotels of the Group and Beachcomber Catering were selected to be part of the National Energy Efficiency Program (PNEE). This program offers Mauritian enterprises a technical and financial assistance to implement a process to reduce energy consumption, control costs, become more competitive and be more environmentally responsible. The energy audit is the first step of this energy efficiency initiative. 60% co-funded by a credit line of the European Union / AFD (Agence française de développement) and 40% by the Beachcomber, it is done by professionals supervised by a technical assistance from the AFD which seeks to guaranty the quality of services. An investment aid is possible for some energy saving solutions through a credit line of the AFD, the SUNREF, which itself is the second phase of Green Loans. Beachcomber has largely benefited from these in the past years.

All audits are now completed and reports have been submitted. The findings for our different hotels are very instructive but generally tend to confirm several leads we had.

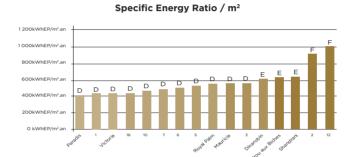
Not all hotels are at the same technological level and hence there is room for improvement to reduce the discrepancies in our hotels technical performance.

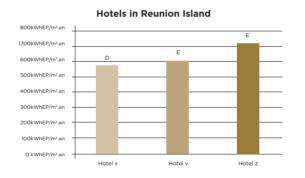
There is still a big effort to be done on employee awareness regarding energy consumption. The audits have shown that leaving lights, air conditioners and computers on in such areas as offices, sports centres and spas can generate an overconsumption of 1% in overall electricity costs. Switching on of kitchen appliances all day generate a 2% increase in energy costs of our kitchens. The audits highlighted the importance of preventive maintenance to lower energy consumption.

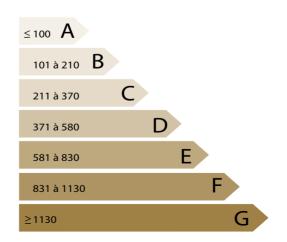
It has also been highlighted that the performance of our solar hot water systems could be further improved. A separate audit will be carried out on these systems as from March 2017 to ascertain their real efficiency and suggest ways and means to improve same.

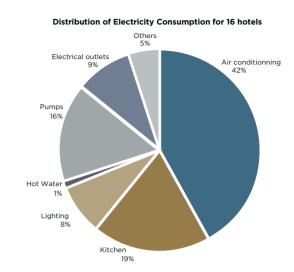
A full chapter is dedicated to our hotels buildings. Unfortunately these are not intrinsically efficient. Several measures have been suggested to improve same but most of these are not applicable unless the hotel undergoes a full refurbishment. One measure though could be applied quite easily: The insulation of all flat roofs. Not only will this ensure a cooler temperature for all rooms under the roofs but also generate energy savings of up to 2% of the total.

Several indices were also calculated and submitted. The audits view energy as a whole which is different from the way we dissociate between electricity and water. The tables below are an indication of the findings. The figures are based on 16 hotels audited during this study, among which are the 7 Beachcomber resorts. Figures of 3 comparative hotels from Reunion Island are also shown for sake of comparison. A pie chart showing the proportion taken by each type of activity within the hotels is also included.









#### 7. The EarthCheck Certification

One of our challenges for the last financial year was to attain first level certification on the EarthCheck program for 3 test sites, Paradis, Dinarobin and Head Office.

All 3 sites have reached Bronze Level this year and after formal audit from EarthCheck in February 2017 should be awarded the Silver Level. We are thus on track to achieve first level certification for all Mauritian hotels of the group by the end of 2017.

#### 8. Projects for 2017

- Refurbishment of Canonnier Beachcomber
- Refurbishment of Beachcomber Seychelles Sainte Anne
- Deployment of EarthCheck in all Mauritian Hotels of the group
- Installation of a total of 1MW of solar photovoltaic panels in all hotels of the group. Licences have already been obtained from the Central Electricity Board
- Deployment of "Don't Waste" in all hotels of the Group

Our vocation is already in our name: Beachcomber, one who walks along the beach to discover the treasures the sea has left on the shore.

As a Mauritian company, and pioneer of the hospitality industry in Mauritius, we are aware of the gift nature has given us: to live in one of the most beautiful islands of the Indian Ocean.

We have chosen to share this gift with the world by creating a family of resorts, giving our guests the opportunity to live exceptional moments.

We believe that the beauty of our resorts is enhanced by the quality of our service and the kindness of our teams.

It is our belief: the beauty of a place inspires the beauty of the heart.

It is also our promise: to cultivate the art of beauty in all its dimensions.

Our responsibility for the gift that nature has given us is to pass it on to future generations, whilst taking care of each member of our teams.

Each person is, and will remain, a true artisan of Beachcomber's very personal idea of hospitality.

Beachcomber, The Art of Beautiful





The Group registered a 5% increase in turnover of Rs 9,601m (FY15: Rs 9,157m) whilst profits from operations increased by 9% to Rs 1,287m (FY15 Rs 1,184m). Normalised EBITDA stood at Rs 1,417m (FY15 Rs 1,447m). This good operational performance was driven by strong turnover from operations in Mauritius, with growth of 12% year on year, despite unfavourable movements in the GBP and Euro exchange rates. In view of the continued difficulties faced by its Moroccan operations, the Board has decided to adopt a prudent stance with respect to the carrying value of its real estate and hotel investments. Consequently, substantial impairment charges amounting to Rs 326m for the Group and Rs 2,272m for the Company have impacted the financial statements for the year. After accounting for a number of additional "one-off" items this year, the Group and the Company posted losses after tax of Rs 967m and Rs 1,991m respectively.

#### **Comments on operations**

#### **Mauritius**

- The Mauritian hotel operations performed well, with the average occupancy in our eight hotels increasing from 69% to 75%. Room nights sold increased by 8% whilst Guest Night Spending (total spending per guest per night) increased by only 1%, mainly due to the drop in the Euro and GBP. Trou Aux Biches Beachcomber achieved a particularly notable performance and has become, with its 333 rooms, suites and villas, the highest contributor to the Group's operating profits. The operating profits of the Mauritian hotel operations increased by 20% to Rs 1,569m (FY15 Rs 1,306m).
- Mautourco further consolidated its position in the market and posted an improved PAT of Rs 26m (FY15 Rs 23m).
   A much-needed major restructuring exercise was undertaken at White Palm Ltd (White Sand Tours). This resulted in the company incurring significant provisions during the year, leading to a loss of Rs 17m. The management of the company has now been entrusted to Mautourco and the company is already posting monthly profits.

#### Seychelles

• The performance of Beachcomber Sainte Anne Resort & Spa in Seychelles has been disappointing. The results were impacted by the strength of the Seychelles Rupee and by increased operational costs further to the unexpected salary hike of 20% imposed by the authorities during the year. The resort is set to close in FY18 for important renovation and extension works.

 In spite of the operational challenges faced by local operators due to the high costs of operation, the growth in tourist arrivals is encouraging and the open air access policy implemented by the government augurs well for the future of the industry.

#### Marrakech

- The terrorist attacks in France during the past year have severely impacted the tourism industry in North Africa. The poor performance of Royal Palm Marrakech (RPM) continued to significantly affect the Group results, with Beachcomber Hotel SA (the company which owns and operates RPM) posting a negative EBITDA of Rs 141m (FY15: Rs 202m) and negative PAT of Rs 785m (FY15: Rs 363m). The results were negatively impacted by an impairment charge of Rs 277m against property, plant and equipment, an increase in depreciation charge of Rs 49m and a significant reversal of deferred tax asset impacting results by Rs 164m year on year. The Group is currently in the final stages of negotiation with a well-recognised international hotel operator, with good reach in the main source markets for Marrakech, to which it plans to entrust the management of the hotel operations.
- As could be expected, the sale of villas at Domaine Palm Marrakech (DPM) has also been negatively impacted by the prevailing geopolitical events mentioned above. DPM, the Group's 100% subsidiary undertaking the real estate development in Marrakech, saw its turnover drop by Rs 385m year on year, which resulted in a negative EBITDA of Rs 181m for the year under review. Taking into account an impairment of an investment of Rs 48m done during FY16, the entity posted a loss of Rs 281m for the year. The signature of a management agreement with the hotel operator referred to above is also expected to have a positive impact on villas sales in the coming years.

## Financial Report

for the year ended September 30, 2016



#### **Beachcomber Tours**

- The performance of Beachcomber Tours South Africa was dampened by the depreciation of the Rand resulting in a lower PAT of Rs 54m (FY15: Rs 81m).
- Beachcomber Tours UK posted a PAT of Rs 14m (FY15: Rs 4m).
- A major restructuring exercise was undertaken at Beachcomber
  Tours France during the year under review. The company's
  performance over the past few years had deteriorated
  significantly and drastic changes were needed to put the company
  back on a sound footing. The company's top management was
  replaced at the beginning of 2016 and a number of operational
  changes were undertaken. Whilst this restructuring exercise
  impacted negatively the company's accounts for the year under
  review, with the company posting a loss of Rs 69m for FY16,
  the company's profitability will be restored and the operations
  are performing satisfactorily.

#### Reorganisation, rebranding and other one-off costs

The Group results have been severely impacted by a number of non-recurrent costs during the year amounting to Rs 234m. These include the following:

- Electronic fraud: Rs 115m
- · Rebranding costs: Rs 35m
- Reorganisation costs: Rs 83m

Discussions have reached an advanced stage with the Group's insurers with respect to the electronic fraud. The Board believes that that the Group will be compensated for the fraud and the provision related to this event should partly reverse during FY17. The reorganisation costs related mostly to Beachcomber Tours France.

#### Impairment charge at Company level and Group level

Given the prevailing operational environment in Marrakech and the resulting slowdown in villa sales, the Board has decided to adopt a prudent approach with respect to the investment in DPM (property development) and Beachcomber Hotel SA (hotel operation). Accordingly, a further Rs 2,272m impairment charge has been accounted for in the Company accounts during the year under review. This brings the total provision with respect to our Marrakech investments to Rs 3,772m at Company level given a sum of Rs 1,500m was already provided for in FY15. On the other hand, the Group registered an impairment of Rs 277m on its hotel asset in Morocco as at the year end.

#### **Finance Costs and Borrowings**

Finance costs consists of interest costs, loss on translation of loans and debentures and dividends on preference shares. For the year under review, interest costs increased by 3% to reach Rs 834m. Total borrowings and debentures stood at Rs 17.6Bn

at the year end compared to Rs 15.5Bn the previous year. In December 2016, these group facilities have been repaid to the tune of Rs 2.7Bn from the realisation of the strategic initiatives. On the other hand, dividends on preference shares increased to Rs 109m during the year. Cumulative preference dividends of 66cts per share were paid out in January 2016 and October 2016.

#### **Prior vear adjustments**

Following consultation with tax experts, it was agreed that the 2% Corporate Social Responsibility (CSR) contribution as imposed by the Government should be taken into account in the computation of deferred tax, resulting in an increase in the deferred tax liability recognised in earlier years. In respect of the valuation of inventories held in DPM, selling and marketing costs which had been incorrectly included in the cost of inventories have now been expensed in DPM. The group accounts for the FY14 and FY15 have been restated accordingly. As a result of the above, the adjustment to the FY15 Group's profit for the year was a reduction of Rs 26.5m whereas the adjustment to the Group net assets was Rs 429m.

#### Dividend, Earnings and Net Asset Value per share

A dividend of 33cts per Ordinary Share was declared and paid out in December 2015 relating to the year ended 30 September 2015. Loss per share stood at Rs 2.06 for the year after taking into account all the one-off items included above (FY2015: EPS 29cts). Net Asset Value per share (excluding the value of leasehold rights) stood at Rs 24.57 compared to the share price of Rs 20.05 as the same date.

#### Beachcomber Hospitality Investments Ltd (BHI)

The immovable assets of Victoria Beachcomber, Canonnier Beachcomber and Mauricia Beachcomber have been sold to BHI. Mara Delta group has, on 16 December 2016, injected EUR 21.5m in shareholder's equity and will subscribe a further EUR 28.5m upon obtaining PMO's approval. This will bring Mara Delta's total investment in BHI to EUR 50m, representing 44.4% of the company's equity, with NMH retaining the remaining 55.6%. Furthermore, BHI has secured loans totalling EUR 50m at favourable terms and conditions with local banks. Further to these transactions, NMH will receive a total of EUR 100m in cash, of which EUR 71.5m has already been received and utilised to repay existing debts of NMH.

Further to the debt reduction mentioned above, NMH is engaged in discussions with its bankers with a view to refinancing its remaining debt. These discussions have reached an advanced stage and should result in a significant reduction in the Company's average cost of debt as well as a rescheduling of the loan capital repayment terms, resulting in a significant improvement in the Company's cash flows.

#### Outlook

Whilst occupancy rates in the Group's Mauritian hotels for the first guarter of FY17 are marginally higher than last year, Group revenues are being affected by the continued weakness of the EUR and GBP. Forward bookings for the second quarter of the financial year are in line with those of last year. The hotel operations in Marrakech have posted improved results for the first guarter and forward bookings are higher than the corresponding period last year. The Board is confident that the planned partnership with the operator referred to above will lead to a further improvement in future results. Cost containment will be an ongoing priority at Beachcomber Sainte Anne Resort & Spa in Seychelles until the hotel is closed for renovation in FY18. A major renovation is planned at Canonnier Beachcomber Golf Resort & Spa during the next low season, with the hotel planning to reopen in September 2017. The extension of 40 rooms at Victoria Beachcomber Resort & Spa is also at the planning stage.

The Group results will continue to be affected during FY17 by the negative performance of its operations in Marrakech and in Seychelles. However, the Board is confident that the restructuring and reorganisation efforts of last year, together with the repositioning of the Beachcomber brand, the planned operational changes in Marrakech and the reduction in the Group's indebtedness will all contribute to a much improved performance in FY17.

GILBERT ESPITALIER-NOEL
CHIEF EXECUTIVE OFFICER
December 27, 2016

SUNIL BANYMANDHUB
CHAIRMAN OF THE AUDIT COMMITTEE
December 27 2016



## Company Secretary's Certificate

(Pursuant to Section 166(d) of The Companies Act 2001)

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under The Companies Act 2001.

Preety Gopaul, ACIS For ENL Limited Company Secretary

27 December 2016

# Independent Auditors' Report to the Members of New Mauritius Hotels Limited

#### **Report on the Financial Statements**

We have audited the financial statements of New Mauritius Hotels Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position as at September 30, 2016 and the statements of profit or loss and, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### **Directors' Responsibility for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001 and Financial Reporting Act 2004, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' 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.

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 those risk assessments, the auditors consider internal control relevant to the company'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 company'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.

ERNST & YOUNG
Ebène. Mauritius

#### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company as at September 30, 2016 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and Financial Reporting Act 2004.

#### Other matter

This report has been prepared solely for the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### Report on Other Legal and Regulatory Requirements Companies Act 2001

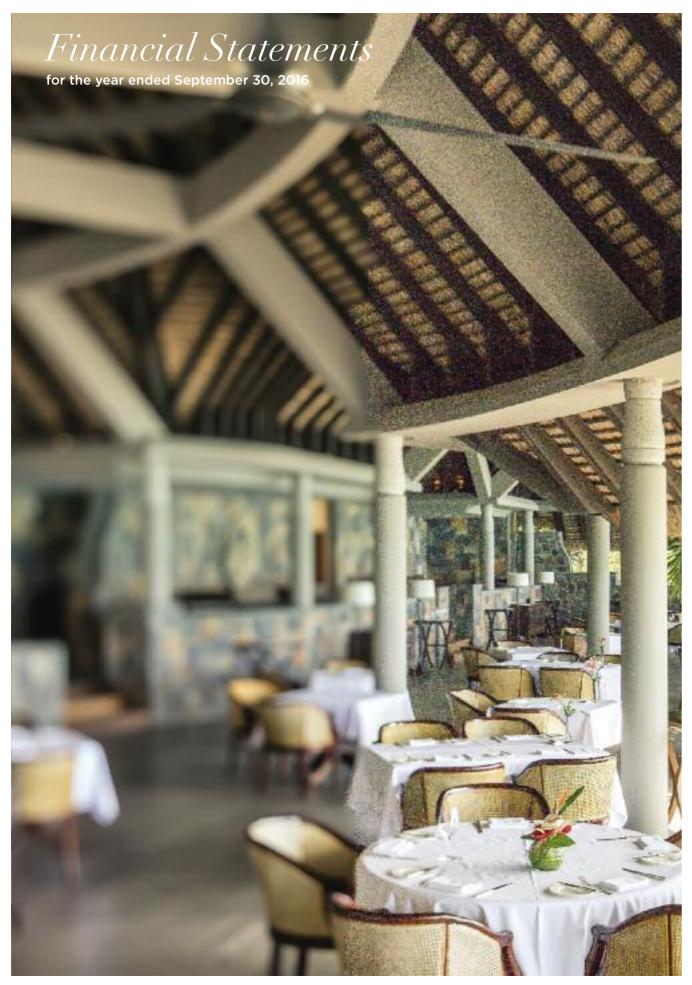
- We have no relationship with or interests in the Group and the Company other than in our capacities as auditors, tax advisors, and dealings in the ordinary course of business.
- We have obtained all the information and explanations we
- In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

#### **Financial Reporting Act 2004**

The Directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance (the "Code") as disclosed in the Annual Report and on whether the disclosures are consistent with the requirements of the Code. In our opinion, the disclosures in the annual report are consistent with the requirements of the Code.

ROGER DE CHAZAL, A.C.A Licensed by FRC

Date: December 27, 2016



# $Statements\ of\ Profit\ or\ Loss$ for the year ended September 30, 2016

for the year ended September 30, 2016

Non-controlling interests

		THE GI	ROUP	THE COI	MPANY
	Notes	2016	2015	2016	2015
		Rs.'000	Rs.'000	Rs.'000	Rs.'000
			Restated		Restated
Revenue	3.6	9,601,457	9,156,542	7,048,524	6,336,528
Direct costs		(2,047,640)	(2,188,259)	(1,098,461)	(1,004,461)
Staff costs	6.1	(3,246,152)	(3,092,693)	(2,351,716)	(2,184,162)
Other expenses	6.2	(3,020,789)	(2,691,091)	(2,042,980)	(1,854,928)
Earnings from operating activities		1,286,876	1,184,499	1,555,367	1,292,977
Other income	6.5	121,136	257,191	157,127	267,090
Share of results of associates	7.5	(6,620)	13,956	-	-
Profit/(loss) on disposal of property, plant and equ	ipment	15,681	(8,174)	(65)	(11,956)
Normalised EBITDA		1,417,073	1,447,472	1,712,429	1,548,111
Rebranding and reorganisation costs	5.6	(119,237)	-	(79,575)	-
Fair value gain on investment property		-	106,063	-	-
Loss arising from fraud	5.5	(115,210)	-	(115,210)	-
EBITDA		1,182,626	1,553,535	1,517,644	1,548,111
Finance costs	6.4	(981,888)	(940,718)	(757,530)	(714,361)
Finance revenue	6.3	14,774	165,969	1,232	2,230
Depreciation of property, plant and equipment	7.1	(643,652)	(532,744)	(392,530)	(348,598)
Amortisation of intangible assets	7.3	(4,092)	(5,881)	(2,341)	(2,343)
Impairment losses	5.1	(325,919)	(3,636)	(2,271,939)	(1,500,000)
Impairment of goodwill	5.1	-	(5,883)	-	
(Loss) / profit before tax		(758,151)	230,642	(1,905,464)	(1,014,961)
Income tax expense	6.6(a)	(208,747)	(49,566)	(85,623)	(68,996)
(Loss) / profit for the year		(966,898)	181,076	(1,991,087)	(1,083,957)
(Loss) / profit attributable to:					
Owners of the parent		(997,678)	141,446	(1,991,087)	(1,083,957)
Non-controlling interests		30,780	39,630	-	_
		(966,898)	181,076	(1,991,087)	(1,083,957)
Basic (loss)/earnings per share (Rs.)	6.7	(2.06)	0.29		

## Statements of Comprehensive Income

or the year ended coptering or ea, zero	THE GI	ROUP	THE CO	MPANY
	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
		Restated		Restated
Loss)/profit for the year	(966,898)	181,076	(1,991,087)	(1,083,957)
Other comprehensive (loss)/income				
Other comprehensive (loss)/income to be reclassified				
o profit or loss in subsequent periods:	(1 == 0)	707000		
Exchange differences on translation of foreign operations	(1,556)	307,922	-	(707)
Loss)/gain on available-for-sale financial assets	(275)	686	(220)	(383)
Disposal of available-for-sale financial assets Loss on cash flow hedges	(0.076)	(3,594)	-	-
.055 Off Cash flow fleuges	(8,936)	(22,739)	-	
Net other comprehensive (loss) / income to be reclassified				
o profit or loss in subsequent periods	(10,767)	282,275	(220)	(383)
Other comprehensive (loss)/income not to be reclassified	(10,707)	202,273	(220)	(303)
o profit or loss in subsequent periods:				
Remeasurement of employee benefit liabilities	(95,228)	(394,365)	(92,106)	(390,694)
Tax effect on remeasurement of employee benefit liabilities	16,390	66,671	15,658	66,418
Gains on revaluation of property	(106,267)	372,964	340,960	80,324
Tax effect on (loss) / gains on property revaluation	(16,440)	(40,369)	(57,623)	(13,485)
Net other comprehensive (loss) /income not to be				
eclassified to profit or loss in subsequent periods	(201,545)	4,901	206,889	(257,437)
Other comprehensive (loss) /income for the year, net of tax	(212,312)	287,176	206,669	(257,820)
otal comprehensive (loss) / income for the year	(1,179,210)	468,252	(1,784,418)	(1,341,777)
otal comprehensive (loss) / income attributable to:	(1,208,336)	432,725	(1,784,418)	(1,341,777)

