NEW MAURITIUS HOTELS LIMITED

annual report 2008

contents

Your board of directors is pleased to present the Annual Report of New Mauritius Hotels Limited for the year ended September 30, 2008. This report was approved by the board of directors on December 16, 2008.

key figures

September 30, 2008

	2008	2007
Number of rooms	1,938	1,938
Number of guests	134,648	144,916
Occupancy	75%	79%
RevPAR (Rs)	9,674	9,469
Income Statement	(Rsm)	(Rsm)
Revenue	8,100	7,735
Profit before tax	2,130	2,343
Profit for the year	1,890	1,998
Earnings attributable to equity holders	1,846	1,969
	(Rs)	(Rs)
Earnings per share (EPS)	11.43	12.20
Dividends per share (DPS)	6.00	6.00
Balance Sheet	(Rsm)	(Rsm)
Total Assets	19,184	15,964
Net Debt	5,204	3,034
Shareholders' funds	9,884	9,156
Total equity	9,957	9,240
	(Rs)	(Rs)
Net asset value per share	61.23	56.72
Key Financial Ratios		
Interest cover (X)	10.20	11.33
Dividend cover (X)	1.91	2.03
Dividend pay out (%)	52.49	49.18
Return on equity (ROE) (%)	18.98	21.62
Return on assets (ROA) (%)	9.85	12.52
Gearing (%)	45	23

board of directors
as at September 30, 2008

Non-Executive

Hector ESPITALIER-NOËL
Chairman
Member of the Corporate Governance Committee

Sunil BANYMANDHUB
Chairman of the Audit Committee

Jean-Pierre MONTOCCHIO
Chairman of the Corporate Governance Committee
Member of the Audit Committee

Michel PITOT
Member of the Corporate Governance Committee

Louis RIVALLAND
Member of the Audit Committee

David SAVY
Timothy TAYLOR

Executive

Herbert COUACAUD C.M.G.
Chief Executive Officer
Member of the Corporate Governance Committee

Robert DOGER DE SPÉVILLE
Commercial Director

Marcel MASSON
Finance Director
Member of the Corporate Governance Committee

Secretary

BEACHCOMBER LIMITED
10, Robert Edward Hart Street,
Curepipe, Mauritius.

Auditors

ERNST & YOUNG
Level 20, Newton Tower
Sir William Newton Street,
Port-Louis, Mauritius.

Bankers

Barclays Bank PLC
Standard Bank (Mauritius) Limited
State Bank of Mauritius Limited
The Afrasia Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited
The Mauritius Commercial Bank Limited

Legal Adviser

Me. Guy RIVALLAND S.A.

Notary

Me. Jean-Hugues MAIGROT

Registered Office

10, Robert Edward Hart Street,
Curepipe, Mauritius.
Tel: + (230) 601 3232
Fax: + (230) 675 3240

Website

www.beachcomber-hotels.com

group structure
as at September 30, 2008

NEW MAURITIUS HOTELS LIMITED

Hotel operations in Mauritius	General Managers
ROYAL PALM	Jacques SILVANT
DINAROBIN PARADIS	Jean Marc LAGESSE
SHANDRANI	Jean-Louis PISMONT
TROU AUX BICHES LE VICTORIA	Michel DARUTY DE GRANDPRÉ
LE CANONNIER LE MAURICIA	François VENIN
Airline Catering	
PLAISANCE CATERING	Frantz MERVEN

Holding	**Hotel operations overseas**	General Managers
100%	SAINTE ANNE RESORT Seychelles	Hervé DUBOSCQ
90%	BEACHCOMBER HOTEL MARRAKECH S.A. Morocco	Xavier JOLIVET

100% **BEACHCOMBER LIMITED**
Secretarial services

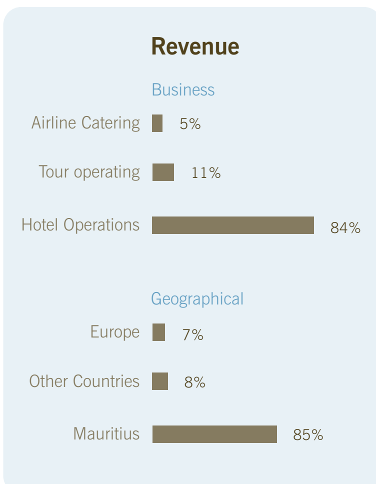
Holding	**Tour operating**	General Managers
100%	BEACHCOMBER TOURS SARL France	Carole PEYRE
100%	BEACHCOMBER TOURS LIMITED England	Michael EDWARDS
75%	HOLIDAY MARKETING (PTY) LTD Australia	Rod EATHER
51%	BEACHCOMBER MARKETING (PTY) LTD South Africa	Terry MUNRO

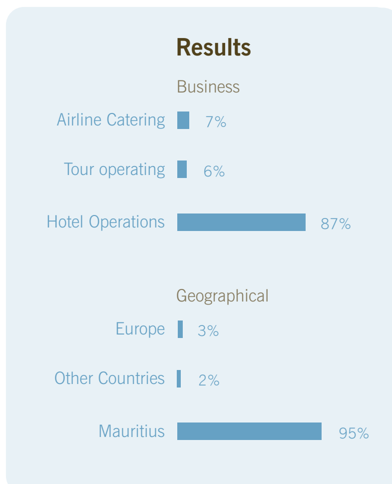
segmental information

for the year ended September 30, 2008

	Revenue		Results	
	2008 (Rsm)	2007 (Rsm)	2008 (Rsm)	2007 (Rsm)
Business:				
Hotel operations	6,784	6,399	1,994	2,352
Tour operating	852	899	140	112
Airline catering	464	437	154	160
	8,100	7,735	2,288	2,624
Geographical:				
Mauritius	6,865	6,241	2,177	2,346
Europe	600	694	74	78
Other countries	635	800	37	200
	8,100	7,735	2,288	2,624

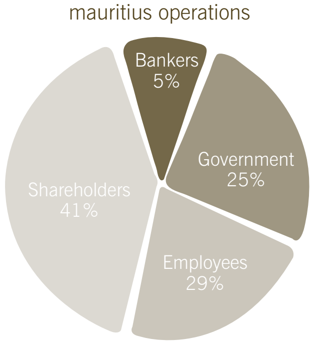
segmental information



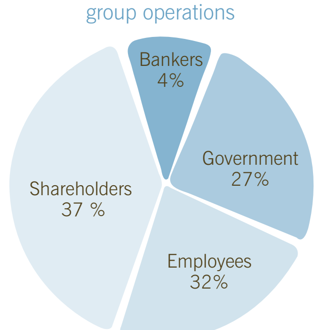


value added statement

mauritius operations



group operations



value added statement

for the year ended September 30, 2008

	mauritius operations		group	
	Rs'm	%	Rs'm	%
Revenue	6,865		8,100	
Value Added tax	949		1,144	
Total revenue	7,814		9,244	
Payment to suppliers for material and services	(2,219)		(2,859)	
Value added by operations	5,595		6,385	
Investment and other income	5		43	
Total wealth created	5,600	100	6,428	100
Distributed as follows:				
Employees				
Salaries and wages	1,623	29	2,047	32
Government				
Value added tax	949		1,144	
Environment fees	49		49	
Solidarity levy	54		54	
Corporate tax	127		240	
Licences, leases and campement site tax	96		106	
Social security charges	90		133	
	1,365	25	1,726	27
Reinvested to maintain/develop operations				
Depreciation and amortisation	493		528	
Retained earnings	858		877	
	1,351	24	1,405	22
Providers of capital				
Dividends to shareholders	968	17	968	15
Interest on borrowings	293	5	282	4
	1,261	22	1,250	19
Total wealth distributed	5,600	100	6,428	100

Dear shareholders,

Trading conditions have changed dramatically since my last year's address. The sub-prime defaults which originated in the USA have developed into a worldwide financial and economic crisis, dragging most countries into recession. The Mauritius tourism industry is not being spared by the effect of the economic slowdown but the extent of its further impact is difficult to estimate at this point in time. NMH has demonstrated its resilience in the past and I am confident that our Group will develop the appropriate business strategies to mitigate the ill effects of the prevailing situation and to progress further as soon as this difficult period is behind us and growth in tourism resumes for our destination.