Annual Report 2016 / 65 64 / Annual Report 2016

## $Statements\ of\ Financial\ Position$ for the year ended September 30, 2016

			THE G	ROUP	THE COMPANY				
		0010	0015	0014	0010	0015	0014		
	Notes	2016	2015	2014	2016	2015	2014		
ACCETC		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000		
ASSETS			Restated	Restated		Restated	Restated		
Non-current assets	7 1	2F 0FF 007	25 500 472	24.017.560	17.0.4F.0.07	17 4 40 070	17.050.601		
Property, plant and equipment	7.1	25,055,983	25,508,432	24,817,560	17,845,993	17,440,839	17,958,601		
Investment properties	7.2 7.3	363,964	366,000	786,900	1 214 240		195,125		
Intangible assets		1,691,095	1,696,073	1,697,550	1,214,240	1,216,581	1,218,924		
Investment in subsidiaries Investment in associates	7.4 7.5	474,727	535,395	526,863	7,357,517 19,062	7,057,733 19,062	7,798,406 19,062		
Available-for-sale financial assets	7.5 7.6								
		1,541	4,512	25,340	1,247	1,467	1,850		
Deferred tax assets	6.6(b)	139,540	209,877 28,320,289	130,261 27,984,474	26 479 050	25,735,682	27,191,968		
Current assets		27,726,850	20,320,209	27,904,474	26,438,059	25,735,002	27,191,900		
Inventories	7.7	4,648,055	4,650,605	3,828,044	2,597,033	2,488,203	1,501,377		
Trade and other receivables	7.7 7.8	2,524,345	2,890,986	3,032,387	1,008,415	2,466,203	3,223,822		
Other financial assets	7.0 7.9	50,252	10,408	20,257	22,874	10,408	20,257		
Income tax prepaid	6.6(a)	12,822	12,815	15,737	12,822	12,578	12,382		
Cash in hand and at banks	7.10	545,903	809,367	801,277	71,416	273,062	58,084		
Casii iii iialiu aliu at baliks	7.10		8,374,181	7,697,702		5,743,435	4,815,922		
		7,781,377	0,3/4,101	7,097,702	3,712,560	5,745,455	4,013,922		
TOTAL ASSETS		35,508,227	36,694,470	35,682,176	30,150,619	31,479,117	32,007,890		
EQUITY AND LIABILITIES		33,300,227	30,034,470	33,002,170	30,130,013	31,473,117	32,007,030		
Equity attributable to owners of the p	arent								
Stated capital	7.11	5,000,000	5,000,000	1,724,361	5,000,000	5,000,000	1,724,361		
Retained earnings	,	5,214,847	6,411,085	6,547,088	1,301,721	3,500,281	4,882,591		
Other components of equity	7.12	1,634,930	1,806,837	4,513,748	1,374,289	1,119,956	4,355,062		
other components or equity	7.1.2	11,849,777	13,217,922	12,785,197	7,676,010	9,620,237	10,962,014		
Non-controlling interests		50,006	58,738	72,897	-	_	-		
Total equity		11,899,783	13,276,660	12,858,094	7,676,010	9,620,237	10,962,014		
Non-current liabilities			,,	,,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		,,		
Convertible preference shares	7.13	1,758,122	1,755,115	-	1,758,122	1,755,115	-		
Borrowings	7.13	10,114,968	10,401,739	9,430,966	9,536,694	9,783,314	8,926,574		
Deferred tax liabilities	6.6(b)	1,908,377	1,835,514	1,764,535	1,831,055	1,710,843	1,701,272		
Employee benefit liabilities	7.14	1,252,537	1,126,060	718,752	1,225,588	1,103,413	702,700		
Total non-current liabilities		15,034,004	15,118,428	11,914,253	14,351,459	14,352,685	11,330,546		
Current liabilities									
Trade and other payables	7.15	2,856,181	3,189,614	3,779,879	2,853,095	2,726,566	2,875,407		
Borrowings	7.13	5,680,651	5,106,639	7,086,795	5,261,331	4,779,629	6,799,414		
Other financial liabilities	7.9	8,724	-	40,509	8,724	-	40,509		
Income tax payable	6.6(a)	28,884	3,129	2,646	-	-	-		
Total current liabilities	` '	8,574,440	8,299,382	10,909,829	8,123,150	7,506,195	9,715,330		
Total liabilities		23,608,444	23,417,810	22,824,082	22,474,609	21,858,880	21,045,876		
TOTAL EQUITY AND LIABILITIES		35,508,227	36,694,470	35,682,176	30,150,619	31,479,117	32,007,890		

Approved by the Board of Directors on December 27, 2016 and signed on its behalf by:

**HECTOR ESPITALIER-NOEL** CHAIRMAN December 27, 2016

SUNIL BANYMANDHUB **CHAIRMAN OF THE AUDIT COMMITTEE** December 27, 2016

## Statements of Changes in Equity

for the year ended September 30, 2016

THE GROUP		Attributable to owners of the parent company								
				Foreign	Available					
				Exchange	for sale					
	Notes		Retained	Difference	Financial		Other	Total	Non	Total
		Capital	Earnings	Reserves	Assets	Reserves	Reserves		controlling	
		De 2000	Da 2000	Da 2000	De. 2000	Da.'000	Da 2000	Da 2000	Interests	
As at October 1, 2014		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
- As previously reported		1,724,361	6,857,400	(1.472143)	13,878	5,443,715	624,583	13,191,794	74 257	13,266,051
	5.2	1,724,301		(1,472,143)	13,070		024,303			
- Prior year adjustment	5.2	1724761	(310,312)	(1 /72 1 / 7)	17 070	(96,285)	- 624 E07	(406,597)		(407,957)
- As restated		1,724,361	6,547,088	(1,472,143)	13,878	5,347,430	624,583	12,785,197		2,858,094
Profit for the year, as restated		-	141,446	-	-	-	-	141,446	39,630	181,076
Other comprehensive (loss)/incon	ie		(724.004)	200.040	(2,000)	777 171		201 270	(4107)	207176
for the year, as restated	_	_	(324,984)	286,040	(2,908)	333,131		291,279	(4,103)	287,176
Total comprehensive (loss)/incom	е		(107 570)	200.040	(2.000)	777171		470 705	75 507	460.050
for the year, as restated		-	. , ,	286,040	(2,908)	333,131	-	432,725	35,527	468,252
Depreciation transfer for buildings		-	57,271	-	-	(57,271)	-	-	-	-
Tax effect of depreciation			(0.776)			0.770				
transfer for buildings	711	7 075 670	(9,736)	-	-	9,736	-	-	-	-
Bonus issue	7.11	3,275,639	-	-	-	(3,275,639)	-	-	-	-
Dividends	3.5	-		- (1100107)	-	-	-		(49,686)	(49,686)
As at September 30, 2015		5,000,000	6,411,085	(1,186,103)	10,970	2,357,387	624,583	13,217,922	58,/38	13,276,660
As at October 1, 2015		5,000,000	6,411,085	(1,186,103)	10,970	2,357,387	624,583	13,217,922	58,738 1	13,276,660
Profit for the year		-	(997,678)	-	-	-	-	(997,678)	30,780	(966,898)
Other comprehensive										
(loss)/income for the year		-	(77,270)	(10,363)	(275)	(122,750)	-	(210,658)	(1,654)	(212,312)
Total comprehensive										
(loss)/income for the year		-	(1,074,948)	(10,363)	(275)	(122,750)	-	(1,208,336	5) 29,126	(1,179,210)
Depreciation transfer										
for buildings		-	46,408	-	-	(46,408)	-	-	-	-
Tax effect of depreciation										
transfer for buildings		-	(7,889)	-	-	7,889	-	-	-	-
Investment in subsidiary		-	-	-	-	-	-	-	600	600
Dividends	3.5	-	(159,809)	-	-	-	-	(159,809)	(38,458)	(198,267)
As at September 30, 2016		5,000,000	5,214,847	(1,196,466)	10,695	2,196,118	624,583	11,849,777	50,006	11,899,783

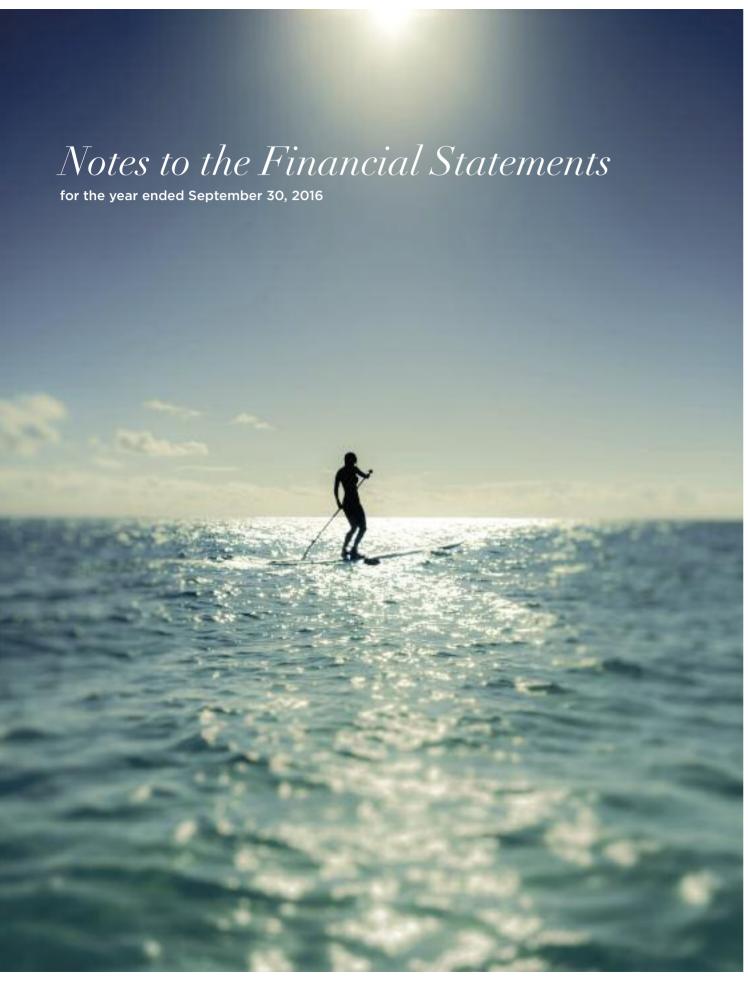
# Statements of Changes in Equity for the year ended September 30, 2016

THE COMPANY							
		Available-for-sale					
	Notes	Stated Capital	Retained Earnings	Financial Assets Reserves	Revaluation Reserve	n Total Equity	
	Notes	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
As previously reported		1,724,361	5,129,194	939	4,448,618	11,303,112	
Prior year adjustment	5.2	-	(246,603)	-	(94,495)	(341,098)	
As restated		1,724,361	4,882,591	939	4,354,123	10,962,014	
Loss for the year, as restated		-	(1,083,957)	-	-	(1,083,957)	
Other comprehensive (loss)/incom							
for the year, as restated		-	(324,276)	(383)	66,839	(257,820)	
Total comprehensive (loss)/incom	ne						
for the year, as restated		-	(1,408,233)	(383)	66,839)	(1,341,777)	
Depreciation transfer for building	-	31,232	-	(31,232)	-		
Tax effect of depreciation transfer for buildings		-	(5,309)	-	5,309	-	
Bonus issue	7.11	3,275,639	-	-	(3,275,639)	-	
As at September 30, 2015		5,000,000	3,500,281	556	1,119,400	9,620,237	
As at October 01, 2015		5,000,000	3,500,281	556	1,119,400	9,620,237	
Loss for the year		-	(1,991,087)	-	-	(1,991,087)	
Other comprehensive (loss)/incom	e for the year	-	(76,448)	(220)	283,337	206,669	
Total comprehensive (loss)/income	-	(2,067,535)	(220)	283,337	(1,784,418)		
Depreciation transfer for buildings	-	34,679	-	(34,679)	-		
Tax effect of depreciation transfer							
for buildings		-	(5,895)	-	5,895	-	
Dividends	3.5	-	(159,809)	-	-	(159,809)	
As at September 30, 2016		5,000,000	1,301,721	336	1,373,953	7,676,010	

# $Statements\ of\ Cash\ Flows$ for the year ended September 30, 2016

		THE GROUP		THE COMPANY		
	Notes	2016	2015	2016	2015	
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	
			Restated		Restated	
Operating activities						
(Loss)/profit before tax		(758,151)	230,642	(1,905,464)	(1,014,961)	
Adjustments to reconcile profit before tax to net cash flows						
Non-cash:						
Depreciation and impairment on property, plant and equipment		921,022	536,380	392,530	348,598	
Amortisation of intangible assets	7.3	4,092	5,881	2,341	2,343	
Impairment of goodwill	7.3	-	5,883	-	-	
Profit on disposal of property, plant and equipment		(15,681)	8,174	65	11,956	
Gain on disposal of available-for-sale financial assets		-	(2,871)	-	-	
Foreign exchange differences		(18,018)	(55,057)	42,890	9,678	
Impairment loss on available-for-sale financial assets		2,696				
Impairment loss on investment in associates		48,529				
Impairment loss on investment and intercompany receivable	5.1	-	-	2,271,939	1,500,000	
Provision for bad debts		30,595	6,641	3,406	6,787	
Fair value gain on investment properties	7.2	-	(106,063)	-		
Dividend income		(28)	(32)	(25,670)	(19,006)	
Interest income	6.3	(10,253)	(32,216)	(1,232)	(2,230)	
Interest expense		951,076	869,129	727,642	676,013	
(Gain)/loss on other financial assets	6.5	(3,742)	(30,660)	(3,742)	(30,660)	
Share of profit of associates	7.5	6,620	(13,956)	-	-	
Decrease in employee benefit asset	7.14	31,249	12,943	30,069	10,019	
Working capital adjustments:						
Decrease/(increase) in inventories		160,786	230,118	(26,783)	(4,615)	
Decrease/(increase) in trade and other receivables		335,448	341,689	(376,660)	(285,446)	
(Decrease)/increase in trade and other payables		(307,071)	(603,368)	125,779	(148,841)	
Income tax paid	6.6	(37,996)	(26,826)	(7,620)	(6,670)	
Net cash flows generated from operating activities		1,341,173	1,376,431	1,249,490	1,052,965	
Investing activities						
Purchase of property, plant and equipment		(517,249)	(748,412)	(402,677)	(348,411)	
Proceeds from sale of property, plant and equipment		39,702	19,825	17,419	5,896	
Proceeds from disposal of available-for-sale financial assets		-	20,791	-	-	
Investment in non controlling interest		600	-	-	-	
Dividend received		5,270	6,256	25,670	19,006	
Interest received	6.3	10,253	32,216	1,232	2,230	
Net cash flows used in investing activities		(461,424)	(669,324)	(358,356)	(321,279)	
Financing activities						
Proceeds from borrowings		9,181,490	4,774,523	9,069,129	4,394,237	
Repayment of term loans		(8,760,453)	(5,221,367)	(8,640,693)	(5,081,191)	
Proceeds from preference shares		-	1,755,115	-	1,755,115	
Repayment of finance lease liabilities		(97,348)	(108,396)	(104,839)	(81,876)	
Repayment of debentures		(466,964)	-	(469,944)	-	
Advances to subsidiaries		-	-	(233,825)	(124,485)	
Interest paid		(1,128,511)	(1,045,511)	(810,035)	(773,762)	
Dividends paid to equity holders of the parent		(159,809)	-	(159,809)	-	
Dividends paid to non-controlling interests		(38,458)	(49,686)	-	-	
Net cash flows (used in)/from financing activities		(1,470,053)	104,678	(1,350,016)	88,038	
Net (decrease)/increase in cash and cash equivalents		(590,304)	811,785	(458,882)	819,724	
Cash and cash equivalents at October 1,		(1,459,545)	(2,195,886)	(1,859,647)	(2,690,733)	
Net foreign exchange difference		(11,688)	(75,444)	(26,128)	11,362	
Cash and cash equivalents at September 30,	7.10	(2,061,537)	(1,459,545)	(2,344,657)	(1,859,647)	





# 1. CORPORATE AND GROUP INFORMATION

# 1.1 Corporate information

The financial statements of New Mauritius Hotels Limited (the 'Company') and consolidated with its subsidiaries (the 'Group') for the year ended September 30, 2016 were authorised for issue in accordance with a resolution of the Directors on December 27, 2016. New Mauritius Hotels Limited is a public limited company incorporated in Mauritius and is listed on The Stock Exchange of Mauritius. Its registered office is situated at Beachcomber House, Botanical Garden Street, Curepipe, Mauritius.

The principal activities of the Group consist of hotels operations, tour operating and the provision of airline and inland catering and development of property for sale.

# 1.2 Group information

Information on subsidiaries:

Name of Corporation	Main business activity	Country of incorporation	Effective 2016	% holding 2015
			%	%
Beachcomber Limited	Investment	Mauritius	100	100
Kingfisher Ltd	Investment	Mauritius	100	100
Beachcomber Training Academy Limited	Hotel training	Mauritius	100	100
Les Salines Development Ltd	Investment	Mauritius	100	100
Les Salines Golf and Resorts Limited	Hotel project	Mauritius	100	100
Ste Anne Resorts Limited	Hotel operations	Seychelles	100	100
Beachcomber Gold Coast Resort Limited	Dormant	Seychelles	100	100
Beachcomber Marketing (Pty) Ltd	Tour operating	South Africa	51	51
Beachcomber Tours SARL	Tour operating	France	100	100
Holiday Marketing (Pty) Ltd	Tour operating	Australia	75	75
Beachcomber Tours Limited	Tour operating	England	100	100
New Mauritius Hotel - Italia Srl	Tour operating	Italy	100	100
Wild Africa Safari Ltd	Dormant	England	100	100
Beachcomber Holidays Limited	Dormant	England	100	100
Beachcomber Hotel Marrakech S.A.	Investment	Morocco	100	100
Beachcomber Hotel S.A.	Hotel operations	Morocco	100	100
Domaine Palm Marrakech S.A.	Property development	Morocco	100	100
White Palm Ltd	Tour operating	Mauritius	51	51
Mautourco Ltd	Tour operating	Mauritius	51	51
Transmaurice Car Rental Ltd	Car rental	Mauritius	51	51
Societe Pur Blanca	Investment	Mauritius	51	51
Santayarea by Beachcomber Limited	Hotel training	Mauritius	56	-

The operations of the subsidiaries are carried out in the countries in which they are incorporated.

There is no restriction on the ability of the above subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans.

Information on associates

Name of Corporation	Year-end	Class of shares	Percentage held		
			2016	2015	
			%	%	
South West Tourism Development Co Ltd	June 30,	Ordinary shares	31	31	
South West Tourism Bis	June 30,	Ordinary shares	31	31	
Launderers (Hotels & Restaurants) Ltd	June 30,	Ordinary shares	50	50	
Parure Limitée	June 30,	Ordinary shares	27	27	
Societe Cajeva	June 30,	Parts	50	50	
Marguerite Morocco Hospitality	December 31,	Ordinary shares	-	35	

for the year ended September 30, 2016

Marguerite Morocco Hospitality is incorporated in Morocco while all the other companies listed above are unquoted and are incorporated in the Republic of Mauritius.

Investment in associates consist of investments in unquoted shares.

# 2. BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation and statement of compliance

The financial statements have been prepared on a historical cost basis as modified by the revaluation of land and buildings, investment properties, available-for-sale financial assets and other financial instruments which are stated at their fair values as disclosed in the accounting policies hereafter. The consolidated financial statements are presented in Mauritian rupees and all values are rounded to the nearest thousand (Rs'000), except when otherwise indicated.

The consolidated financial statements of New Mauritius Hotels Limited (the 'Company') and its subsidiaries (the 'Group') have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).

# 2.2 Summary of other significant accounting policies

#### (a) Foreign currency translation

The Group's financial statements are presented in Mauritian rupees, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group has elected to recycle the gain or loss that arises from the direct method of consolidation, which is the method the Group uses to complete its consolidation.

# Transactions and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary

items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

# Group companies

The assets and liabilities of foreign operations are translated into Mauritian rupees at the rate of exchange prevailing at the reporting date and their profit or loss items are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

#### (b) Financial assets

#### Initial recognition

Financial assets are classified at initial recognition as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end. Financial assets are recognised initially at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchase or sale of financial assets that require delivery of assets

within a time frame established by regulation or convention in the market place (regular way purchases) are recognized on the trade date, i.e., the date the Group commits to purchase or sell the asset.

The Group's financial assets include cash in hand and at banks, trade and other receivables, quoted and unquoted financial instruments and derivative financial instruments and relevant disclosures are provided in related notes.