The first quarter ended December 31, 2007 yielded excellent results but thereafter, our operations started to be affected by both the consequences of the financial crisis and the strength of the rupee in relation to major currencies. The Group, however, managed to produce its second best results ever. Profit attributable to shareholders for year ended September 30, 2008 amounted to Rs 1.846bn as against Rs 1,969bn last year, whilst dividend per share remained at Rs 6.00.

During the year, the Group continued to improve the quality of amenities of its hotels. At Ste Anne hotel, the public areas were reshaped and improved, the number of restaurants increased and private swimming pools added to some 27 villas. The extension of the wellness centre at the Shandrani was completed during the year whilst a new such centre was built at Le Mauricia. Following the acquisition of the land at Les Salines Pilot, Black River and with the anticipated drop in tourist arrivals, the development program has been rescheduled over a longer period in order to avoid putting unnecessary pressure on cash flow and maintain sound gearing ratio. The construction of the new hotel on Praslin, Seychelles has thus been deferred whereas the Trou aux Biches and Marrakech projects, already started, are progressing as planned.

Our Corporate Social Responsibility program comprising community welfare, protection of the environment and energy saving is being pursued. The latest technologies are being adopted in all new projects and, where possible, used to improve existing installations. In spite of the anticipated drop in earnings this year, the budget of Fondation Espoir et Développement (FED) will be maintained at last year's level. I am also pleased to confirm our commitment towards job protection in the Group.

During the current year, air access is expected to become a major problem should certain airline companies stop flying or reduce their number of flights to Mauritius as announced. In this period of great uncertainty the consequences thereof are likely to have accrued adverse effect on the tourism industry. It is hoped that all stakeholders will pull effort to avert such an aggravating situation.

The coming into application of the Securities Act 2005 requires additional reporting obligations from listed companies. Quarterly and audited annual reports have to be published within a period of 45 and 90 days respectively after the period end. I am pleased to note that so far the quarterly publications of our financial results have been made within the prescribed time and that the reported figures have been generally close to our estimates. I am confident that, although difficult to comply with, these new deadlines will be adhered to.

In conclusion, I would like to express my sincere appreciation to all those who contribute to the Group's ongoing success, particularly the Chief Executive Officer, the management and the personnel at large, the members of the Board of Directors for their invaluable contribution and the shareholders for their continued trust and confidence.

Hector Espitalier-Noël
Chairman

December 16, 2008

The Directors are pleased to present their Annual Report for the year ended September 30, 2008.

Principal activity

New Mauritius Hotels Limited (NMH), listed at The Stock Exchange of Mauritius, operates eight resort hotels and an airline catering unit in Mauritius and one hotel in Seychelles. The hotels are marketed under the Beachcomber brand. NMH is also engaged in tour operating activities through its foreign subsidiaries and has embarked in a combined hotel and property development in Marrakech, Morocco.

Accounting Standards

The Audited Financial Statements for the year ended September 30, 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS). New accounting policies and methods that were adopted in the current year had no material impact on the Financial Statements except for additional disclosures.

Results

Revenue for the year under review improved by 4.7% to Rs 8.100bn despite a number of adverse factors weighing on the industry's performance, particularly in the second semester. Effective marketing together with high quality service and amenities helped to achieve that growth. Occupancies were satisfactory across all hotels except at Trou aux Biches which was disrupted by the announcement and subsequent postponement of its closure, and at Ste Anne hotel which closed for three months for renovation and improvement. Average occupancy was 77% for the year, excluding Ste Anne hotel (53%) and the total number of guest nights was just above last year's.

Trading conditions became more difficult during the second semester due to the consequences of the financial turmoil worldwide. Demand for long haul travel weakened progressively as major economies headed towards recession. High prices of air tickets and the strengthening of the Mauritian Rupee in relation to the Euro, Great Britain Pound, and South African Rand made our destination more expensive and less competitive. These factors impacted negatively on our room revenue and profit margin.

Costs of operations

Costs of food and commodities, driven by inflationary pressures, rose by 13.2% to Rs 1.049bn. Payroll costs amounting to Rs 2.180bn were higher by 17 % due to the full impact of the significant salary compensation granted in July last year, the performance appraisal conducted in October 2007, and the various other mandatory increases and benefits paid during the year. Other expenses, which include additional marketing expenses, increased by 13% to Rs 2.247bn.

In this slower demand environment, management efforts are more than ever aimed at tightening costs and reducing overheads wherever possible whilst preserving employment and the high standard of service.

Exceptional items

Net positive exceptional items of Rs 121m comprise a gain of Rs 385m on freehold land recognised at fair value as per IAS 40 – *Investment Property*, an accelerated depreciation charge of Rs 200m in respect of Trou aux Biches hotel buildings to be demolished and a provision of Rs 64m for the expected increases in rental of leasehold land.

Share of results of Associated Companies

The net loss of Rs 34m stems from the Group's 50% share of the preliminary and marketing expenses incurred by Domaine Palm Marrakech during the year. Revenues are, however, yet to be recognised.

Income tax expense

The effective tax rate excluding the impact of exceptional items was 12%. Taxation was down to Rs 240m from Rs 344m last year as a result of Rs 7m deferred tax being credited as compared to a charge of Rs 162m in 2007.

Earnings

Earnings attributable to NMH shareholders decreased by some Rs 124m to Rs 1.846bn or 6.3% less than last year's record results. Earnings per share were Rs 11.43 compared to Rs 12.20 in 2007. Taking into account the adverse factors mentioned above, the earnings generated this year are most satisfactory.

Dividends

Total dividends paid to shareholders were unchanged at Rs 969m i.e. Rs 6.00 per share.

Cash flow and capital expenditure

Total cash inflows for the year arose mainly from operating activities, Rs 1.913bn, and borrowings, Rs 2.197bn.

The cash generated from operating activities is arrived at after deducting non-cash profits of Rs 385m on revaluation surplus of investment properties and accounting for, under other receivables, a transfer of Rs 480m to Domaine Palm Marrakech S.A. on account of the property development project in Morocco.

The total cash inflows have been utilised to finance capital expenditure of Rs 1.291bn, part payment of Rs 849m for the acquisition of the land at Les Salines Pilot, dividend payments of Rs 1.022bn and refund of term loans amounting to Rs 1.027bn.

The main capital expenditure relates to completion works and upgrading of wellness centres at Royal Palm, Le Mauricia and Shandrani hotels (Rs 437m in aggregate), renovation and improvement works at Ste Anne hotel (Rs 372m) and preliminary construction works at Trou aux Biches hotel (Rs 169m).

Projects

Construction of villas and infracstucture on the golf course area of Trou aux Biches hotel is in progress since April 2008 and the pulling down and reconstruction of the existing hotel started in January 2009. The new hotel with a capacity of some 400 rooms as against 197 previously should be fully operational by September 2010. However, a partial opening of the hotel is envisaged in February 2010.

Works on the Marrakech project are progressing and the 150-suite hotel is scheduled for opening in the third quarter of 2010. Some 80 villas are also under construction as part of the property development project. An evaluation carried by a recognised land surveyor based in Marrakech revealed that the market value of the freehold land acquired by Domaine Palm Marrakech S.A., in which NMH has a 50% share, has appreciated by some Rs 4bn. The surplus will be reflected in the profit realised on the villas sold as and when the title in the property passes to the purchaser.

The Praslin project in Seychelles has been rescheduled and will be executed in phases with the site preparation starting in July 2009 and building works in January 2010. The project is now expected to be completed in July 2011.

The Company intends to undertake an integrated development on the property acquired in July 2008 at Les Salines Pilot, Black River. The project to be known as "Le Domaine de l'Harmonie" will comprise an up-market hotel, an 18-hole golf course and some 220 villas. Works are planned to start during the second semester of 2010 thus coinciding with the completion of the Trou aux Biches project.