#### Subsequent measurement

The subsequent measurement of financial assets depends on their classifications as follows:

#### Derivatives recorded at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in profit or loss.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied.

The Group uses derivatives such as forward foreign exchange contracts. Derivatives are recorded at fair value and are carried as assets when fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in profit or loss.

Derivatives embedded in other financial instruments, such as the conversion option in an acquired convertible bond, are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held-for-trading or designated at their fair value through profit or loss.

#### Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as other operating expenses.

#### Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in profit or loss.

# Available-for-sale financial assets

Available-for-sale financial assets include equity investments. Equity investments classified as available-for-sale are those, which are

for the year ended September 30, 2016

neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to profit or loss in finance costs. Interest earned whilst holding available-for-sale financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

#### *Impairment*

The Group assesses at each reporting date whether a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial

asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

#### Available-for-sale financial assets

For available-for-sale financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

#### (c) Financial liabilities

#### Initial recognition

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdraft, borrowings, derivatives and preference shares and relevant disclosures are provided in related notes.

# Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

#### Interest-bearing loans and borrowings

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.



for the year ended September 30, 2016

# (d) Derecognition of financial assets and liabilities

#### Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor has transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement.

#### Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### (e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### (f) Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
   The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### (g) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable

estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

#### (h) Other taxes

# Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables that are stated with the amount of value added tax included.
- The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of accounts receivables or payables in the statement of financial position.

#### Environment fees and solidarity levy

Environment fees and solidarity levy are calculated based on the applicable regulations and are included in operating expenses.

# (i) Impairment of financial and non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount of the cash generating unit. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

for the year ended September 30, 2016

The following criteria are also applied in assessing impairment of specific assets.

### Goodwill

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than the carrying amount of the cash generating unit to which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its annual impairment test of goodwill as at September 30.

### Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at September 30 either individually or at the cash generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

### (i) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and value added taxes or other taxes.

The following specific criteria must also be met before revenue is recognised:

#### Revenue from hotel operations

Revenue is recognised upon consumption and acceptance by customers.

### Revenue from airline and inland catering

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyers, usually on dispatch of the goods.

#### Revenue from tour operating

Commissions are recognised on completion of the services performed.

# Revenue from sale of villas

82 / Annual Report 2016

Where property is under development and agreement has been

reached to sell such property when construction is complete, the directors consider whether the contract comprises a contract to construct a property or a contract for the sale of a completed property. Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage-of-completion method as construction progresses.

In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer.

#### Interest income

Recognised as it accrues (taking into account the effective interest rate on the asset).

#### Dividend revenue

Recognised when the shareholder's right to receive payment is established.

# 2.3 Changes in accounting policies

#### New and amended standards and interpretations:

- a) The accounting policies adopted are consistent with those of the previous financial year. There were no new standards and interpretations which were effective for this financial year.
- b) Changes to the presentation of the financial statements and notes to the financial statements

In order to make the financial statements and notes thereon easier to understand, New Mauritius Hotels Limited has changed the location and the wording used to describe certain accounting policies within the notes. Notes 1 to 5 have been re-organised accordingly. The main changes to the presentation of the financial statements and notes thereon in 2016 are as follows:

In 2015, the financial statements included Note 3 "Summary of significant accounting policies". In 2016, the accounting policies have been placed, whenever possible, within the relevant notes on the financial statements and the changes in wordings are intended to more clearly set out the accounting policies. These changes in wording do not represent changes in accounting policies.

Note 4 "Significant accounting judgements and estimates" have been placed within the relevant notes alongside the significant accounting policy to which they relate, whenever possible. The new approach meets the reporting requirements of IAS 1 "Presentation of Financial Statements".

### 2.4 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

accounting period beginning on or after January 1, 2016 Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) January 1, 2016 IFRS 14 Regulatory Deferral Accounts January 1, 2016 Disclosure initiative - Amendments to IAS 1 January 1, 2016 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) January 1, 2016 Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) January 1, 2016 Amendments to IAS 27: Equity Method in Separate Financial Statements January 1, 2016 Annual improvements 2012 - 2014 Cycle January 1, 2016 Disclosure Initiative - Amendments to IAS 7 January 1, 2017 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 January 1, 2017 IFRS 15 Revenue from Contracts with Customers January 1, 2018 IFRS 9 Financial Instruments January 1, 2018 IFRS 16 Leases January 1, 2019

# Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) - effective 1 January 2016

This amendment to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures (2011) was made to address issues that have arisen in the context of applying the consolidation exception for investment entities.

The amendment will not have an impact on the Group and the Company as they are not considered to be investment entities.

# Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) - effective January 1, 2016

Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations).

The amendment will not have an impact since the Group does not have any interests in joint operations.

# IFRS 14 Regulatory Deferral Accounts - effective January 1, 2016

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

This new standard will not have an impact, as the Group and the Company are not first time adopters of IFRS.

#### Disclosure Initiative (Amendments to IAS 1) - effective January 1, 2016

Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

• clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply

Annual Report 2016 / 83

**Effective for** 

for the year ended September 30, 2016

to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;

- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and
- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

The presentation of financial statements for the year ended September 30, 2016 has been reviewed. The Directors do not believe that this initiative will have a significant impact when it becomes effective.

# Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) - effective January 1, 2016

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- Introduce a rebuttable presumption that an amortisation method
  that is based on the revenue generated by an activity that includes
  the use of an intangible asset is inappropriate, which can only be
  overcome in limited circumstances where the intangible asset is
  expressed as a measure of revenue, or when it can be demonstrated
  that revenue and the consumption of the economic benefits of the
  intangible asset are highly correlated; and
- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The amendment will not have an impact since the Group does not use a depreciation method based on revenue for its property, plant and equipment and intangible assets.

# Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) - effective January 1, 2016

Amends IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture to:

- Include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16;
- Introduce a definition of 'bearer plants' as a living plant that
  is used in the production or supply of agricultural produce,
  is expected to bear produce for more than one period and
  has a remote likelihood of being sold as agricultural produce,
  except for incidental scrap sales; and
- Clarify that produce growing on bearer plants remains within the scope of IAS 41.

The amendment will not have an impact as the Group does not have 'bearer plants'.

# Amendments to IAS 27: Equity Method in Separate Financial Statements - effective January 1, 2016

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

The amendment is not expected to have an impact, as the Company will continue to recognise investments in subsidiaries and associates at cost in the separate financial statements.

# Annual improvements 2012 - 2014 Cycle - effective July 1, 2016

The annual improvements 2012-2014 Cycle make amendments to the following standards:

• IFRS 5 - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution

or vice versa and cases in which held-for-distribution accounting is discontinued:

- IFRS 7 Additional guidance given to clarify whether a servicing contract is continuing involvement in a transferred assets, and clarification made on offsetting disclosures in condensed interim financial statements;
- IAS 19 Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid; and
- IAS 34 Clarifies the meaning of "elsewhere in the interim report" and require a cross reference.

The amendments are not expected to have a significant impact on the financial statements.

# Disclosure Initiative (amendments to IAS 7) - effective January 1, 2017

Amendments to IAS 7 Statement of Cash Flows were made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The directors have assessed the impact of these amendments and no significant impact is expected other than some additional disclosures.

# Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) - effective January 1, 2017

Amendments to IAS 12 Income Taxes have been made to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with

other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type. The directors have assessed the impact of these amendments and no significant impact is expected.

# IFRS 15 Revenue from Contracts with Customers - effective January 1, 2018

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price:
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Group is still assessing the impact of this new standard.

# IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition - January 1, 2018

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:



for the year ended September 30, 2016

### Classification and measurement of financial assets

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

#### Classification and measurement of financial liabilities

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

#### *Impairment*

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

### Hedge accounting

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, can be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable. The time value of an option, any forward element of a forward contract and any foreign currency basis spread, can be excluded from the designation as the hedging instrument and accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

The Group is still assessing the impact of this standard on the financial statement of the Group.

# IFRS 16 Leases - effective January 1, 2019

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The directors are currently assessing the impact of this standard on the financial statements of the Group.

# 3. GROUP BUSINESS, OPERATIONS AND MANAGEMENT

# 3.1 Basis of consolidation and financial information on material partly-owned subsidiaries

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at September 30, 2016.

# 3. GROUP BUSINESS, OPERATIONS AND MANAGEMENT (CONT'D)

# 3.1 Basis of consolidation and financial information on material partly-owned subsidiaries (cont'd)

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed

of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

# Financial information of subsidiaries that have material non-controlling interest is provided below:

The proportion of equity interest held by material non-controlling interests is:

Country of incorporation and operation	2016	2015
Mauritius	49%	49%
South Africa	49%	49%
	Mauritius	Mauritius 49%

for the year ended September 30, 2016

# 3. GROUP BUSINESS, OPERATIONS AND MANAGEMENT (CONT'D)

# 3.1 Basis of consolidation and financial information on material partly-owned subsidiaries (cont'd)

	2010	2015
Accumulated balances of material non-controlling interest:	Rs'000	Rs'000
Mautourco Ltd	35,751	34,578
Beachcomber Marketing (Pty) Ltd	18,347	20,461
Profit and other comprehensive income allocated to material non-controlling interest:		
Mautourco Ltd	12,807	12,812
Beachcomber Marketing (Pty) Ltd	26,443	36,831

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statements of profit or loss for the year ended September 30, 2016:		
	Mautourco	Beachcomber
	Ltd	Marketing (Pty) Ltd
	Rs'000	Rs'000
Revenue	418,908	189,125
Cost of sales	(214,979)	-
Administrative expenses	(178,290)	(142,985)
Finance revenue	24	28,813)
Finance costs	(3,782)	-
Other income	10,416	-
Profit before tax	32,297	74,953
Income tax	(6,160)	(20,987)
Profit for the year from continuing operations	26,137	53,966
Total comprehensive income	22,392	54,171
Attributable to non-controlling interests	12,807	26,443
Dividends paid to non-controlling interests	(9,800)	(28,658)

### Summarised statements of profit or loss for the year ended September 30, 2015:

Revenue	381,933	212,519
Cost of sales	(207,859)	-
Administrative expenses	(157,428)	(156,802)
Finance revenue	-	50,861
Finance costs	(2,306)	(23)
Other income	15,372	-
Profit before tax	29,712	106,555
Income tax	(3,564)	(31,389)
Profit for the year from continuing operations	26,148	75,166
Total comprehensive income	23,931	71,312
Attributable to non-controlling interests	12,812	36,831
Dividends paid to non-controlling interests	(22,050)	(27,636)

Summarised statements of financial position as at September 30, 2016:		
Property, plant and equipment and other non-current financial assets (non-current)	128,616	5,317
Trade, cash and bank balances and other current assets	113,047	426,131
Trade and other payables and current liabilities	(125,000)	(394,006)
Interest-bearing loans and borrowing and other non-current liabilities	(40,583)	-
Total equity	76,080	37,442
Attributable to:		
Equity holders of parent	40,329	19,095
Non-controlling interest	35,751	18,347

### 3. GROUP BUSINESS, OPERATIONS AND MANAGEMENT (CONT'D)

### 3.1 Basis of consolidation and financial information on material partly-owned subsidiaries (cont'd)

Mautourco

**Beachcomber** 

	114410410	
	Ltd	Marketing (Pty) Ltd
	Rs'000	Rs'000
Property, plant and equipment and other non-current financial assets (non-current)	112,723	5,760
Frade, cash and bank balances and other current assets	89,868	491,241
Trade and other payables and current liabilities	(100,213)	(455,247)
nterest-bearing loans and borrowing and other non-current liabilities	(28,070)	-
Total equity	74,308	41,754
		,
Attributable to:		
Equity holders of parent	37,897	21,294
Non-controlling interest	36,411	20,460
Cash flow from/(used in)	Rs'000	Rs'000
Operating activities		
Investing activities	39,828 (12,752)	(7,854) 27,121
Financing activities	(27,630)	(62,160)
Net decrease in cash and cash equivalent	(554)	(42,893)
Summarised cash flow information for year ending 30 September 2015:		
Cash flow from/(used in)	Rs'000	Rs'000
Operating activities	41,027	154,380
Investing activities	(30,219)	(64,243)
Financing activities	(41,742)	(51,200)
Net (decrease)/increase in cash and cash equivalent	(30,934)	38,937

# 3.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects to measure the non- controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured to fair value as its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income.

If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

for the year ended September 30, 2016

# 3. GROUP BUSINESS, OPERATIONS AND MANAGEMENT (CONT'D)

#### 3.3 Financial risk management objective and policies

The Group's principal liabilities comprise of bank loans, overdrafts, finance leases and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets, such as trade and other receivables and cash and cash equivalents which arise directly from its operations.

The Group's activities, therefore, expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

### (i) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group trades only with recognised, creditworthy third parties. The Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history. Advance payments are requested where necessary until positive credit rating is established. The Group has also insurance covers to reduce the financial losses in case of default by customers. With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and available-for-sale financial investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as stated in the statements of financial position or notes to the financial statements.

The following table shows the maximum exposure to credit risk for the components of the Statements of financial position.

	THE GROUP		THE	COMPANY
	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cash and cash equivalents	545,903	809,367	71,416	273,062
Available-for-sale financial assets	1,541	4,512	1,247	1,467
Trade and other receivables*	1,478,361	1,305,954	840,302	2,788,434
Foreign exchange forward contracts	50,252	10,408	22,874	10,408
	2.076.057	2.130.241	935.839	3.073.371

<sup>\*</sup>Trade and other receivables exclude prepayments.

# 3. GROUP BUSINESS, OPERATIONS AND MANAGEMENT (CONT'D)

#### 3.3 Financial risk management objective and policies(cont'd)

#### (ii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits and available-for-sale investments.

The sensitivity analysis in the following sections relates to the position as at September 30, 2016 and 2015. The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial statements in foreign currencies are all constant. The analysis excludes the impact of movements in market variables on the carrying value of pension and other post retirement obligations, provisions and on the non-financial assets and liabilities of the Group.

#### (a) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk with respect to foreign currency arising from foreign supplies and revenue. The Group mitigates part of its foreign currency risk through trading activities including forward currency contracts.

The following table demonstrates the sensitivity to a reasonable possible change in the Euro, US Dollar, Pound Sterling, Rands, Australian Dollars, Seychelles Rupees and Moroccan Dirham exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of net investment in foreign operations):

	Increase in rates	THE GROUP Effect on profit/loss before tax and equity Rs'000	THE COMPANY Effect on profit/loss before tax and equity Rs'000
2016			
Euros Pound Sterling Rands United States Dollars Australian Dollars Seychelles Rupees Moroccan Dirham	5% 5% 5% 5% 5% 5% 5%	(136,116) 5,682 (12,624) (4,672) 13 (23,875) (17,042)	(130,462) 1,929 10 (5,132) 9 -
2015			
Euros Pound Sterling Rands United States Dollars Australian Dollars Seychelles Rupees Moroccan Dirham	5% 5% 5% 5% 5% 5% 5%	(174,759) 5,741 (13,348) (10,345) 211 (48,423) (8,897)	(100,149) 1,071 12 (6,077) 93 -

A decrease in the rates has an equal and opposite effect on profit/loss before tax and equity.

for the year ended September 30, 2016

# 3. GROUP BUSINESS, OPERATIONS AND MANAGEMENT (CONT'D)

### 3.3 Financial risk management objective and policies(cont'd)

# **Currency profile**

The currency profile of the Group's financial assets and liabilities is summarised as follows:

	THE GROUP			THE COMPANY					
	<b>FINANCIAL ASSETS</b>		FINANCIAL	LIABILITIES	FINANCIA	AL ASSETS FINANCIAL		LIABILITIES	
	2016	2015	2016	2015	2016	2015	2016	2015	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
Euros	758,592	829,811	3,480,842	4,324,991	449,027	1,683,644	3,058,273	3,686,623	
Pound Sterling	281,106	324,019	167,463	209,200	54,682	35,684	16,106	14,265	
Rands	88,671	130,310	341,148	397,275	2,522	2,764	2,331	2,520	
United States Dollars	110,511	30,103	203,940	237,000	53,298	42,174	155,943	163,723	
Australian Dollars	368	6,679	105	2,450	181	1,867	-	-	
Seychelles Rupees	421	2,194	341,264	180,128	-	-	-	-	
Mauritian Rupees	205,765	520,590	14,250,476	13,497,053	376,106	1,307,204	15,919,935	14,760,780	
Moroccan Dirhams	630,601	286,501	1,108,096	1,254,957	-	-	-	-	
Other	22	35	-	-	22	35	-		
	2.076.057	2.130.242	19.893.334	20.103.054	935.838	3.073.372	19.152.588	18.627.911	

THE G	ROUP	THE COMPANY			
2016	2015	2016	2015		
Rs'000 Rs'000		Rs'000	Rs'000		
(3,772,566)	(4,996,394)	(2,692,921)	(2,100,963)		

Net exposure, excluding Mauritian Rupees

#### (b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest bearing loans and borrowings with floating interest rates.

The Group's income and operating cash flows are exposed to interest rate risk as it sometimes borrows at variable rates. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group has no significant interest bearing assets.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before taxation (through the impact of variable rate borrowing). There is no impact on the Group's equity. The percentage changes in interest rates taken are: Rs 1% and EUR, USD and GBP 0.25%.

# 3. GROUP BUSINESS, OPERATIONS AND MANAGEMENT (CONT'D)

# 3.3 Financial risk management objective and policies(cont'd)

	Increase in rates %	THE GROUP Effect on profit/loss before tax Rs'000	THE COMPANY Effect on profit/loss before tax Rs'000
2016			
Interest-bearing loans and borrowings in Rs	1.00%	101,920	100,903
Interest-bearing loans and borrowings in EUR	0.25%	7,543	7,332
Interest-bearing loans and borrowings in MAD	0.25%	78	-
Interest-bearing loans and borrowings in SCR	0.25%	115	<u> </u>
2015			
Interest-bearing loans and borrowings in Rs	1.00%	101,819	100,947
Interest-bearing loans and borrowings in EUR	0.25%	8,647	8,392
Interest-bearing loans and borrowings in MAD	0.25%	43	-
Interest-bearing loans and borrowings in SCR	0.25%	80	

A decrease in the rates has an equal and opposite effect on profit before tax.

### (c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases.

The table below summarises the maturity profile of the Group's financial liabilities.

The Group	On demand Rs'000	Less than 3 months Rs'000	<b>3 to 12 months</b> Rs'000	1 to 5 years Rs'000	<b>&gt; 5 years</b> Rs'000	<b>Total</b> Rs'000
2016						
Trade and other payables Borrowings*	- 3,623,965 3,623,965	2,330,871 457,241 2,788,112	2,495,191 2,495,191	9,748,028 9,748,028	- 4,132,370 4,132,370	2,330,871 20,456,795 22,787,666
2015						
Trade and other payables Borrowings*	2,588,192 2,588,192	2,839,511 909,332 3,748,843	- 2,462,533 2,462,533	- 9,711,558 9,711,558	- 5,161,116 5,161,116	2,839,511 20,832,731 23,672,242

<sup>\*</sup> Borrowings include future interest costs.

for the year ended September 30, 2016

# 3. GROUP BUSINESS, OPERATIONS AND MANAGEMENT (CONT'D)

# 3.3 Financial risk management objective and policies(cont'd)

The Company	On demand Rs'000	Less than 3 months Rs'000	<b>3 to 12 months</b> Rs'000	1 to 5 years Rs'000	<b>&gt; 5 years</b> Rs'000	<b>Total</b> Rs'000
2016						
Trade and other payables Borrowings*	- <u>3,432,597</u>	2,587,719 388,137	- 2,264,185	- 9,243,585	- 3,911,485	2,587,719 19,239,989
	3,432,597	2,975,856	2,264,185	9,243,585	3,911,485	21,827,708
2015						
Trade and other payables	-	2,309,852	-	-	-	2,309,852
Borrowings*	2,453,619	825,110	2,286,900	9,250,662	4,897,121	19,713,412
	2,453,619	3,134,962	2,286,900	9,250,662	4,897,121	22,023,264

<sup>\*</sup> Borrowings include future interest costs.

### (d) Equity price risk

The directors have assessed that the impact of a 5% increase or decrease in price of its available-for-sale financial assets will not be significant.

### 3.4 Capital Management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The actual gearing is higher as anticipated by management and is pincipally due to the financing of projects as part of the Group's strategy. The gearing ratio will improve once cash is generated from the projects. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents. Total capital is based on equity attributable to equity holders of the parent' as shown in the statement of financial position. The gearing ratios at September 30, 2016 and September 30, 2015 were as follows:

Interest bearing loans and borrowings
Less interests costs included above
Less cash in hand and at bank
Net Debt
Equity
Total capital
Equity attributable to equity holders of the parent
Gearing Ratio

THE GR	OUP	THE COMPANY			
2016	2015	2016	2015		
Rs'000	Rs'000	Rs'000	Rs'000		
20,456,796	20,832,731	19,239,988	19,713,412		
(2,903,055)	(3,569,238)	(2,683,841)	(3,395,354)		
(545,903)	(809,367)	(71,416)	(273,062)		
17,007,838	16,454,126	16,484,731	16,044,996		
11,849,777	13,217,922	7,676,010	9,620,237		
11,849,777	13,217,922	7,676,010	9,620,237		
11,849,777	13,217,922	7,676,010	9,620,237		
144%	124%	215%	167%		

### 3. GROUP BUSINESS, OPERATIONS AND MANAGEMENT (CONT'D)

#### 3.5 Dividends

### **Accounting Policy**

# Cash dividend to equity holders

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised by the board.

D THE COMPANY
2015
Rs'000
-

### Dividend expense (Rs 0.33 per share )

The Company declared and paid a final dividend of Rs 0.33 per Ordinary share for a total of Rs 159.8m in the current financial year (2015: Nil).

# 3.6 Segmental reporting

The Group presents segmental information using business segments and geographical segments. This is based on the internal management and financial reporting systems and reflects the risks and earnings structure of the Group. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

The Group is composed of four business segments, which are as follows: hotel operations, tour operations, airline and inland catering and property development and others as described below. Each business segment provides products and services that are subject to risks and returns that are different from those of other business segments.

- Hotel operations & others carried out in Mauritius, Seychelles and Morocco
- Tour operating carried out in France, United Kingdom, Italia, South Africa and Australia.
- Airline and inland catering carried out in Mauritius.
- Property development construction of villas in Morocco and property development in Mauritius.

for the year ended September 30, 2016

# 3. GROUP BUSINESS, OPERATIONS AND MANAGEMENT (CONT'D)

### 3.6 Segmental reporting (cont'd)

### **Business segments**

	<b>Hotel operations</b>	Tour	Flight & Inland	Property	
For the year ended September 30, 2016	& Others	Operating	Catering	Development	Group
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue	7,543,084	1,285,561	292,820	479,992	9,601,457
(Loss)/profit after tax	(670,393)	(25,447)	23,024	(294,082)	(966,898)
Segment assets	27,486,372	1,413,474	402,872	5,730,782	35,033,500
Share of net assets of associates	474,727	-	-	-	474,727
Total assets					35,508,227
Segment liabilities	20,655,174	1,134,604	111,822	1,706,844	23,608,444
Other segment information:				•	
Capital expenditure	563,976	79,079	17,629	2,015	662,699
Depreciation and impairment					
on property, plant and equipment	570,987	57,209	12,609	2,847	643,652
Amortisation of intangible assets	3,654	-	-	438	4,092

### **Business segments**

For the year ended September 30, 2015	Hotel operations & Others Rs.'000	Tour Operating Rs.'000	Flight & Inland Catering Rs.'000	Property Development Rs.'000	<b>Group</b> Rs.'000
Revenue	6,758,408	1,252,258	279,369	866,507	9,156,542
Profit after tax	12,800	23,625	15,650	129,001	181,076
Segment assets	28,458,140	1,518,471	436,930	5,745,534	36,159,075
Share of net assets of associates	-	535,395	-	-	535,395
Total assets					36,694,470
Segment liabilities	20,200,773	1,328,845	126,158	1,762,034	23,417,810
Other segment information:					
Capital expenditure	860,262	59,362	14,226	16,397	950,247
Depreciation and impairment on property,					
plant and equipment	464,591	49,355	13,479	5,319	532,744
Amortisation of intangible assets	3,553	1,890	-	438	5,881

				Other	
Geographical segments	Mauritius	Europe	Morocco	Countries	Group
For the year ended September 30, 2016	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Segment revenue	7,622,751	524,845	848,706	605,155	9,601,457
Segment assets	23,677,330	954,104	8,422,355	2,454,438	35,508,227
Capital expenditure	547,645	4,867	74,090	36,097	662,699
				Other	
Geographical segments	Mauritius	Europe	Morocco	Countries	Group
For the year ended September 30, 2015	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Segment revenue	6,814,808	534,735	1,184,223	622,776	9,156,542
Segment assets	22,975,594	1,035,160	10,232,054	2,451,662	36,694,470
Capital expenditure	547,425	9,186	370,767	22,869	950,247

#### 4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

#### **Judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### Functional currency

The choice of the functional currency of the Group and each of its foreign subsidiaries has been made based on factors such as the primary economic environment in which each entity operates, the currency that mainly influences sales prices for goods and services, costs of providing goods and services and labour costs.

#### Going concern

The Board of directors has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future.

At September 30, 2016, the Company and the Group had net current liabilities of Rs 4.4Bn (2015: Rs 1.7Bn) and Rs 793m (2015: net current assets of Rs 74m) respectively.

The Directors believe that there is no going concern issue at Group and Company level given the availability of undrawn banking facilities (refer to note 7.10 (a)) and certain elements such as deposits from guests and buyers of villas which are recorded in current liabilities but will not result in cash outflows in the next year. Moreover, the EUR 100M raised after the reporting period by transferring 3 of its hotels to Beachcomber Hospitality Investments Ltd (refer to note 5.5) will enable the Group to reduce its bank indebtedness, optimise its financing structure and aid the launch of further strategic initiatives.

The Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will

for the year ended September 30, 2016

# 4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 7.3(a).

### Net investment in foreign operations

The Company has receivable balances from its overseas subsidiaries. The Directors reviewed those balances and concluded that, effective October 1, 2015, part of those balances qualified as "net investment in foreign operations". These amounts are regarded as monetary items that are receivable from foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future.

Accordingly, the foreign exchange differences arising at the individual financial statements of the Company and its subsidiaries have been reclassified from profit or loss to other comprehensive income (foreign exchange reserves) upon consolidation in accordance with paragraph 32 of IAS 21 - The Effects of Changes in Foreign Exchange Rates.

#### 5. SIGNIFICANT TRANSACTIONS AND EVENTS

### 5.1 Impairment losses

#### Included in impairment losses are the following:

Property, plant and equipment Investment in subsidiaries Amounts due from subsidiaries Investment in associates

THE	GROUP	THE COMPANY			
2016	2015	2016	2015		
Rs'000	Rs'000	Rs'000	Rs'000		
277,390	3,636	-	-		
-	-	2,271,939	740,673		
-	-	-	759,327		
48,529	-	-	-		
325,919	3,636	2,271,939	1,500,000		

#### Impairment of financial and non financial assets

The impairment charge relates to investment in Domaine Palm Marrakech S.A and Beachcomber Hotel S.A amounting to Rs 1,675m and Rs 596m respectively. In prior year, an amount of Rs 1.5b pertaining to Domaine Palm Marrakech S.A was impaired (Investment in subsidiaries: Rs 741m and amount due from subsidiaries Rs 759m included in trade and other receivables).

### (a) Domaine Palm Marrakech S.A

The recoverable amount for Domaine Palm Marrakech S.A has been determined using discounted cash flow techniques. In preparing the financial forecasts, the Board has taken into consideration the financial model of the villa project which has been redesigned with the appointment of a real estate specialist during the financial year. Other factors influencing the sale of villas such as global economic situation as well as the geo political situation in the region have been taken into account.

### Key assumptions used in recoverable amount calculations

The recoverable amount of Domaine Palm Marrakech S.A. is most sensitive to the following assumptions:

### Completion of phases 1, 2 and 3 of the sale of villas within timeframe:

Phase 1, consists of the sale and delivery of 93 villas while Phase 2 now consists of 18 plots of bare land and 40 villas. Approval was obtained in the current year from the Moroccan authorities to modify the master agreement with the Moroccan Government so as to allow the sale of bare land in Phase 2 of the property project. Phase 3 will consist of the sale and delivery of 150 villas and is expected to start after 2025. Marketing of villas for Phase 2 has already started.

# 5. SIGNIFICANT TRANSACTIONS AND EVENTS (CONT'D)

# 5.1 Impairment losses (cont'd)

#### (a) Domaine Palm Marrakech S.A (cont'd)

#### Maintaining selling price and gross margins on villas:

Average selling prices and gross margins for Phase 1 villa sales are based on existing rack prices and average margins achieved in past years.

Average selling prices, margins and contribution on sales of villas in phase 2 and 3 are based on management estimates and are exptected to be higher than phase 1.

#### Discount rates:

Discount rates represent the current market assessment of the risks specific to a cash generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate (15%) calculation is based on the specific circumstances of the Group and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service.

### Impairment and sensitivity of changes in assumptions:

The terrorist attacks in France during the past year have severely impacted the tourism industry and sale of villas in North Africa. With the low sales volume and continued difficulties, the Board of Directors decided to adopt a conservative approach in the forecasts for the sale of villas.

The Board has therefore considered it prudent to further impair its investment and inter company receivable from the Moroccan subsidiary at Company level to allow for a potential downturn. In the current year, an impairment of Rs 1,675m was charged against the investment in Domaine Palm Marrakech S.A. In the prior year, the impairment of investment and inter company balance receivables amounted to Rs 740.6m and Rs 759.3m respectively. The goodwill, amounting to Rs 5.8m was fully impaired in the prior year.

The Directors have used prudent assumptions in preparing the financial forecast but recognise that downward pressure on sales prices and/or margins and delays in receiving revenue from sales of villas can have a further significant impact on the recoverable value of the Project.

# (b) Beachcomber Hotel S.A

The recoverable amount for the hotel has been determined using discounted cash flow techniques. The performance of the hotel was negatively affected by the various geopolitical events as mentioned above. The Board of Directors has decided to adopt a prudent stance with respect to the carrying value of the hotel investments at Company level and to the carrying value of the underlying hotel assets value at Group level. Consequently, Impairment losses of Rs 277m and Rs 596m were booked in the statement of profit and loss against the carrying amount of the hotel building at Group level and against investments in subsidiaries at Company level. The impairment charge at Group level has been arrived at after using revaluation surplus previously recognised on freehold land. The Group is currently in the final stages of negotiation with a well also established international hotel operator, with good reach in the main sources market for Marrakech, to which it plans to entrust the management of the hotel operations. The Board of Directors believes that this will have a positive impact on the hotel performance in the future years.

# Key assumptions used in recoverable amount calculations

The significant assumptions as follows are deemed conservative: (i) the occupancy rate is capped at 57% as from 2021 (ii) Guest night spending (GNS) for the coming years will increase by 46% up to 2021 but will remain below the industry average for the best-in-class hotels in Marrakech; the GNS will increase by 2% year on year as from 2021 (iii) Capital expenditure is kept relatively low for the next few years as the hotel is new but will increase as from 2021 (iv) the residual value was estimated at the end of its useful life.

### Discount rates:

A discount rate of 11.87% representing the current market assessment of the risks specific to a cash generating unit was used. The discount rate calculation was based on the specific circumstances of the Group and was derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service.

for the year ended September 30, 2016

# 5. SIGNIFICANT TRANSACTIONS AND EVENTS (CONT'D)

### 5.1 Impairment losses (cont'd)

# (c) Other impairment

### (i) Property at company level

In prior year, an impairment of Rs 3.6m was accounted further to the year end valuation exercise which was based on open market value.

# (ii) Marguerite Morroco Hospitality

During the financial year, the Group recognised an impairment loss of Rs 48m (2015: nil) in respect of its investment held in Marguerite Morocco Hospitality following the poor performance of the associate.

Errors can arise in respect of the recognition, measurement, presentation or disclosure of elements of financial statements. In the case where the Group identifies a material error during the year relating to prior periods, the error is corrected retrospectively by restating the comparative amounts for the prior period(s) presented in which the error occurred.

# 5.2 Prior year adjustments

# **Accounting Policy**

# (i) Deferred tax

In prior years, the Group used to calculate its deferred tax for its Mauritian entities on the actual corporate tax rate prevailing in Mauritius which is at 15%. However, following recent discussions and consultation by the directors with experts in taxation and in the accounting profession, it was agreed that the 2% Corporate Social Responsibility (CSR) Contribution as imposed by the Government should also be considered in the computation of the deferred tax.

Moreover, figures used with respect to tax losses and capital allowances in the deferred tax computation when finalising the financial statements for the years ended September 30, 2014 and 2015 differed to the figures included in the final tax computation that was filed with the Tax Authorities. These differences have also been adjusted so that the tax figures presented in the financial statements agree to those in the tax filings for these years.

### (ii) Valuation of stock of villas in Domaine Palm ("DPM")

The cost of stock of DPM villas were adjusted following detailed work performed by management. The adjustments were twofold:

- Costs specific to each villa were recalculated against detailed data provided from the operations department. As these improved the precision of the costs allocated to each villa when compared to the previous allocation basis, the cost of the stock of villas was recalculated for the years ended September 30, 2014 and 2015 resulting in corrections to cost of sales and stock figures in DPM.
- Some selling and marketing costs which had incorrectly been included in cost of inventories in prior years, have been removed and expensed in DPM and in the Group financial statements.

### 5. SIGNIFICANT TRANSACTIONS AND EVENTS (CONT'D)

### 5.2 Prior year adjustments (cont'd)

The effects of these adjustments are set out below:

#### THE GROUP

### STATEMENT OF FINANCIAL POSITION

		2015			2014			
	As previously	Adjustment	Adjustment	As	As previously	Adjustment	Adjustmer	nt As
	stated	(i)	(ii)	restated	stated	(i)	(ii)	restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Retained earnings	6,741,204	(229,313)	(100,806)	6,411,085	6,857,400	(246,924)	(63,388)	6,547,088
Deferred tax liability	1,508,201	327,313	-	1,835,514	1,419,966	344,569	-	1,764,535
Other components								
of equity	1,905,733	(97,381)	(1,225)	1,806,837	4,610,033	(96,285)	-	4,513,748
Inventories	4,752,530	-	(101,925)	4,650,605	3,882,196	-	(54,152)	3,828,044
Property, plant								
and equipment	25,508,538	-	(106) 2	25,508,432	24,826,796	-	(9,236)	24,817,560
Net assets	13,706,004	(327,313)	(102,031)	13,276,660	13,266,051	(344,569)	(63,388)	12,858,094

### STATEMENT OF PROFIT OR LOSS AND STATEMENT OF OTHER COMPREHENSIVE INCOME

	2015				
	As previously	Adjustment	Adjustment	As	
	stated	(i)	(ii)	restated	
Profit or loss:	Rs'000	Rs'000	Rs'000	Rs'000	
Direct costs	(2,166,722)	-	(13,051)	(2,179,773)	
Other expenses	(2,675,299)	-	(24,278)	(2,699,577)	
Income tax expense	(60,394)	10,828	-	(49,566)	
Other comprehensive income:					
Exchange differences on translation of foreign operations	309,236	-	(1,314)	307,922	
Tax effect on remeasurement of employee benefit liabilities	58,857	7,814	-	66,671	
Tax effect on gains on property revaluation	(38,983)	(1,386)	-	(40,369)	

#### STATEMENT OF CHANGES IN EQUITY

	2015 (Rs'000)				
	As previously Adjustment Adjustment			As	
	stated	(i)	(ii)	restated	
Profit or loss:	Rs'000	Rs'000	Rs'000	Rs'000	
Retained earnings	6,741,204	(229,313)	(100,806)	6,411,085	
Profit/ (loss) for the year	207,577	10,828	(37,328)	181,076	
Other components of equity	1,905,733	(97,381)	(1,225)	1,806,837	

for the year ended September 30, 2016

# 5. SIGNIFICANT TRANSACTIONS AND EVENTS (CONT'D)

# 5.2 Prior year adjustments (cont'd)

### THE COMPANY

#### STATEMENT OF FINANCIAL POSITION

	2015					
	As previously	Adjustment		As previously	Adjustment	
	stated	(i)	As restated	stated	(i)	As restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Retained earnings	3,730,970	(230,689)	3,500,281	5,129,194	(246,603)	4,882,591
Deferred tax liability	1,384,708	326,135	1,710,843	1,360,174	341,098	1,701,272
Other components of equity	1,215,403	(95,447)	1,119,956	4,449,557	(94,495)	4,355,062
Net assets	9,946,373	(326,136)	9,620,237	11,303,112	(341,098)	10,962,014

### STATEMENT OF PROFIT OR LOSS AND STATEMENT OF OTHER COMPREHENSIVE INCOME

	2015		
	As previously	Adjustment	
	stated	(i)	As restated
Profit or loss:	Rs'000	Rs'000	Rs'000
Income tax expense	(77,720)	8,724	(68,996)
Other comprehensive income:			
Tax effect on gains on retirement benefit obligations	58,604	7,814	66,418
Tax effect on gains/(losses) on property revaluation	(11,909)	(1,576)	(13,485)

# STATEMENT OF CHANGES IN EQUITY

	2015 (Rs '000)		
	As previously	Adjustment	
	stated	(i)	As restated
	Rs'000	Rs'000	Rs'000
Retained earnings	3,730,970	(230,689)	3,500,281
(Loss)/profit for the year	(1,092,681)	8,724	(1,083,957)
Other comprehensive income for the year	(264,058)	6,237	(257,821)

### 5. SIGNIFICANT TRANSACTIONS AND EVENTS (CONT'D)

### 5.3 Events after reporting date

# **Accounting Policy**

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's consolidated financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

The event which occurred after the reporting date and which require disclosure in the financial statements for the year ended September 30, 2016 is as follows:

The Company transferred the hotel properties of Mauricia Beachcomber, Victoria Beachcomber and Cannonier Beachcomber to Beachcomber Hospitality Investments Ltd. The latter is a newly incorporated company in which NMH holds a stake of 55.58% and Leisure Property Northern (Mauritius) Limited, a wholly owned subsidiary of Mara Delta Property Holding Limited, a company listed on DEM, holds a stake of 44.42%. The EUR 100m received as cash consideration by New Mauritius Hotels Limited will help in its financial reengineering by improving cashflows through reduction of its indebtness and optimisation of its financing structure.

# 5.4 Related party transactions and disclosures

For the purposes of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or if they and the Group are subject to common control. Related parties may be individuals or other entities.

THE GROUP

THE COMPANY

			GROUP	THE COMPANY	
		2016	2015	2016	2015
		Rs'000	Rs'000	Rs'000	Rs'000
The following transactions have been enter	ed into with related parties:				
(i) Included in Revenue are:	Nature of goods or services				
Subsidiaries:					
Beachcomber Marketing (Pty) Ltd	Hotel packages	-	-	504,781	523,870
Beachcomber Tours SARL	Hotel packages	-	-	467,174	372,525
Beachcomber Tours Limited	Hotel packages	-	-	378,651	349,783
Ste Anne Resorts Limited	Management fees	-	-	10,294	11,776
Mautourco Ltd	Management fees	-	-	-	1,020
White Palm Ltd	Management fees	-	-	-	5,136
Beachcomber Hotel Marrakech S.A.	Promoter's fees	-	-	2,394	2,849
Domaine Palm Marrakech S.A.	Promoter's fees	-	-	1,009	4,181
White Palm Ltd	Rental income	-	-	-	285
		-	-	1,364,303	1,271,425
Associate:					
Parure Limitee	Space rental	2,489	2,098	2,489	2,098

104 / Annual Report 2016 Annual Report 2016 Annual Report 2016 / 105

for the year ended September 30, 2016

# 5. SIGNIFICANT TRANSACTIONS AND EVENTS (CONT'D)

# 5.4 Related party transactions and disclosures (Cont'd)

(ii) Included in Other expenses are:	Nature of	THE GROUP		THE	COMPANY
	goods or services	2016	2015	2016	2015
		Rs'000	Rs'000	Rs'000	Rs'000
Subsidiaries:				4.017	F F01
Beachcomber Tours SA Mautourco Ltd	Incentive commission Incentive commission	-	-	4,817 504	5,501 275
White Palm Ltd	Incentive commission	_	_	157	202
Beachcomber Training Academy Limited	Training courses	_	_	3,446	3,608
Santayarea	Training courses	-	_	5,600	-
•	J				
Associate:					
Launderers (Hotels & Restaurants) Ltd	Laundry services	132,739	121,688	132,739	121,688
Other related parties:	Dank	26 512	26.042	20 512	26.042
New Mauritius Hotels Superannuation Fund ENL Property	Rent Consultancy fees	26,512 9,947	26,842	26,512 9,947	26,842
ENL Limited	Secretarial fees	125	_	125	_
ENE Ellinted	occircular rees	123		123	
(iii) Included in Finance costs are:					
Interest on call account with subsidiaries:					
Beachcomber Marketing (Pty) Ltd	Interest on call a/c	_	_	21,471	26,446
Beachcomber Tours SARL	Interest on call a/c	-	-		787
		-	-	21,471	27,233
Included in interest on finance lease:				F 677	7,000
Beachcomber Limited		-	-	5,673	7,898
Included in interest on loans and overdrafts:					
Subsidiaries:	lakanak an laana			20 5 47	20.000
Beachcomber Limited Beachcomber Limited In:	Interest on loans terest on loans capitalised	_	_	20,547 47,013	26,009 49,538
Ste Anne Resorts Limited	Interest on loans	_	_	12,626	49,536 13,173
Ste Affile Resorts Efficed	interest on loans	-	-	80,186	88,720
				23,.30	33,, 20
Other related party:					
New Mauritius Hotels Superannuation Fund	Interest on loan	-	6,605	-	6,605
ENL Investment Limited	Interest on loan	-	1,553	-	1,553

# (iv) Included in the Trade receivables balance are:

Subsidiaries:	
Beachcomber Tours SARL	
Beachcomber Tours Limited	
Beachcomber Marketing (Pty) Ltd	
White Palm Ltd	
Trans-Maurice Car Rental Ltd	
Mautourco Ltd	