The financing of Marrakech and Trou aux Biches projects have already been secured whereas the required external sources for the other projects will be negotiated in due course.

annual report

Short-term Outlook

The local tourism industry will, in all probability, experience declining revenue during the financial year 2009. The reduced demand for long haul travel will have a direct bearing on tourist arrivals which in turn will increase competition with consequential drop in room rates.

The Group's first quarter results should amount to some Rs 675m, i.e 19.5% less than last year's Rs 838m. The drop in the second quarter will be accentuated with the closing of Trou aux Biches hotel for reconstruction and Easter holidays falling in April. The decrease in earnings for the first semester may thus average around 30% less than last year's Rs 1.518bn. It is too early to venture into an estimate for the second semester given the lack of visibility.

Corporate Governance

Committees

There have been no changes in the composition of the Corporate Governance and Audit Committees which carried out their tasks according to their attributions.

The Corporate Governance Committee reviewed the following main areas:

- potential conflict of interests where individuals hold positions of directors in Companies in the same line of business. It was noted that the Directors were in full compliance with regard to the disclosure of their interests;
- various matters relating to the remuneration of high-ranking officers falling outside the general salary structure applicable to the Company's personnel;
- the establishment of the closed trading dates for securities transactions by the Company's officers, including Directors;
- the establishment of a calendar for Board meetings in 2009;
- appraisal of the Board's effectiveness. The Committee was satisfied that the number of Board meetings held during the year was adequate and that the Directors contributed constructively to the deliberations and decisions of the Board.

The Audit Committee met on a quarterly basis mainly to:

- approve the internal annual audit plan ensuring that the audit scopes are adequate and that the Internal Audit Division has adequate resources to carry out its duties effectively;
- review the internal audit reports and recommendations and ensure their implementation by management;
- review the external audit engagement letter and the terms, nature and scope of audit function;
- examine the financial statements and recommend their adoption to the Board;
- assess and ensure the quality, integrity and reliability of the risk management process.

Internal Audit

The Internal Audit remains an independent and objective task force reporting to the Audit Committee. The department consists of a team of professionally qualified accountants 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. In line with their extended field of actions to regularly visit the Group's foreign offices and subsidiaries, the team performed a preliminary audit at Marrakech.

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

Risk management

Executive Directors and General Managers are accountable to the Board for the design, implementation and detailed monitoring of the risk management process. General Managers submit periodical reports to the Corporate Risk Management Officer highlighting, if any, critical risks identified at operational level and the way they are eliminated or at least reduced to a minimum. Critical risks reported by all business units are consolidated and viewed at Group level. Whereas the responsibility for setting risk management strategy remains with the Board, the role of the Audit Committee encompasses the monitoring of the risk management process with a view to assessing and assuring its quality, integrity and reliability.

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

Reputation
To maintain its reputation, the Group constantly upgrades its products and adhere to high quality standards in all areas of operation. The Group has built prestigious resorts and invests constantly to retain its market leadership. Each of its hotels has developed its own original cachet whilst holding to the Group's philosophy of projecting the 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 adheres to the best practices to ensure sustainable development.

Competition and events that impact international travel
There are constant pressures to reduce room rates on account of local and international competition. Events that impact international travel include worldwide recession, acts of terrorism or war, epidemics, natural disasters and increased travel costs.

To overcome or mitigate such constraints, the Group provides superior quality resorts and facilities and readjusts its marketing strategies to attract maximum market share.

Service quality
As service quality depends mainly on dedicated and trained personnel, the Group spares no effort to promote staff satisfaction and performance. An interesting profit sharing scheme is in operation since many years now and salary levels are amongst the best in the industry as revealed by a recent survey. Furthermore, Beachcomber Training Academy (BTA) provides continuous training which enables professional knowledge and skills to be constantly enhanced.

Information Technology systems
The Group relies greatly on its IT systems for all its operations. A disruption thereof would seriously affect the running of its business. The IT department has implemented appropriate protective devices to avert such a risk and keeps abreast of new technologies.

Litigation and insurance cover
The Group is subject to the risk of claims from third parties for damages arising from alleged negligence on its part or breach of its contractual obligations.

The Group has, therefore, 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 its legal advisors and insurance consultants to safeguard the Group against exposure to potential losses in all respects.

annual report

Frauds and other irregularities
To minimise losses due to breakdown in internal controls at various levels, clearly defined systems and procedures are in place in all business units. These systems are regularly monitored and reviewed by the Internal Audit Team to ensure compliance and their continued efficiency and effectiveness.

The Group is presently formalising its Code of Ethics and Business Conduct and will ensure compliance thereto once finalised and implemented.

Financial
Financial risks and strategies are described fully in note 31 to the financial statements.

Statutory disclosures

Directors' emoluments and share interests

Emoluments paid by the Company for the year ended September 30, 2008 to:

	2008	2007
	Rs'000	Rs'000
Executive Directors of the Company	46,914	43,578
Non-Executive Directors of the Company	2,737	1,714

NOTE: None of the Company's Directors received emoluments from the subsidiaries.

Emoluments and benefits paid by subsidiaries for the year ended September 30, 2008 to:

	2008	2007
	Rs'000	Rs'000
Executive Directors of:		
Beachcomber Tours Limited	22,940	34,508
Beachcomber Marketing (Pty) Ltd	12,672	12,595

The Directors' direct interests in the shares of the Company at year-end were as follows:

	%
Hector ESPITALIER-NOËL (Chairman)	0.01
Sunil BANYMANDHUB	-
Herbert COUACAUD C.M.G	7.05
Robert DOGER de SPÉVILLE	0.27
Marcel MASSON	-
Jean-Pierre MONTOCCHIO	-
Michel PITOT	0.02
Louis RIVALLAND	0.01
David SAVY	-
Timothy TAYLOR	0.19

There was no service contract between the Company and any of the Directors during the year.

Substantial shareholders

Shareholders, other than any Director of the Company, who are directly or indirectly interested in 5% or more in the share capital of the Company are as follows:

	Direct	Indirect	Total
	%	%	%
Rogers and Company Limited	17.60	0.08	17.68

Contracts of significance

The Group did not have any contract of significance as defined by the Listing Rules of the Stock Exchange of Mauritius with any of its Directors. The Company does not have any controlling shareholder.

Donations

The Company has maintained its policy of channelling all requests for social donation through its solidarity fund, Fondation Espoir et Développement (FED), created in March 1999. The Company normally commits 1% of its annual earnings to the fund.
Political donations are dealt with by the Board. For the year under review, such donations amounted to Rs 450,000 (2007: Nil).

Auditors

The fees paid to the auditors for audit and other services were:

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Lead Auditors				
Audit services	4,834	4,772	4,580	4,561
Other services	477	468	334	395
Total	5,311	5,240	4,914	4,956
(b) Overseas Auditors				
Audit services	2,962	2,233	-	-
Other services	639	542	-	-
Total	3,601	2,775	-	-

Directors' responsibilities statement

The Company's Directors were responsible for the preparation and fair presentation of the financial statements, comprising the Company's and Group's balance sheets at September 30, 2008, and the income statements, the 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 the Companies Act 2001.

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

The Directors made an assessment of the Company's ability to continue as a going concern and had every reason to believe it will continue to operate for the foreseeable future.

Note of appreciation

The Directors wish to thank all General Managers and their teams for their hard work and motivation and congratulate them for the results achieved.

Hector Espitalier-Noël
Chairman

Herbert Couacaud C.M.G
Chief Executive Officer

December 16, 2008

2008 projects

Le Mauricia

A new Wellness Centre

Le Mauricia unveiled a new Wellness Centre in July 2008. A truly unique facility for a 4-star resort, the Wellness Centre draws from a number of Mediterranean influences.

Terracotta roofs, pergolas and the sandy coloured finishes chosen for the exterior are all in keeping with the traditional Mediterranean design which is Le Mauricia's signature style.