THE GROUP THE C			COMPANY
2016	2015	2016	2015
Rs'000	Rs'000	Rs'000	Rs'000
-	-	120,788	64,472
-	-	19,553	28,343
-	-	54,264	57,150
-	-	1,097	14,184
-	-	52	58
-	-	1,172	7,157
-	-	196,926	171,364

# 5. SIGNIFICANT TRANSACTIONS AND EVENTS (CONT'D)

# 5.4 Related party transactions and disclosures (Cont'd)

(v) Year end balances receivables from associates:	THE G	ROUP	THE COMPANY		
	2016	2015	2016	2015	
	Rs'000	Rs'000	Rs'000	Rs'000	
Associates:					
Parure Limitee	541	228	541	228	
Societe Cajeva	12,748	12,695	12,748	12,695	
	13,289	12,923	13,289	12,923	
(vi) Year-end balances receivable from related parties	THE G	ROUP	THE	COMPANY	
	2016	2015	2016	2015	
	Rs'000	Rs'000	Rs'000	Rs'000	
Subsidiaries:					
Ste Anne Resorts Limited		-	50,000	646,106	
Beachcomber Gold Coast Limited		_	107,357	107,357	
Kingfisher Ltd		_	2,350	2,349	
Beachcomber Tours SARL	_	_	2,550	9,978	
Beachcomber Hotel S.A.	_	_	_	320,253	
Domaine Palm Marrakech S.A.	_	_	_	985,360	
New Mauritius Hotel - Italia Srl	_	-	28,299	28,005	
Les Salines Development Ltd	-	-	20	19	
Les Salines Golf and Resort Limited	-	-	53,420	40,298	
Beachcomber Training Academy Limited	-	-	11,194	9,562	
Plaisance Catering Limited	-	-	75	75	
Santayarea	-	-	3,100		
	-	-	255,815	2,149,362	
Other related party: New Mauritius Hotels Superannuation Fund	15,860	12,067	15,860	12,067	
				·	
(vii) Included in the loan at call payable to subsidiaries balance are:	THE G	THE GROUP THE COMPANY			
(vii) included in the loan at can payable to subsidiaries balance are.	2016	2015	2016 20		
	Rs'000	Rs'000	Rs'000	Rs'000	
Subsidiary:					
Loan at call payable to Beachcomber Tours SARL	-	-		13,450	
Loan at call payable to Beachcomber Marketing (Pty) Ltd	-	-	320,149	362,042	
	-	-	320,149	375,492	
(viii) Long term receivables included in investment in subsidiaries	THE G	ROUP	THE	COMPANY	
• • •	2016	2015	2016	2015	
	Rs'000	Rs'000	Rs'000	Rs'000	
Ste Anne Resorts Limited		_	729,774	_	
Beachcomber Hotel S.A.		_	699,806	-	
Domaine Palm Marrakech S.A		_	1,141,393	_	
			.,. 11,000		
	-	-	2,570,973	_	

106 / Annual Report 2016
Annual Report 2016

Refer to Note 7.4(ii) for more details.

for the year ended September 30, 2016

# 5. SIGNIFICANT TRANSACTIONS AND EVENTS (CONT'D)

### 5.4 Related party transactions and disclosures (Cont'd)

#### (viii) Included in other payables balance are:

(VIII) Included in other payables balance are:	IHE G	ROUP	THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Subsidiaries:				
Beachcomber Tours SARL	-	-	10,705	4,586
Beachcomber Marketing (Pty) Ltd	-	-	7,148	8,021
Holiday Marketing (Pty) Ltd	-	-	71	11
Beachcomber Tours Limited	-	-	10,259	8,128
Mautourco Ltd	-	-	2,728	3,637
White Palm Ltd	-	-	1,100	2,286
New Mauritius Hotel - Italia Srl	-	-	-	596
Beachcomber Training Academy Limited	-	-	-	94
	-	-	32,011	27,359
Associate:				
Launderers (Hotels & Restaurants) Ltd	9,872	10,042	9,872	10,042
Other related parties:				
Fondation Espoir et Developpement (Not for profit organisation)	356	41	356	41
ENL Property	1,067	-	1,067	-
ENL Limited	125	-	125	-
(ix) Year-end balances payable to related parties				
Subsidiaries:				
Beachcomber Limited	-	-	1,465,569	1,389,493
	-	-	1,465,569	1,389,493

THE CROHE

THE COMPANY

(x) Interest bearing loans and borrowings from related parties

included in "term loans":

Loans payable to Beachcomber Limited	
Loans payable to Ste Anne Resorts Limited	

## (xi) Borrowings from related parties included in "obligations under finance leases":

Beachcomber Limited

THE G	ROUP	THE	COMPANY
2016	2015	2016	2015
Rs'000	Rs'000	Rs'000	Rs'000
-	-	927,820	835,938
-	-	309,465	348,104
-	_	1 237 285	1184 042

THE GROUP			THE	COMPANY
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
	-	-	54,091	79,108

#### Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured and settlement occurs in cash. New Mauritius Hotels Limited has acted as guarantor for a EUR 1.5m loan, EUR 2.5m and EUR 5m granted to Ste Anne Resorts Limited. For the financial year ended September 30, 2016, the Group has assessed the provision for impairment losses relating to amounts owed by related parties and no provision was made in respect of the amount due to the Company (a provision of Rs 759,326,647 and Rs 2,573,045 were made with regards to Domaine Palm Marrakech S.A (refer to note 5.1) and White Palm Limited respectively in the prior year). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 7.3.

### 5. SIGNIFICANT TRANSACTIONS AND EVENTS (CONT'D)

### 5.4 Related party transactions and disclosures (Cont'd)

#### (xi) Borrowings from related parties included in "obligations under finance leases" (cont'd)

# Loans from related parties

Loan payable at call to Beachcomber Marketing (Pty) Ltd bears fixed interest rate at 7.5%.

Loans payable to Beachcomber Limited comprise of six loans of Rs 77.8m (2015: Rs 110.9m), Rs 200m (2015: Rs 200m), 400m (2015: Rs 400m), Rs 100m (2015: Rs 100m), Rs 25m (2015: Rs 25m) and Rs 125m (2015: nil). The first two loans bear an interest rate of PLR+1%; the third loan bears an interest rate of PLR+1.25%, and the fourth loan bears a fixed interest rate of 6.75%, the fifth and sixth loans bear a fixed interest rate of 6.5%.

In 2014, Ioan payable to New Mauritius Hotels Group Superannuation Fund comprised of 2 Ioans totalling Rs 121.8m and were interest bearing at the rate of 6.5% and 7% per annum. The loan was fully repaid in 2015.

Loans payable to Ste Anne Resorts Limited comprises of four loans of EUR 177,778 (2015: EUR 222,222), EUR 0.8m (2015: EUR 1m), EUR 2.5m (2015: EUR 2.5m) and EUR 4.25m (2015: EUR 5m). The first two loans bear an interest rate of Libor 1 month +4% and the other two loans bear an interest rate of Libor 1 month +5.25%. The maturity of these loans is in 2020.

On 8 October 2014, the Company took a loan of Rs 100m from ENL Investment Limited. The loan bore an interest rate of MCB PLR+200 basis points with an interest expense for financial year ended September 30, 2015 amounting to Rs 1.5m. The loan was fully repaid on 8 December 2014.

### Finance lease facilities taken from related parties

The Company benefited from leasing facilities from leasing companies through Beachcomber Limited regarding kitchen and gym equipment. The lease was contracted between Beachcomber Limited and the lessor. The amount due by the Company to Beachcomber Limited amounts to Rs 54m (2015: Rs 79m).

Interest is payable at a rate of 8.5% p.a, and the lease is payable within 2 years.

New Mauritius Hotels Limited has confirmed its continuous financial support to one of its subsidiary, namely Ste Anne Resorts Limited because the latter is in a net current liability position as at September 30, 2016.

### (xii) Compensation of key management personnel

Short term employee benefits and termination settlements Post-employment benefits Termination settlement

THE G	ROUP	THE	COMPANY		
2016	2015	2016	2015		
Rs'000	Rs'000	Rs'000	Rs'000		
190,481	180,457	105,180	119,671		
10,753	7,764	8,079	5,075		
17,500	12,817	17,500	12,817		
218,734	201,038	130,759	137,563		
2.0,70	20.,000	.00,,00	.07,000		

for the year ended September 30, 2016

# 5. SIGNIFIGANT TRANSACTIONS AND EVENTS (CONT'D)

### 5.5 Loss arising from fraud

In March 2016, an fraud of some Rs115m had been committed to the detriment of the Company through devious electronic means and impersonation. The fraud resulted in 2 transfers to a foreign bank account. The matter has been reported to the police for investigation. An amount of Rs 10m has been recovered so far from the Company's Insurers. Discussions have reached an advanced stage with the Group's insurers with respect to the electronic fraud. The Board believes that that the Group will be compensated for the fraud and the provision related to this event should partly reverse during FY17. However, as a matter of prudence, a full provision has been effected in the accounts which has negatively impacted on the current financial year's profit.

### 5.6 Rebranding and reorganisation costs

	THE GROUP THE COMPA		THE GROUP		COMPANY
	Notes	2016	2015	2016	2015
		Rs'000	Rs'000	Rs'000	Rs'000
Rebranding expenses	(i)	83,441	-	33,462	-
Reorganisation expenses	(ii)	35,796	-	46,113	-
		119,237	-	79,575	-

(i)This relates to rebranding expenses incurred by the Group to create a new image in view of reasserting the qualities which had brought Beachcomber to hold a prominent position in the hospitality industry.

(ii) This relates to the consulting and professional fees incurred for the setting up of the Beachcomber Hospitality Investments Ltd (BHI) and the termination settlement of key management personnel during the year.

### 6. DETAILED INFORMATION ON STATEMENT OF PROFIT OR LOSS ITEMS

### 6.1 Staff costs

	IHEG	ROUP	IHE	COMPANY
	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Wages, salaries, fees and bonuses	2,365,661	2,269,153	1,641,032	1,552,348
Social security costs	221,120	242,866	150,515	147,710
Other employee benefits and related expenses	659,371	580,674	560,169	484,104
	3,246,152	3,092,693	2,351,716	2,184,162

### 6.2 Other expenses

	Rs.'000	Rs.'0
		Restai
Operating supplies and cleaning expenses	427,948	389,0
Repairs and maintenance	281,751	246,0
Utility costs	574,515	535,5
Marketing expenses	631,797	735,9
Guest entertainment	109,209	98,0
Administrative expenses	629,464	381,3
Operating lease rentals	208,127	162,4
Licences, patents, insurance and taxes	157,978	142,6
	3,020,789	2,691,0

THE G	ROUP	THE COMPANY		
2016	2015	2016	2015	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	
	Restated			
427,948	389,066	353,219	312,080	
281,751	246,062	216,516	185,365	
574,515	535,504	417,665	398,020	
631,797	735,960	499,598	433,613	
109,209	98,066	100,860	88,239	
629,464	381,316	179,406	182,624	
208,127	162,489	146,107	135,403	
157,978	142,628	129,609	119,584	
3,020,789	2,691,091	2,042,980	1,854,928	

### 6. DETAILED INFORMATION ON STATEMENT OF PROFIT OR LOSS ITEMS (CONT'D)

6.3 Finance revenue	THE G	ROUP	THE	COMPANY
	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Exchange gain on retranslation of loans and payables	4,521	133,753	-	-
Interest income	10,253	32,216	1,232	2,230
	14,774	165,969	1,232	2,230
6.4 Finance costs	THE G			COMPANY
	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
From the same than the same and the same and the same and	70.007	110 157	20.007	70.740
Exchange loss on retranslation of loans and debentures	38,997	110,153	29,887	38,348
Dividends on preference shares	109,129	19,201	109,129	19,201
Interest costs on:	,	,	,	,_,_,
Bank overdrafts	110,845	144,427	82,464	89,167
Loans	797,539	782,729	564,172	610,823
Debentures	73,789	65,474	-	-
Finance leases	26,175	28,037	21,372	21,859
Call account with subsidiaries (Note 5.4)	-	-	21,471	27,233
Others	11,082	9,115	11,082	9,115
	1,167,556	1,159,136	839,577	815,746
Less borrowing costs capitalised	(185,668)	(218,418)	(82,047)	(101,385)
	981,888	940,718	757,530	714,361

# **Accounting Policy**

#### Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised as an expense when incurred. Borrowing costs consist of interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs capitalised can be analysed as follows:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Exchange loss on retranslation of loans and debentures included in:				
Property, plant and equipment (Note 7.1 (c))	-	(5,153)	-	-
Inventories (Note 7.7 (c))	-	(17,062)	-	-
Cost of sales	-	(3,924)	-	
	-	(26,139)	-	-
Interest cost on bank loans and overdrafts and debentures included in:				
Property, plant and equipment (Note 7.1 (c))	(19,249)	(28,076)	-	(3,636)
Inventories (Note 7.7 (c))	(158,236)	(151,778)	(82,047)	(97,749)
Cost of sales	(8,183)	(12,425)	-	-
	(185,668)	(192,279)	(82,047)	(101,385)
Total borrowing costs capitalised	(185,668)	(218,418)	(82,047)	(101,385)

110 / Annual Report 2016

for the year ended September 30, 2016

# 6. DETAILED INFORMATION ON STATEMENT OF PROFIT OR LOSS ITEMS (CONT'D)

#### 6.5 Other income

THE G	ROUP	THE COMPANY		
2016	2015	2016	2015	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	
-	2,871	-	-	
10,000	-	10,000	-	
2,776	23,512	-	-	
5	9	5	9	
23	23	25,665	18,997	
3,742	30,660	3,742	30,660	
104,590	200,116	104,590	200,116	
-	-	13,125	17,308	
121,136	257,191	157,127	267,090	

#### 6.6. Income tax

#### **Accounting Policy**

#### Current income tax

Current tax income assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws, used to compute the amount, are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss: and
- in respect of taxable temporary differences associated with investments in subsidiary companies and associated companies where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary companies and associated companies, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates (2016: 17%) that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

### 6. DETAILED INFORMATION ON STATEMENT OF PROFIT OR LOSS ITEMS (CONT'D)

### 6.6. Income tax (cont'd)

### **Accounting Policy**

Deferred income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

#### Corporate Social Responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within the Statement of Profit or Loss and other Comprehensive Income and the income tax liability on the Statement of Financial Position. The financial statements have been restated to reflect the adjustments to the tax figures as disclosed, refer to Note 4 for more details.

The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

#### Interest and penalties

Management consider that penalties and interest have the characteristics of tax since they are paid to the tax authorities, are not tax deductible expenses and should therefore form part of tax expense.

### Significant accounting judgements and estimates

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

	THE G	ROUP	THE	COMPANY
(a) Current income tax	2016	2015	2016	2015
		Restated		Restated
The major components of income tax expense for the years ended	Rs.'000	Rs.'000	Rs.'000	Rs.'000
September 30, 2016 and 2015 are:				
Statement of profit or loss:				
Income tax charge on the adjusted profit for the year at 15% (2015: 15%)	(32,347)	(31,073)	-	-
Corporate Social Responsibility (CSR)	(7,792)	(6,997)	(7,376)	(6,474)
Deferred tax movement (Note 6.6 (b))	(143,150)	(11,496)	(78,247)	(62,522)
Under provision of tax in previous year	(25,458)	-	-	-
Income tax expense	(208,747)	(49,566)	(85,623)	(68,996)
Statement of other comprehensive income:				
Deferred tax relating to items recognised in other				
comprehensive income				
Remeasurement of employee benefit liabilities	16,390	66,671	15,658	66,418
Gains on revaluation of property	(16,440)	(40,369)	(57,623)	(13,485)
	(50)	26,302	(41,965)	52,933

for the year ended September 30, 2016

# 6. DETAILED INFORMATION ON STATEMENT OF PROFIT OR LOSS ITEMS (CONT'D)

# 6.6. Income tax (cont'd)

a) Current Income Tax (cont'd)

a, carrent mount tax (com a)				
	THE G	ROUP	THE	COMPANY
	2016	2015	2016	2015
		Restated		Restated
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Statements of financial position				
At October 1,	9,686	13,091	12,578	12,382
Income tax on the adjusted profit for the year				
at 30% to 15% (2015: 30% to 15%)	(65,597)	(38,070)	(7,376)	(6,474)
Exchange differences	1,853	7,839	-	-
Less: Payment during the year	37,996	26,826	7,620	6,670
At September 30,	(16,062)	9,686	12,822	12,578
Analysis of tax position at year end:				
Income tax prepaid	12,822	12,815	12,822	12,578
Income tax payable	(28,884)	(3,129)	-	
	(16,062)	9,686	12,822	12,578

A reconciliation between tax expense and the product of accounting profit multiplied by the Mauritian's tax rate for the years ended September 30, 2016 and 2015 as follows:

Profit before tax	(758,151)	230,642	(1,905,464)	(1,014,961)
Tax calculated at a tax rate of 15% to 30% (2015: 15% to 30%)	220,031	5,459	285,820	152,244
Corporate Social Responsibilty (CSR)	(7,792)	(6,997)	(7,376)	(6,491)
Effect of temporary difference on CSR	(9,534)	(7,812)	(9,206)	(7,317)
Expenses not deductible for tax purposes	(86,359)	(24,346)	(358,711)	(212,879)
Reversal of previously recognised tax losses	(69,460)	-	-	-
Deferred tax asset not recognised	(245,001)	(32,556)	-	-
(Under)/overprovision of tax in previous year	(25,458)	6,259	-	-
Income not subject to tax	14,826	10,427	3,850	5,447
Tax expense	(208,747)	(49,566)	(85,623)	(68,996)

# 6. DETAILED INFORMATION ON STATEMENT OF PROFIT OR LOSS ITEMS (CONT'D)

6.6. Income tax (cont'd)

(b) Deferred income tax

THE GROUP

Deferred income taxes as at September 30, relate to the following:

	Statement of financial position		Statement of profit or loss		Statement of other comprehensive income	
	2016 Rs'000	2015 Rs'000 Restated	2016 Rs'000	2015 Rs'000 Restated	2016 Rs'000	2015 Rs'000 Restated
Deferred tax liability Accelerated capital allowances Assets revaluation Employee benefit liability Provision Exchange differences  Deferred income tax assets	1,723,901 880,479 (212,089) (10,278) (1,446) 2,380,567	1,620,891 857,010 (190,291) (7,307) 15,212 2,295,515	103,010 7,029 (5,408) (2,971) (16,658)	123,598 (2,238) (1,639) 1,795 13,888	- 16,440 (16,390)	- 40,369 (66,671)
Losses available for offsetting against future taxable income Exchange differences  Deferred tax liabilities (net)	(612,856) 1,126 (611,730) 1,768,837	(666,210) (3,668) (669,878) 1,625,637	53,354 4,794	(114,070) (3,668)	-	-
Disclosed as follows: Deferred tax asset Deferred tax liability  Deferred income tax release (Note 6.6(a))	(139,540) 1,908,377 1,768,837	(209,877) 1,835,514 1,625,637	143,150	17,666		
Deferred income tax charged/(credited) to other comprehensive incom					50	(26,302)

The group has determined that deferred tax assets cannot be recognised on tax losses of Rs 829m carried forward since there is uncertainty on whether future taxable profit will be available against which the unused tax losses can be utilised.

#### THE COMPANY

THE COMPANY	Statement of financial position			nent of or loss	Statement of other comprehensive income	
	2016	2015	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
		Restated		Restated		Restated
Accelerated capital allowances Assets revaluation	1,573,389 874,325	1,500,326 816,702	73,063 -	121,354	- 57,623	- 13,485
Losses available for offsetting against future taxable income Provision	(398,469)	(411,837) (6,768)	13,368 (3,072)	(59,064) 1,918	-	-
Employee benefit liability Deferred tax liabilities	(208,350)	(187,580) 1,710,843	(5,112)	(1,703)	(15,658)	(66,418) -
Deferred income tax release (Note 6.6(a))  Deferred income tax charged/(credited)			78,247	62,505	-	-
to other comprehensive income					41,965	(52,933)

114 / Annual Report 2016 / 115

for the year ended September 30, 2016

### 6. DETAILED INFORMATION ON STATEMENT OF PROFIT OR LOSS ITEMS (CONT'D)

#### 6.7. Earnings per share

#### **Accounting Policy**

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

Profit attributable to ordinary equity holders of the parent for basic earnings Interest on convertible preference shares Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution

Weighted average number of ordinary shares adjusted for the effect of dilution

Weighted average number of ordinary shares for basic EPS

Effects of dilution from convertible preference shares

(997,678)	141,446
109,129	19,201
(888,549)	160,647
2016	2015
Rs'000	Rs'000
484,271	484,271
95,087	107,618
579,358	591,889

2016

Rs'000

2015

Rs'000

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements. The preference shares are not convertible into fixed number of shares and conversion is at the option of the shareholder in January 2018 and 2019. The conversion will be effected at a factor of Rs 11 divided by the average market value of the ordinary shares during a 90 day period prior to the date of conversion less a 10% discount.

(1.53)0.27 **Diluted EPS** 

### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS

#### 7.1. Property, plant and equipment

#### **Accounting Policy**

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowings costs for long-term construction projects, if the recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Following initial recognition at cost, freehold land and buildings of hotels are reviewed on an annual basis effective as from this year; in prior years, revaluations were performed each two years.

Any revaluation surplus is recognised in other comprehensive income and accumulated in the revaluation reserve included in the equity section of the statement of financial position, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase in recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date or when events or changes in circumstances indicate that the carrying value may not be recoverable.

An annual transfer from the revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

50 years

5 years

Between 6 to 15 years

Between 3 to 10 years

Between 3 to 10 years

Depreciation is calculated on the straight-line basis over the useful life as follows:

Office buildings

Plant and equipment

Furniture, fittings, office equipment and electrical appliances

Motor vehicles

Computers and electronic equipment

For hotel buildings, depreciation is calculated on the straight-line basis on the remaining life of the lease terms.

Other fixed assets include plant and equipment, furniture and fittings, office equipment and electrical appliances and computers and electronic equipment.

Work in progress pertains mainly to costs incurred in the construction of country club. Such costs include costs of construction and borrowing costs.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end, and adjusted prospectively if appropriate.

for the year ended September 30, 2016

# 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

# 7.1. Property, plant and equipment (cont'd) SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Revaluation of freehold land, hotel buildings and investment properties

The Group measures freehold land and hotel buildings at revalued amounts with changes in fair value being recognised in equity. In addition, it carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to determine fair value based on prevailing market data. Further details in respect of the freehold land and buildings and investment properties are contained in Note 7.1 and 7.2 respectively.

Property, plant and equipment: Estimations of the useful lives and residual value of the assets

The depreciation charge calculation requires an estimation of the economic useful life of the property, plant and equipment of the Group analysed by component as well as their residual values. In estimating residual values, the Group has assessed the value of the buildings at today's rates assuming the buildings are in the condition in which they are expected to be at the end of their lease terms.

Other items of property, plant and equipment are depreciated using the norms applicable in the industry. The carrying amount of property, plant and equipment is disclosed below.

	Freehold Land	Buildings	Other Fixed Assets	Motor Vehicles	Work in Progress	Total
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost and valuation						
At October 1, 2014 (As previously stated)	2,347,482	18,626,557	4,796,030	421,165	2,250,198	28,441,432
Effect of prior year adjustment (note 5.2)	-	(6,319)	-	-	(2,917)	(9,236)
At October 1, 2014 (As restated)	2,347,482	18,620,238	4,796,030	421,165	2,247,281	28,432,196
Additions (As restated)	42,136	354,456	376,619	74,494	102,542	950,247
Transfer*	(385,929)	1,838,484	256,947	-	(2,126,452)	(416,950)
Disposals	-	-	(75,496)	(61,745)	-	(137,241)
Scrapped	-	-	(312,712)	-	-	(312,712)
Revaluation	286,129	10,310	-	-	-	296,439
Impairment (Note 5.1)	(3,636)	-	-	-	-	(3,636)
Exchange differences (Restated)	25,099	317,764	58,112	(22,159)	(18,282)	360,534
At September 30, 2015 (Restated)	2,311,281	21,141,252	5,099,500	411,755	205,089	29,168,877
Depreciation						
At October 1, 2014	-	156,382	3,249,086	209,168	-	3,614,636
Charge for the year	-	125,926	346,285	60,533	-	532,744
Disposals	-	-	(67,608)	(56,225)	-	(123,833)
Scrapped	-	-	(298,120)	-	-	(298,120)
Revaluation	-	(76,524)	-	-	-	(76,524)
Exchange differences (Restated)		(7,206)	46,207	(27,459)	-	11,542
At September 30, 2015		198,578	3,275,850	186,017	-	3,660,445
Net Book Values						
At September 30, 2015	2,311,281	20,942,674	1,823,650	225,738	205,089	25,508,432
At September 30, 2014	2,347,482	18,463,856	1,546,944	211,997	2,247,281	24,817,560



for the year ended September 30, 2016

# 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

# 7.1. Property, plant and equipment (cont'd)

\* A net transfer of Rs 417m was made out of property, plant and equipment comprising Rs 925.9m transferred out of PPE to inventories as a result of a change in management intention to scrap the golf project and use this land to increase the number of plots for sale in the morcellement project. This was mitigated by an outward transfer of Rs 540.2m made from investment property to PPE as management decided to construct a hotel and Rs 31.3m was transferred to receivable as it relates to downpayment on property, plant and equipment.

	Freehold		Other Fixed	Motor	Work in	
	Land	Buildings	Assets	Vehicles	Progress	Total
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Cost and valuation						
At October 1, 2015	2,311,281	21,141,252	5,099,500	411,755	205,089	29,168,877
Additions	812	66,541	235,234	143,730	216,382	662,699
Transfer*	-	(454,933)	460,207	-	(5,274)	-
Disposals	-	-	(21,083)	(104,328)	-	(125,411)
Scrapped	-	-	(22,536)	(11,192)	-	(33,728)
Revaluation	(458,263)	216,013	-	-	-	(242,250)
Impairment (Note 5.1)	-	(328,133)	-	-	-	(328,133)
Exchange differences	(7,507)	(54,629)	(5,953)	(870)	(5,878)	(74,837)
At September 30, 2016	1,846,323	20,586,111	5,745,369	439,095	410,319	29,027,217
<b>Depreciation</b> At October 1, 2015	_	198,578	3,275,850	186,017	_	3,660,445
Charge for the year	_	185,533	387,563	70,556	_	643,652
Disposals	_	-	(19,663)	(84,768)	_	(104,431)
Scrapped	_	_	(21,001)	(9,686)	_	(30,687)
Revaluation	_	(135,983)	(=:,00:,	-	_	(135,983)
Impairment (Note 5.1)	_	(50,743)	_	-	_	(50,743)
Exchange differences	_	(2,720)	(7,668)	(631)	_	(11,019)
At September 30, 2016	-	194,665	3,615,081	161,488	-	3,971,234
		,		,		
Net Book Values						
At September 30, 2016	1,846,323	20,391,446	2,130,288	277,607	410,319	25,055,983
At September 30, 2015	2,311,281	20,942,674	1,823,650	225,738	205,089	25,508,432

<sup>\*</sup>A reclassification of Rs 460m was within the classes of property, plant and equipment comprising Rs 455m transferred from buildings and Rs 5m transferred from work in progress to other fixed assets as a result of plant and machinery previously being classified under buildings at Beachcomber Hotels Marrakech and Rs 5m from work in progress to buildings arising at Company level.

# 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

### 7.1. Property, plant and equipment (cont'd)

	Freehold		Other Fixed	Motor	Work in	
	Land	Buildings	Assets	Vehicles	Progress	Total
THE COMPANY	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost and valuation						
At October 1, 2014	1,750,500	15,003,975	4,181,748	214,373	24,343	21,174,939
Additions	41,492	182,778	242,861	32,034	24	499,189
Transfer	(730,731)	(94)	-	-	-	(730,825)
Disposals	-	-	(16,666)	(21,784)	-	(38,450)
Scrapped	-	-	(312,712)	-	-	(312,712)
mpairment	(3,636)	-	-	-	-	(3,636)
Revaluation	1,000	10,310	-	-	-	11,310
At September 30, 2015	1,058,625	15,196,969	4,095,231	224,623	24,367	20,599,815
Depreciation						
At October 1, 2014	-	114,206	2,984,736	117,396	-	3,216,338
Charge for the year	-	78,424	244,473	22,065	-	344,962
Disposals	-	-	(15,918)	(19,272)	-	(35,190)
Scrapped	-	-	(298,120)	-	-	(298,120)
Revaluation	-	(69,014)	-	-	-	(69,014)
At September 30, 2015	-	123,616	2,915,171	120,189	-	3,158,976
Net Book Values						
At September 30, 2015	1,058,625	15,073,353	1,180,060	104,434	24,367	17,440,839
At September 30, 2014	1,750,500	14,889,769	1,197,012	96,977	24,343	17,958,601
At September 30, 2014	1,730,300	14,003,703	1,137,012	30,377	24,343	17,550,001
At October 1, 2015	1,058,625	15,196,969	4,095,231	224,623	24,367	20,599,815
Additions	-	54,039	194,285	80,075	145,809	474,208
Transfer	-	5,262	12	-	(5,274)	-
Disposals	-	-	(14,728)	(58,063)	-	(72,791)
Scrapped	-	-	(15,964)	(11,192)	-	(27,156)
Revaluation	2,000	221,943	-	-	-	223,943
At September 30, 2016	1,060,625	15,478,213	4,258,836	235,443	164,902	21,198,019
Depreciation						
At October 1, 2015	-	123,616	2,915,171	120,189	-	3,158,976
Charge for the year	-	126,401	237,757	28,372	-	392,530
Disposals	-	-	(13,971)	(44,378)	-	(58,349)
Scrapped	-	-	(14,428)	(9,686)	-	(24,114)
Revaluation	-	(117,017)			-	(117,017)
At September 30, 2016	-	133,000	3,124,529	94,497	-	3,352,026
Net Book Values						
At September 30, 2016	1,060,625	15,345,213	1,134,307	140,946	164,902	17,845,993
At September 30, 2015	1,058,625	15,073,353	1,180,060	104,434	24,367	17,440,839
	.,500,025	.0,0.0,000	.,,	,	,007	,

### (a) Revaluation of freehold land and buildings

The freehold land and buildings of the Group and the Company were revalued on September 30, 2016 by Mr. Noor Dilmohamed, Bsc (Appl) Val, Dip L.S. FAPI, Certified Practising Valuer and Cabinet Lazrak based on open market value. The Company has a policy of revaluing its land and buildings on an annual basis.

The Group has assessed that the highest and best use of its properties does not differ from their current use.

for the year ended September 30, 2016

#### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

#### 7.1. Property, plant and equipment (Cont'd)

#### (a) Revaluation of freehold land and buildings (Cont'd)

The revalued land and buildings consist of hotel properties. Management determined that these constitute two classes of assets namely land and buildings - under IFRS 13, based on the nature, characteristics and risks of the property. Fair value of the properties was determined by using open market value. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. The freehold land and buildings have been classified as level 2 as it is based on sales comparison approach.

Significant observable valuation input		2016 Range	2015 Range
Price per square metre :	- Freehold land	Rs 996 - Rs 3,591	Rs 965 - Rs 3,591
	- Building	Rs 35,304 - Rs 63,776	Rs 34,525 - Rs 63,776

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value.

### (b) If freehold land and buildings were measured using the cost model, the carrying amount would have been as follows:

THE	GROUP	THE C	OMPANY
2016	2015	2016	2015
Rs.'000	Rs.'000	Rs.'000	Rs.'000
17,320,768	17,708,348	12,096,734	12,037,432
(969,060)	(840,578)	(785,664)	(693,942)
16,351,708	16,867,770	11,311,070	11,343,490

Les Salines, Les Salines Golf and Resorts and Marrakech
projects and renovation of Royal Palm in the prior year:
Borrowing costs capitalised in property, plant and

Cost

Accumulated depreciation

Net carrying amount

equipment (note 6.4)

Net book values

(c) Borrowing costs

THE	GROUP	THE COMPANY		
2016	2015	2016	2015	
Rs.'000	Rs.'000	Rs.'000	Rs.'000	
19,249	33,229	-	3,636	

The rate used to determine the amount of interest costs eligible for capitalisation varied between 2.2% to 4.9% for loans in foreign currency and 6.75% - 7.5% for loans denominated in Mauritian rupees.

(d) Assets held under finance leases
The carrying amount of property, plant and equipment held under finance leases was:
Plant and equipment and furniture included in other fixed assets Cost Accumulated depreciation Net book values
Motor vehicles Cost Accumulated depreciation

THE	OMPANY		
2016	2015	2016	2015
Rs.'000	Rs.'000	Rs.'000	Rs.'000
584,873	509,388	526,582	494,535
(295,340)	(227,520)	(267,410)	(215,402)
289,533	281,868	259,172	279,133
375,077	203,457	192,152	119,680
(130,145)	(77,654)	(59,225)	(36,091)
244,932	125,803	132,927	83,589

### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

### 7.1. Property, plant and equipment (Cont'd)

- (e) Property, plant and equipment are included in assets given as collaterals for bank borrowings.
- (f) Part of the total acquisition of property, plant and equipment which was financed by leases amounted to **Rs 126.2m** (2015: Rs 134m) for the Group and **Rs 71.5m** (2015: Rs 109.3m) for the Company.
- (g) During the year, the Company did not transfer ownership of its assets to any leasing company (2015: Nil).

#### 7.2. Investment properties

### **Accounting Policy**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise. Fair values are determined based on an annual evaluation performed by an accredited external, independent valuer, applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to investment property only when there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is its fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

At October 1, Transfer of land to property (note (b)) Additions Fair value gain Foreign exchange difference

366,000	786,900
-	(540,226)
-	6,663
-	106,063
(2,036)	6,600
363.964	366.000

Rs.'000

THE GROUP

2015

Rs.'000

THE COMPANY

2015

Rs.'000

195.125

(195,125)

2016

Rs.'000

At September 30,

(a) Investment properties are stated at fair value, based on valuations performed by independent certified practising valuers, Sofigex SARL. Management determined that these constitute one class of asset under IFRS 13, based on the nature, characteristics and risks of the property. Fair value of the properties was determined by using open market value. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. The investment properties have been classified as level 2 as it is based on sales comparison approach.

The Group has assessed that the highest and best use of its properties do not differ from their current use.

Significant unobservable valuation input	2016 Rs.'000	2015 Rs.'000
Price per square metre	4,575	4,575

for the year ended September 30, 2016

# 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

### 7.2. Investment properties (Cont'd)

(b) In the prior year, properties of 11.15 acres (Company) and 13.11 acres (Group) were transferred from investment property to property, plant and equipment as management intends to construct a 4star hotel at Les Salines.

	THE (	GROUP	THE CO	DMPANY
	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
espect of:				
erties:				
	_	_	_	_

The amounts recognised in profit or loss were as follows in respect or Direct operating expenses arising from the investment properties:

- that did not generate rental income during the year

# 7.3. Intangible assets

#### **Accounting Policy**

#### Intangible assets

#### Goodwill

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities. 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 profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When a subsidiary is disposed of, the difference between the disposal proceeds and the share of net assets disposed of, as adjusted for translation differences and net amount of goodwill is recognised in profit or loss.

#### Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in the useful life from indefinite to finite is made on a prospective basis.

### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

### 7.3. Intangible assets (Cont'd)

Other intangible assets

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

Leasehold rights

Expenditure incurred to acquire leasehold rights is capitalised and amortised on a straight line basis over the period of the respective lease. *Patents* 

The trademark, "White Sand Tours" was acquired in October 2010 by the subsidiary White Palm Limited. The trademark with indefinite useful life has been allocated to the cash generating unit, White Palm Limited, for the purpose of impairment testing.

Licences are amortised over a period of five years.

THE GROUP	Goodwill arising	Leasehold	Datasta	13	Takal
	on Acquisition	Rights	Patents	Licences	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost					
At October 1, 2014	1,259,000	437,938	24,493	3,150	1,724,581
Exchange differences	-	12,616	-	-	12,616
At September 30, 2015	1,259,000	450,554	24,493	3,150	1,737,197
Amendination					
Amortisation At October 1, 2014	_	25,771	_	1,260	27,031
Amortisation charge	-	3,991	-	1,890	5,881
Impairment	5,883	-	-	-	5,883
Exchange differences	-	2,329	-	-	2,329
At September 30, 2015	5,883	32,091	_	3,150	41,124
Net book values		02,00.		5,.00	,
At September 30, 2015	1,253,117	418,463	24,493	-	1,696,073
At September 30, 2014	1,259,000	412,167	24,493	1,890	1,697,550
At September 30, 2014	1,239,000	412,107	24,493	1,030	1,097,330
Cost					
At October 1, 2015	1,259,000	450,554	24,493	3,150	1,737,197
Exchange differences	-	(1,121)	-	-	(1,121)
At September 30, 2016	1,259,000	449,433	24,493	3,150	1,736,076)
Amortisation					
At October 1, 2015	5,883	32,091	-	3,150	41,124
Amortisation charge	-	4,092	-	-	4,092
Exchange differences	-	(235)	-	-	(235)
At September 30, 2016	5,883	35,948	-	3,150	44,981)
Net book values					
At September 30, 2016	1,253,117	413,485	24,493	-	1,691,095
At September 30, 2015	1,253,117	418,463	24,493	-	1,696,073

124 / Annual Report 2016 / 125

for the year ended September 30, 2016

### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

# 7.3. Intangible assets (Cont'd)

THE COMPANY	Goodwill arising on Acquisition	Leasehold Rights	Total		
	on Acquisition				
	Rs.'000	Rs.'000	Rs.'000		
Cost					
At October 1, 2014 and September 30, 2015	1,089,892	140,247	1,230,139		
Amortisation At October 1, 2014	_	11.215	11,215		
Amortisation charge		2,343	2,343		
At September 30, 2015		13,558	13,558		
Net book values					
At September 30, 2015	1,089,892	126,689	1,216,581		
At September 30, 2014	1,089,892	129,032	1,218,924		
Cost					
At October 1, 2015 and September 30, 2016  Amortisation	1,089,892	140,247	1,230,139		
At October 1, 2015	-	13,558	13,558		
Amortisation charge		2,341	2,341		
At September 30, 2016		15,899	15,899		
Net book values					
At September 30, 2016	1,089,892	124,348	1,214,240		
At September 30, 2015	1,089,892	126,689	1,216,581		
(a) Cash-generating units		Allocatio	Allocation of goodwill		
(.,		2016	2015		
Tour operating cash-generating units		Rs.'000	Rs.'000		
Beachcomber Limited and its tour operating subsidiaries		818,221	818,221		
Hotels operations cash-generating units					
Hotel boutiques Royal Palm Beachcomber Luxury		4,101 168,685	4,101 168,685		
Canonnier Beachcomber Golf Resort & Spa		98,885	98,885		
The Company		1,089,892	1,089,892		
Hotels operations cash-generating units Ste Anne Resort Limited		89,745	89,745		
Tour operating cash-generating units					
Beachcomber Tours SARL		1,184	1,184		
Beachcomber Tours Limited		72,296	72,296		
Property development cash generating unit:					
Domaine Palm Marrakech S.A		-	-		
The Group		1,253,117	1,253,117		

Each cash-generating unit represents a business operation and is the lowest level within the Group at which the goodwill is monitored for internal management purposes.

#### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

#### 7.3. Intangible assets (Cont'd)

#### (a) Cash-generating units (Cont'd)

For the other CGUs apart from Domaine Palm Marrakech S.A, the recoverable amount has been determined as follows:

- Hotel operations: The recoverable amount has been determined based on a DCF approach using Management's forecasts using a discount rate of 11-15% for Mauritius and Marrakech operations. For Seychelles operations, value of property was used using appropriate discount rates.
- Beachcomber tours: The Price-Earnings ratio of comparable companies were used with discount of 45% to adjust for difference in size, risks and geographical markets.

For details on Domaine Palm Marrakech S.A, refer to note 5.1.

#### (b) Leasehold right

The leasehold rights comprise the cost of leases acquired for part of Ste Anne Island in Seychelles, Les Salines Pilot in Black River, Mauritius and costs associated with the exchange of land with the Government of Mauritius relating to the road diversion at Trou aux Biches. The leasehold rights are amortised over the respective lease period which ranges from 25 to 60 years.

#### (c) Patent

As at September 30, 2016, the patent arising on the acquisition of White Palm Limited was tested for impairment and no indication of impairment was noted.

#### 7.4 Investment in subsidiaries

#### **Accounting Policy**

#### Investment in subsidiaries

Subsidiaries are those entities controlled by the Company. Control is achieved when the Company is exposed to, or has right to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity.

# Financial statements of the Company

Investment in subsidiaries are carried at cost which is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is taken to profit or loss.

	THE C	OMPANY
	2016	2015
(a) Cost (Unquoted)	Rs.'000	Rs.'000
At October 1,	7,057,733	7,798,406
Additions during the year (note (i))	750	-
Transfer from amount due from subsidiary(note (ii))	2,570,973	-
Impairment for the year (note (5.1))	(2,271,939)	(740,673)
At September 30,	7,357,517	7,057,733
Analysed as follows:		
Unquoted equity instruments	7,058,483	7,798,406
Interest free loans	2,570,973	-
Impairment for the year	(2,271,939)	(740,673)
	7,357,517	7,057,733

for the year ended September 30, 2016

### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

#### 7.4 Investment in subsidiaries (Cont'd)

(i)Additions during the year relate to acquisition of newly incorporated subsidiary, Santayarea by Beachcomber Limited "Santayarea". As at September 30 2016, the shares issued by Santayarea by Beachcomber Limited to the Company were unpaid and have thus been accounted as a non-cash item.

(ii) As at October 1, 2015, amount due from Ste Anne Resorts Limited (Rs 729.7m), from Domaine Palm Marrakech S.A (Rs 1,141m) and from Beachcomber Hotel SA (Rs 699.8m) were reclassified from "amount due from subsidiaries" to "investment in subsidiaries". This amount is regarded as a monetary item that is receivable from a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future. It is therefore considered as part of the entity's net investment in these foreign operations. (Refer to note 4 for more details). The decision to defer payment was taken as from October 1, 2015 and is therefore not an error.