Evoking the ambiance of a Moroccan medina, the Wellness Centre's structure revolves around 10 cabins linked together by a series of arches opening onto a symmetrical reflection pool. The cabin interiors have been designed to recreate the serene ambiance of Asian Spas. Complementing the modern look are natural elements such as wood, black stone and pebbles.

www.lemauricia-hotel.com

Sainte Anne Resort & Spa

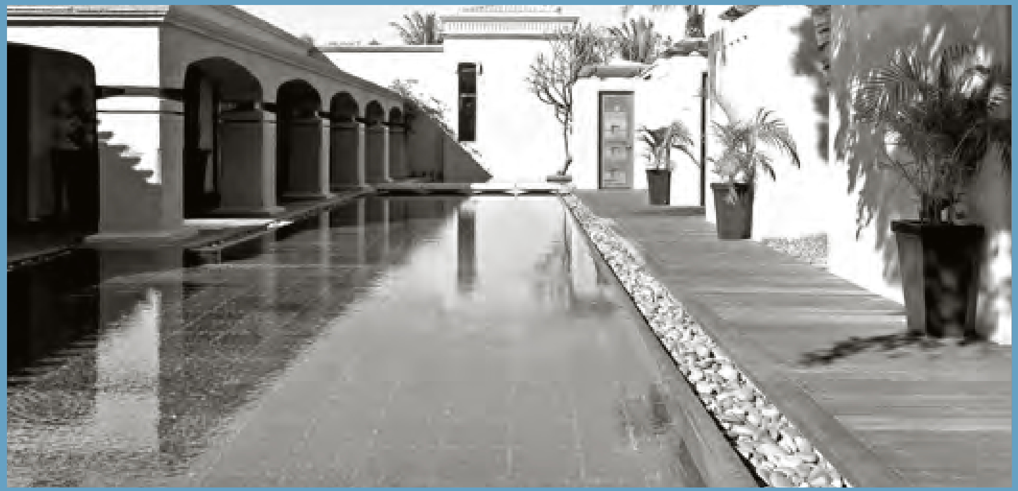
Successful relaunching after extensive renovation works

In 2008, Sainte Anne Resort & Spa was closed for three months, during which time major renovations were undertaken to considerably improve and diversify its range of facilities in line with the expectations of a high-profile traveler seeking excellence.

The main highlights of Sainte Anne Resort & Spa's renovation included:

- The conversion of 28 of the resort's luxury Villas to feature private slate-tiled pools edged with pebbles
- The creation of two new beach restaurants, L'Océane and Le Robinson, bringing the total number at the resort to four
- The revamping of the main restaurant L'Abondance and adjacent Le Sans-Souci Bar
- A new Sports & Leisure Centre
- A new Spa by Clarins with a tropical slant
- The complete refurbishment of the resort's private wharf on the main land

www.sainteanne-resort.com



Constant renewal

In line with its policy of constant innovation, Beachcomber invests in its products to maintain the high quality of products and services associated with the Beachcomber brand.

upcoming projects

Royal Palm Marrakech

Mr Xavier Jolivet has been appointed as the General Manager of the Royal Palm Marrakech. Building on his experience as Resident Manager of the Royal Palm in Mauritius, Mr Jolivet will monitor the building works in Morocco as from March 2009.

Overview of the Royal Palm project in Morocco:

- 150 Suites & Villas
- 4 restaurants
- International golf course (designed by Cabell Robinson)
- A Spa and Sports Centre

The soft opening is scheduled for September 2010.

Côte D'Or

The building works have been postponed in Côte D'Or, on the island of Praslin in the Seychelles. The resort's provisional opening is now scheduled for 2012.

Domaine de l'Harmonie

The West coast of Mauritius has been chosen to launch this new project.

The estate purchased covers an impressive 160-hectare area and it will host a golf estate called "Domaine de l'Harmonie".

The project will include two phases:

- Firstly, the construction of a luxury 5-star hotel, which will resemble the design of Paradis Hotel & Golf Club
- An 18-hole Par 72 golf course will be built within the grounds of the estate
- Secondly, the construction of 220 luxury villas occupying individual plots of land covering areas starting from 2,000m2.

Most villas will have views either onto the sea or golf course and will be built to generous proportions ranging from 400 to 600 m2.

Owners of the villas will have full access to all amenities of the golf course and will also be able to use the services and facilities of the neighbouring hotel.

www.domainedelharmonie.com

corporate social responsibility

Protection of the Environment, Energy Savings and Water Production

The Company uses various technical devices to protect the environment and reduce pressure on the country's scarce natural resources.
To that effect, the following measures have been introduced:

- Operation of waste water treatment plants, the purified product of which is used for irrigation purpose
- Installation of efficient irrigation systems to optimise water requirements in the gardens, including golf course
- Recovery of heat from air conditioning chillers to produce hot water
- Installation of solar panels for further production of hot water
- Extensive use of energy saving light bulbs
- Installation of variable speed drives on the chilled water circulation pumps
- Use of desalination plants to produce soft water.

The above measures have greatly contributed in reducing dependence on electricity from the national grid, on gas and on water supplied by the Central Water Authority with significant cost savings.

The Fondation Espoir et Développement (FED)

The Fondation Espoir et Développement (FED) was created in April 1999 to carry out the Company's social actions in Mauritius. It was incorporated as a company limited by guarantee in 2003 with the following main objects:

- To foster the advancement of education and training;
- To foster the relief of poverty, sickness and disability;
- To promote any public objects beneficial to the community at large.

Its board of directors comprises senior officers of NMH as well as external independent personalities. A full-time manager and five other employees carry out all administrative works and ensure that projects are properly selected and implemented. FED's Board and management are helped in their task by five regional committees composed of dedicated employees of the various local operating entities.

Each year, NMH commits around 1% of its realised profits to the foundation. During the financial year to September 2008, a contribution of some Rs 20 m was allocated and used to finance projects presented by local NGOs (Rs 10.6 m) and projects initiated by FED itself. These include: Employabilité Jeunes which consists in training out-of-school youths to acquire the required competencies for a successful professional and personal life. 180 beneficiaries completed their training in April 2008, of which 76 have been employed by Beachcomber hotels. 330 youths have been recruited in August 2008 and are being trained under that project in the context of the empowerment program for the north and in contemplation of the additional personnel that will be required for the new Trou aux Biches hotel.
Artisanat which aims at helping craft workers with difficult social backgrounds to improve the design and quality of their work and sell their products to hotels and tourists. From October 2007 to September 2008, 55 artisans have benefited from such training and total sales to Beachcomber hotels as give-aways and small equipment amounted to Rs 365,000.
Alpha which aims at teaching illiterate adults to read and write through a computer software developed by FED. 45 persons in the North have been trained during the financial year.
FED is well recognised for its experience in the field of social work and is regularly called upon by private and public agencies to participate in various social programs. FED is currently acting as coordinator to an educational scheme initiated by the Mauritius Chamber of Commerce and Industry and the Ministry of Education whereby some 30 companies are sponsoring ZEP schools (Zone d'Education Prioritaire) with the objective of improving the academic skill and performance of the pupils. FED was also entrusted with the elaboration of a project to raise the level of literacy in these schools financed by the Decentralised Cooperation Programme (DCP) of the European Union. Through its regional committees it has collaborated with youth associations to organise a "prevention campaign against substance abuse and AIDS" also financed by the DCP of the European Union and with colleges, a "campaign for the promotion of moral values".

secretary's certificate

for the year ended September 30, 2008

We certify that the Company has filed with the Registrar of Companies all such returns as are required of the company under the Companies Act 2001 in terms of Section 166(d).