The Company has a loan of EUR 10m against which it pledged its shares in Kingfisher Limited which, in turn, holds 100% of Ste Anne Resorts Limited.

In the current financial year, Ste Anne Resorts Limited took a loan of EUR 7.5m and the Company acted as a guarantor for the EUR 7.5m and pledged shares owned in Kingfisher Limited. The Company also acted as guarantor and pledged its own assets for an EUR 1.5m loan taken by Ste Anne Resorts Limited.

During the year, the Group acquired 56% of the shares of Santayarea by Beachcomber Ltd, a newly incorporated entity whose activity is the provision of hotel training.

#### 7.5 Investment in associates

### **Accounting Policy**

### Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investors but does not have control or joint control over its policies.

#### Financial statements of the Company

Investments in associates are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is taken to profit or loss.

#### Consolidated financial statements

The Group's investments in its associates are accounted using the equity method.

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The profit or loss reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of an associate is shown on the face of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value; it then recognises the loss as 'Share of results of associates' in statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

#### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

### 7.5 Investment in associates (Cont'd)

	THE GROUP		THE	COMPANY
	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs'000	Rs'000
At October 1,	535,395	526,863	19,062	19,062
Dividends from associates	(5,242)	(6,224)	-	-
Exchange difference	(277)	800	-	-
Impairment (Note 5.1)	(48,529)	-	-	-
Share of results of associates	(6,620)	13,956	-	-
At September 30,	474,727	535,395	19,062	19,062

		THE CROUP		
Summarised financial information of associates on an aggregated basis:	IH	E GROUP		
	2016	2015		
	Rs'000	Rs'000		
Total assets	6,869,644	6,261,343		
Total liabilities	(1,340,508)	(972,155)		
Net assets	5,529,136	5,289,188		
Revenue	1,588,044	1,823,424		
Profit for the year	47,748	182,658		
Share of results of associates	(6,620)	13,956		

The Group has assessed that no material adjustment will arise should the same reporting date of September 30, be used for all associates.

#### 7.6. Available-for-sale financial assets **THE GROUP** THE COMPANY 2016 2015 2016 2015 Rs'000 Rs'000 Rs'000 Rs'000 At October 1, 4,512 25,340 1.467 1.850 Fair value gain (275)686 (220)(383)(21,514)Disposal Impairment (Note 5.1) (2,696)At September 30, 1,541 4,512 1,247 1,467 Analysed into: Quoted 1.493 1.768 1,199 1.419 Unquoted 48 2.744 48 1.541 4.512 1.247 1.467

Available-for-sale financial assets consist of investments in ordinary shares.

Quoted shares are stated at quoted (unadjusted) prices available in active markets.

Unquoted shares that do not have quoted market prices in an active market and whose fair values cannot be reliably measured, are stated at cost.

The Directors impaired an unquoted investment during the year due to uncertainty around recoverability of the carrying amount of the investment.

for the year ended September 30, 2016

#### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

#### 7.7 Inventories

#### **Accounting Policy**

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

- Food and beverages are valued at purchase cost on a weighted average basis.
- Operating supplies and small equipment are recognised at purchase cost and amortised on a straight line basis over their estimated useful life which is between two to four years.
- Spare parts, fabrics and garments are valued at purchase cost on a weighted average basis.
- Stock of villas is valued at cost which comprise of cost of land, construction costs and borrowing costs.

Villas being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

**THE GROUP** 

THE COMPANY

	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Food and beverages (cost)	104,279	93,473	86,958	77,937
Operating equipment (net realisable value)	155,644	151,113	100,573	87,820
Operating supplies and others (net realisable value)	75,691	68,354	55,326	51,380
Spare parts (cost)	60,780	59,790	30,932	28,251
Fabrics and garments (cost)	56,942	60,894	49,446	53,074
Stock of land for sale (cost) ((a))	4,192,709	4,216,981	2,271,788	2,189,741
Goods in transit	2,010	-	2,010	-
	4,648,055	4,650,605	2,597,033	2,488,203
(a) Stock of land for sale is made up of:				
Land for sale at Les Salines, Mauritius (cost)	2,271,788	2,189,741	2,271,788	2,189,741
Villas under construction in Marrakech, Morocco (cost)	1,920,921	2,027,240	-	
	4,192,709	4,216,981	2,271,788	2,189,741

- (b) Inventories are included in assets given as collateral for bank borrowings.
- (c) Included in Stock of Land for sale is an amount of Rs 158.0m for the Group (2015: Rs 168.8m) and an amount of Rs 82m for the Company (2015: Rs 97.7m) pertaining to interest costs capitalised during the year. The rate used to determine the amount of borrowing costs eligible for capitalisation varied between 2.2% 4.9% for loans in foreign currency and 6.75% to 7.5% for loans denominated in Mauritian rupees, which is the effective rate of interest on the specific borrowings.
- (d) A net transfer of Rs 925m was made out of property, plant and equipment to inventories in the prior year as a result of a change in management intention to use land previously earmarked for a golf course and hotel instead for additional plots for sale in a morcellement projects.
- (e) Cost of inventories expensed amounts to Rs 75.2m (2015: Rs 66m) and Rs 77.3m (2015:Rs 83m) for Company and for the Group respectively.

#### 7.8 Trade and other receivables

Trade receivables Other receivables Amounts due from associates (Note 5.4) Amounts due from subsidiaries (Note 5.4)

THI	E GROUP	THE CO	MPANY
2016	2015	2016	2015
Rs'000	Rs'000	Rs'000	Rs'000
880,291	1,150,883	535,222	592,232
1,630,765	1,727,180	204,089	204,895
13,289	12,923	13,289	12,695
-	-	255,815	2,149,362
2,524,345	2,890,986	1,008,415	2,959,184

#### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

### 7.8 Trade and other receivables (Cont'd)

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 60 days' term.

At September 30, 2016, trade receivables at nominal value of Rs 38.9m (2015: Rs 12.3m) for the Group and Rs 10.7m (2015: Rs 9.6m) for the Company were impaired and fully provided for.

(a) Movement in the provision for impairment of trade receivables were as follows:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
At October 1,	12,293	8,034	9,644	3,295
Utilised during the year	(3,988)	(2,382)	(2,358)	(438)
Charge for the year	30,595	6,641	3,406	6,787
At September 30,	38,900	12,293	10,692	9,644

(b) At September 30, the ageing analysis of trade receivables were as follows:

		Neither past	Past due but not impaired			
	Total	due nor impaired	< 30 days	30 - 60 days 6	1 - 90 days 90	days
GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2016	880,291	485,277	204,777	38,568	18,760	132,909
2015	1,150,883	718,793	258,106	78,519	32,130	63,335

Neither pa	st	Past due but not impaired		
otal due nor impa	ired < 30 days	< 30 days 30 - 60 days 61 - 90 days 90 days		
000 Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
,222 269,417	130,369	25,597	11,297	98,542
,232 400,465	105,554	41,081	15,645	29,487
	tal due nor impa 000 Rs'000 ,222 269,417	000 Rs'000 Rs'000 ,222 269,417 130,369	tal due nor impaired < 30 days 30 - 60 days 61 - 000 Rs'000 Rs'000 Rs'000  ,222 269,417 130,369 25,597	due nor impaired         < 30 days         30 - 60 days         61 - 90 days         90 days         90 days           000         Rs'000         Rs'000         Rs'000         Rs'000           ,222         269,417         130,369         25,597         11,297

- (c) Other receivables are unsecured and are neither past due nor impaired. Included in other receivables are mainly advances made to suppliers.
- (d) No impairment was recorded in amount due from subsidiaries in the current year. In prior year, an amount due from subsidiary at a nominal value Rs 759.3m were impaired and fully provided for. For more details on impairment on interest-free loan to subsidiaries, refer to Note 5.1.

For terms and conditions pertaining to related party receivables, refer to note 5.4.

for the year ended September 30, 2016

### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

7.9 Other financial assets/liabilities	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Other financial assets/(liabilities) at fair value through profit or loss Derivatives not designated as hedges:	:			
Foreign exchange forward contracts	41,528	10,408	14,150	10,408
Disclosed as follows:				
Current assets	50,252	10,408	22,874	10,408
Current liabilities	(8,724)	-	(8,724)	-
Total other financial assets at fair value through profit or loss	41,528	10,408	14,150	10,408

# 7.10 Cash and cash equivalents Accounting policy

# Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments, are normally those with less than three months' maturaty from the date of acquisition.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and at bank, net of outstanding bank overdrafts. Cash and cash equivalents are measured at amortised cost.

(a) For the purposes of the statements of cash flows, the cash and cash equivalents comprise the following: Cash in hand and at banks Bank overdrafts (note 7.13)

	TH	IE GROUP	THE	COMPANY
	2016	2015	2016	2015
	Rs'000	Rs'000 Rs'000		Rs'000
	545,903	809,367	71,416	273,062
	(2,607,440)	(2,268,912)	(2,416,073)	(2,132,709)
	(2,061,537)	(1,459,545)	(2,344,657)	(1,859,647)

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash is Rs 545.9m (2015: Rs 809.3m) for the Group and Rs 71.4m (2015: Rs 273m) for the Company respectively.

At September 30, 2016, the Group and Company had available undrawn loan facilities of Rs 500m (2015: Rs 500m) and Rs 200m (2015: Rs 48m) respectively. Undrawn overdraft facilities amounted to Rs 836m (2015: Rs 836m) for both Group and Company.

(b) Non-cash transactions

The main non-cash transaction pertains to investment in subsidiary amounting to Rs 750,000.

In the prior year, the principal non-cash transaction consisted of amount due for the renovation of Royal Palm Beachcomber Luxury amounting to Rs 249m (the Group and the Company). This amount was excluded from 'purchase of property, plant and equipment' disclosed under investing activities for the purpose of statement of cash flows. There were no such outstanding balances at year end.

### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

#### 7.11 Stated capital

	THE G	ROUP COMPANY
	2016 Rs'000	2015 Rs'000
Authorised 500,000,000 Ordinary shares at no par value	5,000,000	5,000,000
Issued and fully paid 484,270,608 Ordinary shares at no par value (2015: 484,270,608 Ordinary shares)	5,000,000	5,000,000

The Company made a bonus issue of two ordinary shares for each ordinary share of the Company on 12 June 2015, totalling to 322,847,072 new ordinary shares. The primary purpose of the bonus issue was to improve the liquidity of the Company's shares on the Stock Exchange of Mauritius.

An amount of Rs 3,275,639,000 was capitalised out of revaluation reserve and used for distribution of the bonus issue, following which, the issued share capital of the Company amounted to Rs 5,000,000,000 consisting of 484,270,608 ordinary shares with no par value.

#### 7.12 Other components of equity

Nature and purpose of reserves						

These reserves are principally used to record the fair value adjustments relating to shares issued by the Company to acquire non-controlling interests in local subsidiaries and the movement in the reserves of the associates.

Available-for-sale financial assets reserve
The fair value reserve is principally used to record the fair value adjustment relating to available-for-sale financial assets.

IH	E GROUP	IHE	COMPANY
2016	2015	2016	2015
Rs'000	Rs'000	Rs'000	Rs'000
624,583	624,583	-	-
10,695	10,970	336	556

THE COMPANY

THE CROUD

# Revaluation reserve

Other reserves

The revaluation reserve is principally used to record changes in fair value of freehold land and buildings following revaluation exercises performed by an independent surveyor. It is also used to record impairment losses to the extent that such losses relate to increases on the same asset previously recognised in revaluation reserve.

Foreign exchange difference reserves

These reserves include exchange differences arising on retranslation of the financial statements of foreign subsidiaries and loss or gain arising on cash flow hedges.

Total other components of equity

TH	E GROUP	THE	COMPANY
2016	2015	2016	2015
Rs'000	Rs'000	Rs'000	Rs'000
	Restated		Restated
2,196,118	2,357,387	1,373,953	1,119,400
(1,196,466)	(1,186,103)	-	-
1,634,930	1,806,837	1,374,289	1,119,956

for the year ended September 30, 2016

### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

7.13 Borrowings	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Current portion				
Bank overdrafts (note (a))	2,607,440	2,268,912	2,416,073	2,132,709
Term loans (note (b))	2,852,807	2,253,171	2,653,595	2,084,199
Obligations under finance leases (note (c))	119,073	117,816	90,332	95,981
Debentures (note (d))	101,331	466,740	101,331	466,740
	5,680,651	5,106,639	5,261,331	4,779,629
Non-current portion				
Term loans (note (b))	9,188,672	9,364,252	8,656,676	8,775,956
Obligations under finance leases (note (c))	215,796	228,584	169,518	198,455
Debentures (note (d))	710,500	808,903	710,500	808,903
Preference shares (e)	1,758,122	1,755,115	1,758,122	1,755,115
	11,873,090	12,156,854	11,294,816	11,538,429
Total borrowings	17,553,741	17,263,493	16,556,147	16,318,058

### (a) Bank overdrafts

The bank overdrafts are secured by floating charges on the assets of the individual companies of the Group. The rates of interest vary between 6.25% and 9.25% per annum.

Term	loans	can	be	analysed	as	follows	:

### - Within one year

Current

(b) Term Loans

### Non-current

- After one year and before two years
- After two years and before five years
- After five years

2016	2015	2016	2015
Rs'000	Rs'000	Rs'000	Rs'000
2,852,807	2,253,171	2,653,595	2,084,199
4,050,767	814,103	3,960,308	725,487
3,179,623	5,845,658	2,870,243	5,518,811
1,958,282	2,704,491	1,826,125	2,531,658
9,188,672	9,364,252	8,656,676	8,775,956
12,041,479	11,617,423	11,310,271	10,860,155

THE COMPANY

**THE GROUP** 

			THE GROUP		THE COMPANY		
	Effective interest rate %	Maturity	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000	
Denominated in:							
Mauritian rupees	6.50% - 6.75%	On demand	408,145	-	408,145	-	
Mauritian rupees	6.25% - 7.6%	2016-2025	8,765,775	8,285,151	8,765,775	8,285,151	
Euro	EURO LIBOR						
	+2.50%	On demand	-	319,280	-	319,280	
Euro	EURO LIBOR						
	+(2.5% to 5.25%)	2017-2025	1,916,555	1,917,957	1,832,128	1,814,930	
Euro	EURIBOR						
	+(2.5% to 4.25%)	2017-2020	160,843	290,476	160,843	290,476	
USD	4.5% - 5%	2016	143,380	150,318	143,380	150,318	
MAD	6.0%-7.0%	2017-2024	646,781	654,241	-	-	
			12,041,479	11,617,423	11,310,271	10,860,155	

#### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

#### 7.13 Borrowings (Cont'd)

The term loans are secured by fixed and floating charges over the Group's assets.

The term loans include loans totalling EUR 7.7m (2015: EUR 8.7m) from Ste Anne Resorts Limited and loans amounting to Rs 927.8m (2015: Rs 835.9m) to Beachcomber Limited.

The Company is in breach of its covenants with one bank. It will honour the loan in the next financial year as per the repayment plan and has therefore classified that loan under current liability.

In prior and current financial year, the Company has undergone a Financial Reengineering Program which alleviated cash flow pressures. Several existing loans have been rescheduled to longer terms to reduce the mismatch between the Company's cash inflows and the repayment profile of the loans.

# (c) Obligations under finance leases **Accounting Policy**

#### Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even of that right is not explicitly specified in the arrangement.

#### Group as a lessee

#### Finance leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

**THE GROUP** 

THE COMPANY

	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
Minimum lease payments:				
- Within one year	140,563	140,428	106,578	114,871
- After one year and before two years	111,849	111,480	88,031	92,067
- After two years and before five years	128,228	141,454	100,707	128,505
	380,640	393,362	295,316	335,443
Less: Future finance charges on obligations under finance leases	(45,771)	(46,962)	(35,466)	(41,007)
Present value of obligations under finance leases	334,869	346,400	259,850	294,436
Present value analysed as follows:				
Current				
- Within one year	119,073	117,816	90,332	95,981
Non-current				
- After one year and before two years	97,833	97,953	77,038	80,047
- After two years and before five years	117,963	130,631	92,480	118,408
	215,796	228,584	169,518	198,455

334.869

346.400

259.850

294.436

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Annual Report 2016 / 135 134 / Annual Report 2016

for the year ended September 30, 2016

#### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

#### 7.13 Borrowings (Cont'd)

(d) Debentures	THE (	THE GROUP		MPANY
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Term debentures can be analysed as follows:				
Current				
- Within one year	101,331	466,740	101,331	466,740
Non-current				
- After one year and before two years	95,566	100,074	95,566	100,074
- After two years and before five years	614,934	708,829	614,934	708,829
	710,500	808,903	710,500	808,903
	811,831	1,275,643	811,831	1,275,643

Debentures are denominated as follows:

			THE GROUP		THE COMPANY	
Effect	ive interest rate	Maturity	2016	2015	2016	2015
	%		Rs'000	Rs'000	Rs'000	Rs'000
Mauritian rupees	7.00%	22-Jul-16	-	251,582	-	251,582
Mauritian rupees Tranche A notes	Repo rate					
	+ 1.35%	15-Jul-18	95,566	95,245	95,566	95,245
Mauritian rupees Tranche B notes	Repo rate					
	+ 1.85%	15-Jul-19	614,934	613,584	614,934	613,584
Euro (Tranche 3)	6.00%	22-Jul-16	-	215,158	-	215,158
Euro	3.50%	15-Jul-17	101,331	100,074	101,331	100,074
			811,831	1,275,643	811,831	1,275,643

#### (e) Preference shares

#### Redeemable convertible non-voting preference shares

The Company issued 161,423,536 redeemable convertible non-voting preference shares at an issue price of Rs 11 each, totalling Rs 1,775,658,896, last year. The purpose of same was to reduce the level of bank borrowings of the Company as part of the Financial Reengineering Program.

The preference shares were initially measured at fair value less transaction costs and then subsequently measured at amortised cost using the effective interest rate method.

The Preference shares yield a cumulative preferred dividend of 6% per financial year; preferred dividends are declared twice per financial year and are paid in priority over ordinary dividends.

# Salient features of the preference shares are as follows:

The preference shares are convertible into ordinary shares at the shareholder's option in January 2018 and January 2019. The conversion will be effected at a factor equal to Rs 11 divided by the average market value of the ordinary shares during a 90 day period prior to the date of conversion less a 10% discount.

The Company may, at its absolute discretion, from 28 July 2022, redeem or buy back the Preference Shares (in whole or in part) at their nominal value together with a sum equal to the prorated Preferred Dividend payable in respect of the relevant financial year, plus any Preferred Dividend accrued but not paid from previous financial years.

The shares constitute unsecured and subordinated obligations of the Company and accordingly rank junior to all secured and unsubordinated creditors of the Company but ahead of ordinary shareholders.

The preference shares were classified as a liability even though the shares are redeemable at the option of the Company (as from 2022) since there is a contractual obligation to pay dividend (in priority over ordinary dividends) and the shares do not convert into fixed number of shares.

### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

#### 7.14 Employee benefits liabilities

### **Accounting Policy**

## (i) Defined benefit plans

The Group operates a multi-employer defined benefit plan, the assets of which are held in a separately administered fund. The pension plan is funded by payments from employees and by the employer, by taking into account the recommendations of independent qualified actuaries who carry out a full valuation of the plan every three years.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through the other comprehensive income in the period in which they occur. Re-Measurements are not reclassified to profit or loss in subsequent periods.

Past service cost are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises restructuring related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'staff costs' in profit or loss (by function):

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income

# (ii) Defined contribution plans

The Company operates a defined contribution scheme, set up in October 2014, the assets of which are held and administered by an independent fund administrator. All new employees of the Company from that date become members of the defined contribution plan. Payments by the Company to the defined contribution retirement plan are charged as an expense as they fall due.

#### (iii) Severance allowance

The Company is liable to pay severance allowance to employees at the date of their retirements under the Employment Rights Act 2008. These benefits are unfunded. The cost of providing these benefits is determined using the projected unit credit method. Actuarial gains and losses in determining the present value of the unfunded obligations are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods. The past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested (that is when the employee retires). If the benefits have already vested, immediately following changes in legislation, past service costs are recognised immediately.