BEACHCOMBER LIMITED
Secretary

(Per Francis MONTOCCHIO)
December 16, 2008

Calendar 2009

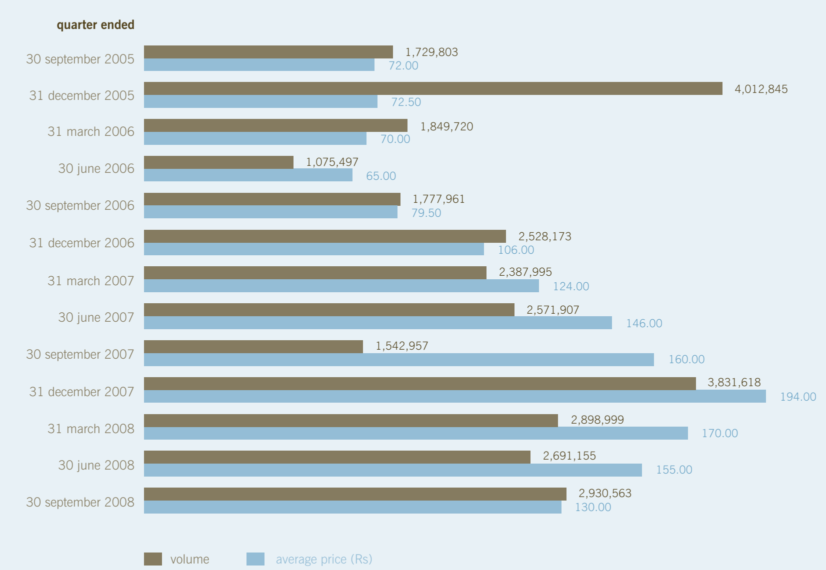
Publication of Abridged 1st Quarter Results	February
Annual Meeting	March
Declaration of Interim Dividend	March
Publication of Abridged Semi-annual Results	May
Publication of Abridged 3rd Quarter Results	August
Declaration of Final Dividend	September
Publication of Audited Abridged Annual Results	December

shareholding

as at September 30, 2008

Size of holding			Shareholders			Shares held		
					Cumulative			Cumulative
			No.	%	%	No.	%	%
1	-	1,000	4,477	61.23	61.23	1,423,866	0.88	0.88
1,001	-	5,000	1,613	22.06	83.29	3,719,951	2.31	3.19
5,001	-	10,000	417	5.70	88.99	2,945,270	1.83	5.02
10,001	-	25,000	370	5.06	94.05	5,985,610	3.71	8.73
25,001	-	50,000	173	2.37	96.42	6,227,349	3.86	12.59
50,001	-	75,000	63	0.86	97.28	3,814,598	2.36	14.95
75,001	-	100,000	30	0.41	97.69	2,567,921	1.59	16.54
100,001	-	250,000	90	1.23	98.92	14,318,082	8.87	25.41
250,001	-	500,000	40	0.55	99.47	13,789,548	8.55	33.96
500,001	-	1,000,000	17	0.23	99.70	11,367,091	7.05	41.01
1,000,001	-	1,500,000	5	0.07	99.77	6,120,883	3.79	44.80
1,500,001	-	2,000,000	4	0.05	99.82	7,074,501	4.37	49.17
2,000,001	-	5,000,000	8	0.11	99.93	22,874,860	14.17	63.34
5,000,001	-	8,000,000	3	0.04	99.97	19,326,578	11.97	75.31
8,000,001	and	above	2	0.03	100.00	39,867,428	24.69	100.00
			7,312			**161,423,536**		

NMH shares quarterly trading volume & prices



9,031,032 shares for a total amount of Rs 1.1 billion were traded during the year compared to 8,716,023 for Rs 614 million last year

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 (together referred as the "Group") on pages 26 to 81 which comprise the balance sheets as at September 30, 2008 and the income statements, 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 Mauritian Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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.

Report on the Financial Statements (cont'd)

Opinion

In our opinion, the financial statements on pages 26 to 81 give a true and fair view of the financial positions of the Company and the Group as at September 30, 2008 and of their financial performances and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on Other Legal and Regulatory Requirements - Companies Act 2001

We have no relationship with or interests in the Company and the Group other than in our capacity as auditors, tax advisors and dealings with the Company and the Group in the ordinary course of business.

We have obtained all the information and explanations we have required.

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

Ernst & Young

ERNST & YOUNG
Port Louis, Mauritius

Patrick NG TSEUNG, A.C.A.

December 16, 2008

income statements

for the year ended September 30, 2008

	Notes	THE GROUP 2008 Rs'000	THE GROUP 2007 Rs'000 (Restated)	THE COMPANY 2008 Rs'000	THE COMPANY 2007 Rs'000 (Restated)
Revenue	4	8,099,921	7,735,237	6,885,933	6,260,257
Cost of inventories expensed		(1,049,014)	(927,190)	(1,010,424)	(862,320)
Staff costs	5	(2,180,044)	(1,863,404)	(1,712,668)	(1,392,840)
Depreciation of property, plant and equipment	12	(327,800)	(325,753)	(292,994)	(282,236)
Amortisation of intangible assets	14	(2,088)	(2,495)	-	-
Loss on disposal of property, plant and equipment		(5,262)	(3,323)	(4,886)	(4,943)
Other expenses	6	(2,247,323)	(1,988,555)	(1,702,372)	(1,337,490)
Finance revenue	7	43,225	54,667	5,607	4,153
Finance costs	8	(288,575)	(267,172)	(300,091)	(260,131)
Share of results of associated companies	16	(33,641)	18,685	-	-
Exceptional items	9	121,074	(87,981)	85,114	(87,981)
Profit before tax		2,130,473	2,342,716	1,953,219	2,036,469
Income tax expense	10	(240,360)	(344,416)	(126,922)	(284,267)
Profit for the year		1,890,113	1,998,300	1,826,297	1,752,202
Attributable to:					
Equity holders of the parent		1,845,820	1,969,412	1,826,297	1,752,202
Minority interests		44,293	28,888	-	-
		1,890,113	1,998,300	1,826,297	1,752,202
Basic earnings per share (Rs)	11	11.43	12.20		

balance sheets

as at September 30, 2008

	Notes	THE GROUP 2008 Rs'000	THE GROUP 2007 Rs'000	THE COMPANY 2008 Rs'000	THE COMPANY 2007 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	12,358,065	11,892,590	10,700,240	10,400,968
Investment properties	13	1,789,540	-	1,593,580	-
Intangible assets	14	1,633,225	1,350,815	1,148,626	1,148,626
Investment in subsidiary companies	15	-	-	2,530,756	1,357,643
Investment in associated companies	16	290,693	252,824	105,168	78,359
Available-for-sale investments	17	23,067	21,138	2,147	260
Employee benefit asset	18	35,843	-	37,075	-
		16,130,433	13,517,367	16,117,592	12,985,856
Current assets					
Inventories	19	327,193	283,827	275,036	238,590
Trade and other receivables	20	2,007,902	1,229,323	1,621,749	1,646,740
Cash in hand and at bank	21	718,963	933,394	216,516	135,238
		3,054,058	2,446,544	2,113,301	2,020,568
Total assets		19,184,491	15,963,911	18,230,893	15,006,424
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Issued capital	22	1,724,361	1,724,361	1,724,361	1,724,361
Other reserves	23	4,006,070	4,119,868	3,048,581	3,072,518
Retained earnings		4,153,226	3,311,553	2,732,891	1,843,687
		9,883,657	9,155,782	7,505,833	6,640,566
Minority interests		73,698	84,647	-	-
Total equity		9,957,355	9,240,429	7,505,833	6,640,566
Non-current liabilities					
Borrowings	24	2,773,048	1,352,360	2,614,276	1,076,954
Deferred tax liability	25	1,295,197	1,329,465	1,268,250	1,274,280
Employee benefit liability	18	-	73,558	-	69,671
		4,068,245	2,755,383	3,882,526	2,420,905
Current liabilities					
Trade and other payables	26	2,462,719	2,095,991	4,307,956	4,281,654
Borrowings	24	2,431,422	1,681,406	2,305,455	1,503,381
Income tax payable	10	264,750	190,702	229,123	159,918
		5,158,891	3,968,099	6,842,534	5,944,953
Total liabilities		9,227,136	6,723,482	10,725,060	8,365,858
Total equity and liabilities		19,184,491	15,963,911	18,230,893	15,006,424

Approved by the Board of Directors on December 16, 2008 and signed on its behalf by:

Hector Espitalier-Noël
Chairman

Herbert Couacaud C.M.G.
Chief Executive Officer

statements of changes in equity

for the year ended September 30, 2008

THE GROUP

		Attributable to equity holders of the parent Company						
	Issued capital	Fair value reserves*	Revaluation reserves*	Foreign exchange difference reserves*	Retained earnings	Total	Minority interests	Total equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at October 1, 2006	1,724,361	1,443,455	882,901	24,169	2,274,549	6,349,435	75,797	6,425,232
Revaluation of land and buildings	-	-	2,396,275	-	-	2,396,275	-	2,396,275
Tax effect of revaluation of buildings	-	-	(349,115)	-	-	(349,115)	-	(349,115)
Depreciation transfer for buildings	-	-	(41,118)	-	41,118	-	-	-
Tax effect of depreciation transfer for buildings	-	-	6,168	-	(6,168)	-	-	-
Impairment loss arising on future renovation of Trou aux Biches hotel	-	-	(3,737)	-	-	(3,737)	-	(3,737)
Tax effect of impairment loss	-	-	561	-	-	561	-	561
Net movement on cash flow hedges	-	-	-	(75,657)	-	(75,657)	-	(75,657)
Acquisition of subsidiary	-	-	-	-	1,184	1,184	4,476	5,660
Change in reserves of associated companies	-	-	46,752	-	-	46,752	-	46,752
Currency translation differences	-	-	-	(210,786)	-	(210,786)	4,017	(206,769)
Total income and expense for the year recognised directly in equity	-	-	2,055,786	(286,443)	36,134	1,805,477	8,493	1,813,970
Profit for the year	-	-	-	-	1,969,412	1,969,412	28,888	1,998,300
Total recognised income and expense for the year	-	-	2,055,786	(286,443)	2,005,546	3,774,889	37,381	3,812,270
Dividends (Note 27)	-	-	-	-	(968,542)	(968,542)	-	(968,542)
Dividends of subsidiaries	-	-	-	-	-	-	(28,531)	(28,531)
Balance at September 30, 2007	1,724,361	1,443,455	2,938,687	(262,274)	3,311,553	9,155,782	84,647	9,240,429
Balance at October 1, 2007	1,724,361	1,443,455	2,938,687	(262,274)	3,311,553	9,155,782	84,647	9,240,429
Depreciation transfer for buildings	-	-	(42,474)	-	42,474	-	-	-
Tax effect of depreciation transfer for buildings	-	-	6,371	-	(6,371)	-	-	-
Deferred tax on revaluation reserves of subsidiary	-	-	18,695	-	-	18,695	-	18,695
Net movement on cash flow hedges	-	-	-	(7,614)	-	(7,614)	-	(7,614)
Fair value gain on available-for-sale investments	-	1,236	-	-	-	1,236	-	1,236
Acquisition of subsidiary	-	-	-	-	-	-	8,160	8,160
Change in reserves of associated companies	-	10,389	106,022	-	(71,709)	44,702	-	44,702
Currency translation differences	-	-	-	(206,423)	-	(206,423)	(9,852)	(216,275)
Total income and expense for the year recognised directly in equity	-	11,625	88,614	(214,037)	(35,606)	(149,404)	(1,692)	(151,096)
Profit for the year	-	-	-	-	1,845,820	1,845,820	44,293	1,890,113
Total recognised income and expense for the year	-	11,625	88,614	(214,037)	1,810,214	1,696,416	42,601	1,739,017
Dividends (Note 27)	-	-	-	-	(968,541)	(968,541)	-	(968,541)
Dividends of subsidiaries	-	-	-	-	-	-	(53,550)	(53,550)
Balance at September 30, 2008	1,724,361	1,455,080	3,027,301	(476,311)	4,153,226	9,883,657	73,698	9,957,355

* Refer to Note 23 for nature and purpose of reserves.

statements of changes in equity

for the year ended September 30, 2008

THE COMPANY	Issued capital	Fair value reserve	Revaluation reserves*	Foreign exchange difference reserve *	Retained earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at October 1, 2006	1,724,361	-	1,329,476	(9,423)	1,027,501	4,071,915
Revaluation of land and buildings	-	-	2,087,503	-	-	2,087,503
Tax effect of revaluation of buildings	-	-	(302,484)	-	-	(302,484)
Depreciation transfer for buildings	-	-	(38,266)	-	38,266	-
Tax effect of depreciation transfer for buildings	-	-	5,740	-	(5,740)	-
Impairment loss arising on future renovation of Trou aux Biches hotel	-	-	(3,737)	-	-	(3,737)
Tax effect of impairment loss	-	-	561	-	-	561
Net movement on cash flow hedges	-	-	-	3,148	-	3,148
Total income and expense for the year recognised directly in equity	-	-	1,749,317	3,148	32,526	1,784,991
Profit for the year	-	-	-	-	1,752,202	1,752,202
Total recognised income and expense for the year	-	-	1,749,317	3,148	1,784,728	3,537,193
Dividends (Note 27)	-	-	-	-	(968,542)	(968,542)
Balance at September 30, 2007	1,724,361	-	3,078,793	(6,275)	1,843,687	6,640,566
Balance at October 1, 2007	1,724,361	-	3,078,793	(6,275)	1,843,687	6,640,566
Depreciation transfer for buildings	-	-	(36,998)	-	36,998	-
Tax effect of depreciation transfer for buildings	-	-	5,550	-	(5,550)	-
Fair value gain on available-for-sale investments	-	1,236	-	-	-	1,236
Net movement on cash flow hedges	-	-	-	6,275	-	6,275
Total income and expense for the year recognised directly in equity	-	1,236	(31,448)	6,275	31,448	7,511
Profit for the year	-	-	-	-	1,826,297	1,826,297
Total recognised income and expense for the year	-	1,236	(31,448)	6,275	1,857,745	1,833,808
Dividends (Note 27)	-	-	-	-	(968,541)	(968,541)
Balance at September 30, 2008	1,724,361	1,236	3,047,345	-	2,732,891	7,505,833

* Refer to Note 23 for nature and purpose of reserves.