# Significant accounting judgements and estimates

#### Employee benefit liabilities

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The Group has both funded and unfunded obligations. For the funded obligations, the Group participates in the New Mauritius Hotels Group Superannuation Fund, a multi-employer pension plan registered under the Private Pension Fund Act, the assets of which are held independently. The pensions plan are funded from payments from the employees and the Group, taking into account the recommendations of an independent actuary, namely Anglo Mauritius Assurance Society Ltd. For the unfunded obligations the Group participates in the Rogers Money Purchase Retirement Fund. The unfunded liability relates to employees who are entitled to retirement gratuities payable under the Employment Right Act. The pension scheme is a defined benefit scheme.

for the year ended September 30, 2016

# 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

# 7.14 Employee benefits liabilities (Cont'd)

	THE GROUP		THE COMPANY	
Funded obligation	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Funded obligation (note a)	1,234,936	1,113,501	1,225,588	1,103,413
Unfunded obligation (note b)	17,601	12,559	-	-
	1,252,537	1,126,060	1,225,588	1,103,413

# (a) Funded Obligation

### (i) The amounts recognised in the statements of financial position in respect of funded obligation are as follows:

Defined benefit obligation	3,825,811	3,657,324	3,796,489	3,623,647
Fair value of plan assets	(2,590,875)	(2,543,823)	(2,570,901)	(2,520,234)
Employee benefit liability	1,234,936	1,113,501	1,225,588	1,103,413

# (ii) Movement in the liability recognised in the statements of financial position:

At October 1,	1,113,501	709,551	1,103,413	702,700
Amount recognised in profit or loss	187,994	145,937	184,227	142,434
Amount recognised in other comprehensive income	91,668	394,634	92,106	390,694
Employer's contribution	(158,227)	(136,621)	(154,158)	(132,415)
At September 30,	1,234,936	1,113,501	1,225,588	1,103,413

# (iii) The amounts recognised in the statement of profit or loss are as follows:

Current service cost	100,672	83,477	97,768	80,805
Scheme expenses	6,462	7,333	6,402	7,112
Interest cost on defined benefit obligation	261,400	236,151	258,825	233,603
Return on plan assets	(180,540)	(181,024)	(178,768)	(179,086)
Net benefit expense	187,994	145,937	184,227	142,434

### (iv) The amounts recognised in the statement of other comprehensive income are as follows:

Losses on pension scheme assets	203,964	79,655	195,147	73,485
Experience (gains)/losses on the liabilities	(166,005)	88,851	(156,360)	93,714
Changes in assumptions underlying the present value of the scheme	53,709	226,128	53,319	223,495
	91,668	394,634	92,106	390,694

# (v) Cumulative actuarial losses recognised:

Cumulative actuarial losses at October 01,	1,126,368	731,734	1,113,491	722,797
Acturial losses recognised in current year	91,668	394,634	92,106	390,694
Cumulative actuarial losses at September 30,	1,218,036	1,126,368	1,205,597	1,113,491

# 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

# 7.14 Employee benefits liabilities (Cont'd)

### (a) Funded Obligation (Cont'd)

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
(vi) Reconciliation of the present value of defined				
benefit obligation:				
Present value of obligation at October 1,	3,657,324	3,094,255	3,623,647	3,063,391
Current service cost	100,672	83,477	97,768	80,805
Interest cost on defined benefit obligation	261,400	236,151	258,825	233,603
Employees' contribution	33,938	34,155	32,949	33,104
Actuarial (gains)/losses	(112,296)	314,979	(103,041)	317,209
Benefits paid	(115,227)	(105,693)	(113,659)	(104,465)
Present value of obligation at September 30,	3,825,811	3,657,324	3,796,489	3,623,647
(vii) Reconciliation of fair value of plan assets				
Fair value of plan assets at October 1,	2,543,823	2,384,704	2,520,234	2,360,691
Return on plan assets	180,540	181,024	178,768	179,086
Employer's contributions	158,226	136,621	154,158	132,415
Scheme expenses	(6,462)	(7,333)	(6,402)	(7,112)
Employees' contribution	33,938	34,155	32,949	33,104
Actuarial losses	(203,964)	(79,655)	(195,147)	(73,485)
Benefits paid	(115,226)	(105,693)	(113,659)	(104,465)
Fair value of plan assets at September 30,	2,590,875	2,543,823	2,570,901	2,520,234

The actual return on the plan assets was Rs 20m (2015: Rs 101m) for the current financial year.

# (viii) The principal actuarial assumptions used for accounting purposes were:

 2016
 2015

 %
 %

 Discount rate
 6.50
 7.00

 Future salary increase
 3.00
 4.00

 Pension increase
 1.00
 1.00

 Return on plan assets
 7.50
 7.00

 Post retirement mortality tables
 PMA92/PFA92
 PMA92/PFA92

# (ix) A quantitative sensitivity analysis for significant assumptions as at September, 30 is shown as follows below:

Discount rat	
--------------	--

THE GROUP AND THE COMPANY

Assumptions	THE GI	ROUP	THE COMPANY		
Sensitivity					
	1% increase	1% decrease	1% increase	1% decrease	
	Rs'000	Rs'000	Rs'000	Rs'000	
2016 Impact on defined benefit obligation	(539,054)	680,178	(534,247)	673,894	
2015 Impact on defined benefit obligation	(513,093)	650,734	(507,504)	644,272	

for the year ended September 30, 2016

### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

### 7.14 Employee benefits liabilities (Cont'd)

### (a) Funded Obligation (Cont'd)

#### Future salary increase

	TH	THE GROUP		COMPANY
	1% increase Rs'000	1% decrease Rs'000	1% increase Rs'000	1% decrease Rs'000
2016 Impact on defined benefit obligation	259,597	(225,511)	257,129	(223,445)
2015 Impact on defined benefit obligation	261,923	(223,465)	258,732	(220,743)

#### Pension increase

	TH	E GROUP	THE (	COMPANY
	1% increase	1% decrease	1% increase	1% decrease
	Rs'000	Rs'000	Rs'000	Rs'000
2016 Impact on defined benefit obligation	360,922	(323,434)	358,177	(320,971)
2015 Impact on defined benefit obligation	330,614	(297,190)	327,580	(294,453)

Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

#### (b) Unfunded obligations

(i) The amounts recognised in the statements of financial position in respect of unfunded obligations are as follows:

	THE GROUP	
	2016 Rs'000	2015 Rs'000
Benefit liability	17,601	12,559
(ii) Movement in the liability recognised in the statements of financial position:		
At October 1, Amount recognised in profit or loss Benefits paid Amount recognised in other comprehensive income At September 30,	12,559 2,017 (535) 3,560 17,601	9,201 4,033 (406) (269) 12,559
(iii) The amounts recognised in the statements of profit or loss are as follows: Current service cost Interest cost on defined benefit obligation Net benefit expenses	1,549 468 2,017	1,909 2,124 4,033
(iv) The amounts recognised in the statements of other comprehensive income are as follows:		(0.50)
Liability experience loss/(gain) Actuarial gain recognised in other comprehensive income	1,677 1,883 3,560	(269) - (269)

# 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

### 7.14 Employee benefits liabilities (Cont'd)

#### (b) Unfunded obligations (Cont'd)

(v) Reconciliation of the present value of defined benefit obligation:		
Present value of obligation at October 1,	12,559	9,201
Current service cost	1,549	1,909
Interest cost	468	2,124
Actuarial (losses)/gains	3,560	(269)
Benefits paid	(535)	(406)
Present value of obligation at September 30,	17,601	12,559
(vi) The principal actuarial assumptions used for accounting purposes were:		
(1), The principal actuality accuming to accomining purposes from	2016	2015
	%	%
Discount rate	6.50	6.75
Future salary increase	3.00	4.25
	THE GROUP AND	THE COMPANY
	2016	2015
	%	%
(c) The major categories of plan assets as a percentage		
of the fair value of total plan assets are as follows:	70	70
Local equities	32	32
Overseas bond and equities	33	33
Fixed interest	14	14

**THE GROUP** 

2015

Rs'000

21

100

100

2016

Rs'000

The overall expected rate of return on plan assets is determined by reference to market yields on bonds and expected yield difference on other types of assets held.

### (d) Maturity profile of the defined benefit obligation

The weighted average duration of the liabilities as at September 30, 2016 is 18 years.

#### (e) Expected contribution for next year

Property and other

The Group is expected to contribute Rs 221m (2015: Rs 170m) including employees' contribution to its defined benefit pension plan in the next financial year.

(f) Included in the plan assets is a property, valued at an open market value of Rs. 416m (2015: Rs 408m). The property is rented to the Company by New Mauritius Hotels Group Superannuation Fund.

# (g) Risk associated with the plans

The pension plans expose the Company/Group to the following actuarial risks:

Longevity risk: The liabilities disclosed are based on the mortality tables A67/70 and PA(92). Should the experience of the pension plans be less favourable than the standard mortality tables, the liabilities will increase.

Interest risk: If the bond interest rate decreases, the liabilites would be calculated using a lower discount; and would therefore increase.

Investment risk: Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.

Salary risk: If salary increases are higher than assumed in our basis, the liablities would increase giving rise to actuarial losses.

for the year ended September 30, 2016

#### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

#### 7.15 Trade and other payables

Trade payables Other payables Loan at call payable to subsidiaries (Note 5.4(vii)) Amount due to subsidiaries (Note 5.4 (ix))

T	HE GROUP	THE CO	MPANY
2016	2015	2016	2015
Rs'000	Rs'000	Rs'000	Rs'000
960,435	1,637,676	100,858	109,456
1,895,746	1,551,938	966,857	852,125
-	-	320,149	375,492
-	-	1,465,231	1,389,493
2,856,181	3,189,614	2,853,095	2,726,566

- (a) Trade payables are non-interest bearing and are generally on 30 to 60 days' term.
- (b) The loan at call bears interest rate of 7.5% per annum.
- (c) For terms and conditions pertaining to related party payables, refer to note 5.4.

#### 7.16. Fair value of financial instruments

#### **Accounting Policy**

#### Fair value measurement

The Group measures its financial instruments and non-financial assets such as investment properties and items of property at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- · In the principal market for the asset or liability, or
- · In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

#### 7.16 Fair value of financial instruments (Cont'd)

#### **Accounting Policy**

#### Fair value measurements (Cont'd)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted available-for-sale financial assets, and for non-recurring measurement, such as assets held for sale.

The Group's management determines the policies and procedures for the measurement of both recurring and non-recurring fair values. Financial assets that are unquoted are fair valued by management at least annually at the reporting date. The use of external valuers is decided by the management when the situation dictates it, taking into consideration the relevant factors.

Involvement of external valuers for the valuation of its properties is decided upon by management after discussion with and approval of the audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case. Management assesses the changes in the inputs, as well as those in the environment, from both internal and external sources, that affect the fair value of the property since the last valuation, and thereafter decides on the involvement of external valuers.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents.

Management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The fair values of the Group's unquoted available for sales investments are determined by Management at least annually at the reporting date through the income approach. Inputs and assumptions used in the determination of the fair value are verified and validated to their respective sources and documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### Significant accounting judgements and estimates

### Fair value measurements of financial instruments

When the fair values of financial instruments recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to those models are derived from observable market data where possible, but where observable market data are not available, a degree of judgment is required to establish fair values. The judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

for the year ended September 30, 2016

### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

#### 7.16 Fair value of financial instruments (Cont'd)

As at September 30, 2016 the group held the following financial instruments carried as fair value in the statement of financial position.

Assets measured at fair value	THE GROUP			
	2016	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000	Rs'000
Other financial instruments at fair value through profit or loss (Note 7.9): - Foreign exchange forward contracts (Financial assets)	50,252	-	50,252	-
Foreign exchange forward contracts (Financial liabilities)	(8,724)	-	(8,724)	-
Available-for-sale financial assets (Note 7.6)	1,541	1,493	-	48
Property	22,237,769	-	22,237,769	
Investment properties	363,964	-	363,964	-
Borrowings	(14,946,301)	-	(14,946,301)	-

Other financial instruments at fair value through profit or loss (note 7.
- Foreign exchange forward contracts (Financial assets)
- Foreign exchange forward contracts (Financial liabilities)
Available-for-sale financial assets (Note 7.6)
Property
Borrowings

Property

Borrowings

Investment properties

	2016	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000	Rs'000
rough profit or loss (note 7.9):				
(Financial assets)	22,874	-	22,874	-
(Financial liabilities)	(8,724)	-	(8724)	-
te 7.6)	1,247	1,199	-	48
	16,405,838	-	16,405,838	-
	(14,140,074)	-	(14,140,074)	-

THE COMPANY

16,131,978

(11,538,429)

Borrowings	(14,140,074)	-	(14,140,074)	-
Assets measured at fair value		TI	HE GROUP	
	2015	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000	Rs'000
Other financial instruments at fair value through profit or loss (Note 7.9):				
- Foreign exchange forward contracts	10,408	-	10,408	-
- Foreign exchange forward contracts (Financial liabilities)	-	-	-	-
Available-for-sale financial assets (Note 7.6)	4,512	1,768	-	2,744
Property	23,253,955	-	23,253,955	-
Investment properties	366,000	-	366,000	-
Borrowings	(14,994,581)	-	(14,994,581)	-
		THE	COMPANY	
	2015	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000	Rs'000
Other financial instruments at fair value through profit or loss (Note 7.9):				
- Foreign exchange forward contracts (Financial assets)	10,408	-	10,408	-
- Foreign exchange forward contracts (Financial liabilities)	-	-	-	
Available-for-sale financial assets (Note 7.6)	1,467	1,419	-	48

16.131.978

(11,538,429)

### 7. DETAILED INFORMATION ON STATEMENT OF FINANCIAL POSITION ITEMS (CONT'D)

#### 7.16 Fair value of financial instruments (Cont'd)

The carrying amounts of financial assets and liabilities approximate their fair values.

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets. Unquoted available-for-sale financial assets represent investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured. Available-for-sale financial assets are therefore measured at cost.

Fair values of the Group's interest-bearing loans and borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowings rate as at the end of the reporting date.

The fair value of foreign exchange forward and swap contracts are determined by using the foreign exchange spot and forward rates, interest rate curves and forward rate curves of each currency.

For valuation techniques regarding property classified under "Property, plant and equipment" and "Investment properties", refer to note 7.1 and 7.2 respectively.

During the reporting period ended September 30, 2016, there were no transfers between Level 1 and Level 2 fair value measurements.

**THE GROUP** 

THE COMPANY

#### 7.17 Commitments

2016	2015	2016	2015
Rs'000	Rs'000	Rs'000	Rs'000
4,700,000	4,050,000	4,700,000	4,050,000
3,700,000	530,000	-	-
500,000	-	300,000	-
300,000	-	300,000	-
600,000	-	-	-
9,800,000	4,580,000	5,300,000	4,050,000
	Rs'000 4,700,000 3,700,000 500,000 300,000 600,000	Rs'000 Rs'000 4,700,000 4,050,000 3,700,000 530,000 500,000 - 300,000 - 600,000 -	Rs'000         Rs'000         Rs'000           4,700,000         4,050,000         4,700,000           3,700,000         530,000         -           500,000         -         300,000           300,000         -         300,000           600,000         -         -

- (i) Les Salines project will consist the development of approximately 365 arpents to be sold for residential purpose and for the construction of a 4 star hotel.
- (ii) In the prior year, Rs 530m represented the estimated cost to complete phase 1 of the Marrakech project (villas construction). As at 30 September 2016, the amount of Rs 3,700m represents the estimated cost of completion of phases 1 and 2. The construction, marketing and sale of villas of phase 2 were already initiated.
- (iii) Commitments pertain to future renovation of hotels.

### (b) Operating lease commitments

### **Accounting Policy**

### Operating lease

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Group has various land leases on which the hotel buildings are constructed. Future minimum rentals payable under operating leases as at September 30, are as follows:

Within one year After one year but not more than five years More than five years

THE GROUP			THE C	OMPANY
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
	142,769	141,219	125,674	126,450
	570,026	563,718	502,698	505,801
	5,985,716	6,073,676	5,442,605	5,608,516
	6,698,511	6,778,613	6,070,977	6,240,767

# Notice of Annual Meeting

**New Mauritius Hotels Limited** 

Notice is hereby given that the Annual Meeting of Ordinary shareholders of New Mauritius Hotels Limited will be held at Labourdonnais Waterfront Hotel, Caudan, Port Louis, on **22 March 2017** at **3 p.m.**, to transact the following business:

- 1. To consider the Annual Report for the year ended 30 September 2016.
- 2. To receive the report of the auditors of the Company.
- 3. To consider and approve the audited financial statements of the Company for the year ended 30 September 2016.

#### **Ordinary Resolution**

"Resolved that the audited financial statements of the Company for the year ended 30 September 2016 be hereby approved."

4. To elect Mr. Marie Maxime Hector Espitalier-Noël who retires by rotation in accordance with Section 23.6 of the Company's constitution and, being re-eligible, offers himself for re-election.

#### **Ordinary Resolution**

"Resolved that Mr. Marie Maxime Hector Espitalier-Noël be hereby re-elected as Director of the Company in accordance with Section 23.6 of the Company's constitution."

5. To elect Mr. Kishore Sunil Banymandhub who retires by rotation in accordance with Section 23.6 of the Company's constitution and, being re-eligible, offers himself for re-election.

#### **Ordinary Resolution**

"Resolved that Mr. Kishore Sunil Banymandhub be hereby re-elected as Director of the Company in accordance with Section 23.6 of the Company's constitution."

6. To re-appoint Mr François Roland Venin, who has been appointed by the Board, as Director of the Company in accordance with section 23.4 of the Company's constitution.

#### **Ordinary Resolution**

"Resolved that Mr François Roland Venin be hereby re-appointed as Director of the Company in accordance with Section 23.4 of the Company's constitution."

7. To re-appoint Ms Pauline Sybille Cheh Seeyave, who has been appointed by the Board, as Director of the Company in accordance with section 23.4 of the Company's constitution.

#### **Ordinary Resolution**

"Resolved that Ms Pauline Sybille Cheh Seeyave be hereby re-appointed as Director of the Company in accordance with Section 23.4 of the Company's constitution."

8. To re-appoint Mr Thierry Raymond Sauzier, who has been appointed by the Board, as Director of the Company in accordance with section 23.4 of the Company's constitution.

#### **Ordinary Resolution**

"Resolved that Mr Thierry Raymond Sauzier be hereby re-appointed as Director of the Company in accordance with Section 23.4 of the Company's constitution." 9. To take note of the automatic reappointment of Ernst & Young as auditors under Section 200 of The Companies Act 2001 and to authorise the Board to fix their remuneration.

#### **Ordinary Resolution**

"Resolved that the Board of Directors be authorised to fix the remuneration of Ernst & Young who are being automatically appointed as auditors of the Company under Section 200 of The Companies Act 2001."

10. Shareholders' Question Time.

Note: The profile and categories of the directors proposed for re-election/re-appointment are set out on pages 25 to 27 and 146 of the Annual Report 2016.

By order of the Board

Proety Gonaul ACIS

Preety Gopaul, ACIS For ENL Limited Company Secretary

27 January 2017

A member of the Company entitled to attend and vote at this meeting may appoint a proxy, whether a member or not, to attend and vote on his/her behalf. Any such appointment must be made in writing on the attached form, and the document deposited at the Registered Office of the Company, Beachcomber House, Botanical Garden Street, Curepipe 74213, not less than twenty-four hours before the meeting is due to take place.

For the purpose of this annual meeting, the Directors have resolved, in compliance with Section 120(3) of the Companies Act 2001, that the shareholders entitled to receive notice of the meeting and attend such meeting shall be those shareholders whose names are registered in the share register of the Company as at 22 February 2017.

#### PROFILE OF PROPOSED NEW DIRECTOR

#### **Thierry Sauzier**

(Born in 1968)

Independent Non Executive Director

- Appointed as Director: January 2017
- Qualifications: Maitrise D'Economie Appliquée

Thierry Sauzier has worked in stockbroking and banking in France and Mauritius for 12 years before joining Medine Limited in 2004. He is the Managing Director of Medine Property since 2009 and Deputy Chief Executive Officer of Medine Limited since 2011.

Other directorship in listed companies:
Medine Limited
Excelsior United Development Companies Limited



DDOVV EODM

PROXITORFI			
I/We			
of			
being a member/s of <b>New Mauritius Hotels Limited</b> , do hereby appoint			
of as my/our proxy or failing him/her			
of			
to vote for me/us on my/our behalf at the Annual Meeting of the Company to be held at <b>3 p.m.</b> of adjournment thereof. The proxy will vote on the under-mentioned resolution, as indicated:	on <b>22 M</b> a	arch 2017	and at a
RESOLUTIONS			
(Please indicate with an <b>X</b> in the spaces below how you wish your votes to be cast)	l	I	
3. Resolved that the audited financial statements of the Company for the year ended 30 September	For	Against	Abstain
2016 be hereby approved.			
4. Resolved that Mr. Marie Maxime Hector Espitalier-Noël be hereby re-elected as Director			
of the Company in accordance with Section 23.6 of the Company's constitution.			
5. Resolved that Mr. Kishore Sunil Banymandhub be hereby re-elected as Director of the Company			
in accordance with Section 23.6 of the Company's constitution.			
6. Resolved that Mr François Roland Venin be hereby re-appointed as Director of the Company			
in accordance with Section 23.4 of the Company's constitution.			
7. Resolved that Ms Pauline Sybille Cheh Seeyave be hereby re-appointed as Director of the Company			
in accordance with Section 23.4 of the Company's constitution.			
8 Resolved that Mr Thierry Raymond Sauzier be hereby re-appointed as Director of the Company in			
accordance with Section 23.4 of the Company's constitution.			
9 Resolved that the Board of Directors be authorised to fix the remuneration of Ernst & Young			
who are being automatically appointed as auditors of the Company under Section 200 of			
The Companies Act 2001.			
Signed this day of			
Signature.			

#### **NOTES**

- 1. A member may appoint a proxy of his own choice. Insert the name of the person appointed proxy in the space provided.
- 2. If the appointor is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
- 3. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should be stated.
- 4. If this form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.
- 5. To be valid, this form must be completed and deposited at the Registered Office of the Company, Beachcomber House, Botanical Garden Street, Curepipe 74213, not less than 24 hours before the time fixed for holding the meeting or adjourned meeting.



www.beachcomber.com