statements of cash flows

for the year ended September 30, 2008

	THE GROUP 2008 Rs'000	THE GROUP 2007 Rs'000	THE COMPANY 2008 Rs'000	THE COMPANY 2007 Rs'000
Operating activities				
Profit before tax	2,130,473	2,342,716	1,953,219	2,036,469
Adjustments to reconcile profit before tax to net cash flows				
Non-cash:				
Depreciation on property, plant and equipment	527,800	413,734	492,994	370,217
Amortisation of intangible assets	2,088	2,495	-	-
Loss on disposal of property, plant and equipment	5,262	3,323	4,886	4,943
Fair value gain on investment properties	(385,182)	-	(349,222)	-
Foreign exchange (gain)/loss on translation of monetary assets	(15,356)	4,481	(31,140)	4,481
Dividend income	(3,470)	(3,098)	(3,470)	(3,098)
Interest income	(39,755)	(51,569)	(2,137)	(1,055)
Interest expense	281,110	262,129	292,626	255,088
Share of results of associated companies	33,641	(18,685)	-	-
Decrease in employee benefit liability	(108,775)	(51,858)	(106,746)	(53,352)
Working capital adjustments:				
Increase in inventories	(50,405)	(49,512)	(36,446)	(51,880)
Increase in trade and other receivables	(961,344)	(137,036)	(445,046)	(305,920)
Increase/(decrease) in trade and other payables	664,055	234,960	(3,600)	275,509
Income tax paid	(166,670)	(127,263)	(63,747)	(75,099)
Net cash flows from operating activities	1,913,472	2,824,817	1,702,171	2,456,303
Investing activities				
Purchase of property, plant and equipment	(1,291,099)	(1,201,511)	(847,519)	(1,158,172)
Purchase of investment property	(483,856)	-	(483,856)	-
Proceeds from sale of property, plant and equipment	13,143	14,447	8,518	8,909
Acquisition of new subsidiary, net of cash acquired	(365,150)	-	(365,150)	-
Subscription of shares in subsidiary companies	-	-	(308,053)	(40,563)
Acquisition of minority shares in subsidiary companies	(98,364)	(34,364)	-	-
Subscription of shares in associated companies	(26,809)	(58,582)	(26,809)	(58,582)
Purchase of available-for-sale investments	(693)	-	(651)	-
Dividend received	3,470	3,098	3,470	3,098
Interest received	39,755	51,569	2,137	1,055
Net cash flows used in investing activities	(2,209,603)	(1,225,343)	(2,017,913)	(1,244,255)
Financing activities				
Proceeds from borrowings	2,196,794	1,012,630	2,196,794	1,012,630
Repayment of term loans	(1,026,929)	(1,167,851)	(933,607)	(1,028,062)
Repayment of finance lease liabilities	(41,481)	(59,883)	(36,054)	(53,109)
Interest paid	(281,110)	(262,129)	(292,626)	(255,088)
Dividends paid to equity holders of the parent	(968,541)	(807,118)	(968,541)	(807,118)
Dividends paid to minority interests	(53,550)	(28,531)	-	-
Net cash flows used in financing activities	(174,817)	(1,312,882)	(34,034)	(1,130,747)
Net (decrease)/ increase in cash and cash equivalents	(470,948)	286,592	(349,776)	81,301
Cash and cash equivalents at October 1,	145,624	(155,570)	(585,658)	(666,959)
Net foreign exchange difference	(136,104)	14,602	-	-
Cash and cash equivalents at September 30, (Note 21)	(461,428)	145,624	(935,434)	(585,658)

1. corporate information

On December 16, 2008, the Board of Directors has authorised for issue the financial statements of New Mauritius Hotels Limited for the year ended September 30, 2008. New Mauritius Hotels Limited is a public company incorporated in Mauritius and is listed on The Stock Exchange of Mauritius. Its registered office is situated at 10, Robert Edward Hart Street, Curepipe, Mauritius.
The principal activities of the Group consist of hotels operations, tour operating and the provision of airline catering.

2. accounting policies

2.1 basis of preparation

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

Statement of compliance

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of New Mauritius Hotels Limited and its subsidiaries as at September 30 each year. The financial statements of the subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies.
Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.
All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.
Minority interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the parent entity extension method, whereby the difference between the consideration and the book value of the share of the net assets is recognised as goodwill.

2.2 changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:
The Group has adopted the following new and amended IFRS and IFRIC interpretations as of October 1, 2007.

- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Amendment- Presentation of Financial Statements
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 10 Interim Financial Reporting and Impairment
- IFRIC 11 IFRS 2 - Group and Treasury Share Transactions

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including in some cases revisions to accounting policies.

The principal effects of these changes are as follows:

IFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

2. accounting policies (cont'd)

2.2 changes in accounting policies (cont'd)

IAS 1 Presentation of Financial Statements

This amendment requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes of managing capital. The new disclosures are shown in Note 31.

IFRIC 8 Scope of IFRS 2

This interpretation requires IFRS 2 to be applied to any arrangements in which the entity cannot identify specifically some or all of the goods received, in particular where equity instruments are issued for consideration which appears to be less than fair value. As no equity instruments have been issued by the Company, the interpretation had no impact on its financial position or performance.

IFRIC 9 Reassessment of Embedded Derivatives

IFRIC 9 states that the date to assess the existence of an embedded derivative is the date that an entity first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative, the interpretation has no impact on its financial position or performance.

IFRIC 10 Interim Financial Reporting and Impairment

The Company adopted IFRIC Interpretation 10 as at January 1, 2008, which requires that an entity must not reverse an impairment loss recognised in previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. The Group had no impairment losses previously reversed and as such, the interpretation had no impact on its financial position or performance.

IFRIC 11 IFRS 2 - Group and Treasury Share Transactions

This interpretation requires arrangements whereby an employee is granted rights to an entity's equity instruments to be accounted for as an equity-settled scheme, even if the entity buys the instruments from another party, or the shareholders provide the equity instruments needed. The Group has not issued instruments caught by this interpretation.

2.3 accounting standards and interpretations not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

- IFRS 8 Operating Segments
- IFRIC 12 Service Concession Arrangements
- IFRIC 13 Customer Loyalty Programmes
- IFRIC 14 IAS 19 The Limit of Defined Benefit Asset, Minimum Fund Requirements and their Interaction.

Annual improvements project (May 2008):

- IAS 1 Presentation of Financial Statements
- IAS 16 Property, Plant and Equipment
- IAS 19 Employee Benefits
- IAS 20 Accounting for Government Grants and Disclosure of Government Assistance
- IAS 23 Borrowing Costs
- IAS 27 Consolidated and Separate Financial Statements
- IAS 28 Investments in Associates
- IAS 29 Financial Reporting in Hyperinflationary Economies
- IAS 31 Interests in Joint Ventures
- IAS 32 Financial Instruments: Presentation
- IAS 36 Impairment of Assets
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IAS 40 Investment Property
- IAS 41 Agriculture
- IFRS 1 First-time Adoption of International Financial Reporting Standards

2. accounting policies (cont'd)

2.3 accounting standards and interpretations not yet effective (cont'd)

Annual improvements project (May 2008) (cont'd)
- IFRS 2 Share-Based Payment
- IFRS 3 Business Combinations
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The Group expects that adoption of the pronouncements listed above will have no impact on the Group's financial statements in the period of initial application but additional disclosures will be required.

2.4 significant accounting judgements and estimates

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Functional currency

The choice of the functional currency of the Company 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.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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.

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 revaluation reserves. In addition, the Group carries its investment properties at fair value, with changes in fair value being recognised in income statement. The Group engaged an independent valuer to determine fair value based on prevailing market data. The revalued amount of freehold land and hotel buildings and investment properties are disclosed in Notes 12 and 13 respectively.

Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the 'value in use' of the cash generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at September 30, 2008 was Rs 1,312 m (2007: Rs 1,240 m) for the Group and Rs 1,148 m (2007: Rs 1,148 m) for the Company. Further details are given in Note 14.

Employee benefit asset/(liability)

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The employee benefit asset at September 30, 2008 is Rs 36 m (2007: liability of Rs 74 m) for the Group and Rs 37 m (2007: liability of Rs 70 m) for the Company.

2. accounting policies (cont'd)

2.4 significant accounting judgements and estimates (cont'd)

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 useful lives.

Other items of property, plant and equipment are depreciated using the norms applicable in the industry. The carrying amount of property, plant and equipment at September 30, 2008 is Rs 12,358 m (2007: Rs 11,893 m) for the Group and Rs 10,700 m (2007: Rs 10,401 m) for the Company.

3. summary of significant accounting policies

a) Foreign currency translation

The consolidated financial statements are presented in Mauritian Rupee, which is the Company's functional and presentation 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. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date.

All differences are taken to profit or loss with the exception of differences on foreign currency borrowings considered as cash flow hedges (See Note q). 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 was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at closing rate.

Where the functional currency of the subsidiaries at the reporting date is not the presentation currency of the Company (the Mauritian Rupee), the assets and liabilities of these subsidiaries are translated into Mauritian Rupee at the rate of exchange ruling at the balance sheet date and, their income statements are translated at average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

b) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. All other repair and maintenance costs are recognised in income statement 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 revalued at least every two years.

Any revaluation surplus is credited to the revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in income statement, in which case the increase is recognised in income statement.
A revaluation deficit is recognised in income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

3. summary of significant accounting policies (cont'd)

b) Property, plant and equipment (cont'd)
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.

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

Buildings	35 years
Plant and equipment	6 years
Furniture, fittings, office equipment and electrical appliances	Between 3 to 10 years
Computers and electronic equipment	Between 3 to 10 years
Motor vehicles	5 years

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 income statement in the year the asset is derecognised.
The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

c) Investment properties
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 balance sheet date. Gains and losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.
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. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.
Transfers are made to investment property when, and 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.

d) Investments in subsidiaries
Financial statements of the Company
Investments in subsidiary companies 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 the income statement.

3. summary of significant accounting policies (cont'd)

d) Investments in subsidiaries (cont'd)
Consolidated financial statements
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Business combinations are accounted for using the purchase method of accounting. This involves recognising identifiable assets (including previously unrecognised intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

e) Investments in associated companies
Associated companies are entities in which the Company or the Group has significant influence but which are neither a subsidiary nor a joint venture of the Company or the Group.

Financial statements of the Company
Investments in associated companies 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 the income statement.

Consolidated financial statements
The Group's investments in associated companies are accounted for using the equity method of accounting. The investment in associated companies is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associated companies. Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised.
The income statement reflects the share of the results of the operations of the associate. Where there has been a change recognised directly in the equity of the associated companies, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions are eliminated to the extent of the interest in the associated companies.
The accounting policies of the associated companies conform to those used by the Group for the transactions and events in similar circumstances.
When the financial statements of associated companies, used in applying the equity method, are prepared as of reporting date that is different from that of the Group, the difference is no greater than three months.
After the application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss of the Group's investment in its associated companies. The Group determines at each balance sheet date whether there is any objective evidence that the investment in associated companies is impaired. If this is the case, the Group calculates the amount of impairment on being the difference between the fair value of the associate and the acquisition cost and recognises the amounts in income statement.

f) 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. 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.

3. summary of significant accounting policies (cont'd)

f) Intangible assets (cont'd)

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 the income statement.

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 the income statement 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.

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 the income statement 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.

g) Impairment of 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.

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. A previously recognised impairment loss is reversed only if there has been a

3. summary of significant accounting policies (cont'd)

g) Impairment of non-financial assets (cont'd)

change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot 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 the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

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.

h) Financial assets

Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through income statement, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets after 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 recognised on the trade date, i.e., the date the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short tem deposits, trade and other receivables, quoted and unquoted financial instruments.

Subsequent measurement

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

Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gain and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available for sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories. After initial measurement, available-for-sale financial investments are measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

3. summary of significant accounting policies (cont'd)

i) 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 interest-bearing loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdraft, interest-bearing loans and borrowings.

Subsequent measurement

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

Interest- bearing loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet 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.

k) Fair value of financial instruments

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

l) Amortised cost of financial instruments

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

m) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or Group of financial assets is impaired.

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 (ie 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 income statement.

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

3. summary of significant accounting policies (cont'd)

m) Impairment of financial assets (cont'd)

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 the income statement, 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

If an available-for-sale asset is impaired, an amount comprising the difference between its cost of acquisition (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the income statement.

n) 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 where:

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

o) Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash in hand and at bank, net of outstanding bank overdrafts.

3. summary of significant accounting policies (cont'd)

p) Inventories

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 first in, first out 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.
Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

q) Hedge accounting

A hedging relationship exists where:
• at the inception of the hedge there is formal documentation of the hedge;
• the hedge is expected to be highly effective;
• the effectiveness of the hedge can be reliably measured;
• the hedge is highly effective throughout the reporting period; and
• for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect net profit or loss.
Where there is a hedging relationship between a hedge instrument and a related item being hedged, the hedging instrument is measured at fair value. The treatment of any resultant gains and losses is set out below.
Where a financial instrument hedges the exposure to variability in the cash flows of anticipated transactions or firm commitments, the effective part of any gain or loss on remeasurement of the hedging instrument is recognised directly in equity. The ineffective part of any gain or loss is recognised in the income statements.
The cumulative gain or loss recognised in equity is transferred to the income statements at the same time that the hedged transaction affects net profit or loss and included in the same line item as the hedged transaction.
When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss recognised in equity remains in equity and is recognised in accordance with the above policy. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is recognised in the income statements immediately.

r) 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.

s) Employee benefit asset /(liability)

The Group operates a multi-employer defined benefit plan, the assets of which are held in a separately administered fund. The pension plans are 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.
Defined benefits schemes
The cost of providing benefits under the defined benefit plans is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.
The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or

3. summary of significant accounting policies (cont'd)

s) Employee benefit asset /(liability) (cont'd)

the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

t) Taxes

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 balance sheet date.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the balance sheet 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 subsidiaries and associates 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 subsidiaries and associates, 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 balance sheet 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 balance sheet 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 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 balance sheet date.
Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.
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.

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 balance sheet.

3. summary of significant accounting policies (cont'd)

t) Taxes (cont'd)

Environment fees and solidarity levy

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

u) 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.

Group as a lessee

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 the income statement.

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.

Operating lease

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

v) 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.

w) 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 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.
- Interest income
  As it accrues (taking into account the effective yield on the asset) unless collectibility is in doubt.
- Dividend income
  When the shareholder's right to receive payment is established.

x) Segmental reporting

In accordance with IAS 14 - Segmental information, the Group presents segmental information using business segments as its primary reporting format and geographical segments as its secondary reporting format. This is based on the internal management and financial reporting systems and reflects the risks and earnings structure of the Group.

The Group is composed of three business segments namely hotel operations, tour operating and airline catering. Each business segment provides products and services that are subject to risks and returns that are different from those of other business segments. The hotel operations are carried out in Mauritius and Seychelles, tour operating activities in France, England, South Africa and Australia, and airline catering in Mauritius.

4. Segmental reporting

Primary reporting - Business segments
For the year ended September 30, 2008

	Hotel operations	Tour operating	Airline catering	Other	Group
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Sales to external customers	6,784,004	851,956	463,961	-	8,099,921
Segment results before finance revenue and finance costs	1,994,438	140,010	153,942	-	2,288,390
Finance revenue					43,225
Finance costs					(288,575)
Share of results of associated companies					(33,641)
Exceptional items					121,074
Profit before tax					2,130,473
Income tax expense					(240,360)
Profit for the year					1,890,113
Segment assets	17,347,696	1,122,366	423,736	-	18,893,798
Associated companies				290,693	290,693
Total assets					19,184,491
Segment liabilities	7,877,958	1,312,231	36,947	-	9,227,136
Other segment information:					
Capital expenditure	1,199,885	9,137	82,200	-	1,291,222
Depreciation of property, plant and equipment	301,509	12,565	13,726	-	327,800
Accelerated depreciation of Trou aux Biches hotel	200,000	-	-	-	200,000
Amortisation of intangible assets	2,088	-	-	-	2,088

Primary reporting - Business segments
For the year ended September 30, 2007

	Hotel operations	Tour operating	Airline catering	Other	Group
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Sales to external customers	6,398,668	898,973	437,596	-	7,735,237
Segment results before finance revenue and finance costs	2,352,012	112,318	160,187	-	2,624,517
Finance revenue					54,667
Finance costs					(267,172)
Share of results of associated companies					18,685
Exceptional items					(87,981)
Profit before tax					2,342,716
Income tax expense					(344,416)
Profit for the year					1,998,300
Segment assets	13,862,437	1,501,690	346,960	-	15,711,087
Associated companies				252,824	252,824
Total assets					15,963,911
Segment liabilities	5,195,024	1,487,139	41,319	-	6,723,482
Other segment information:					
Capital expenditure	1,185,838	8,564	7,109	-	1,201,511
Depreciation of property, plant and equipment	301,069	15,294	9,390	-	325,753
Accelerated depreciation of Trou aux Biches hotel	87,981	-	-	-	87,981
Amortisation of intangible assets	2,495	-	-	-	2,495

4. Segmental reporting (cont'd)

	Mauritius Rs'000	Europe Rs'000	Other countries Rs'000	Group Rs'000
Secondary reporting - Geographical segments				
For the year ended September 30, 2008				
Segment revenue	6,864,965	599,936	635,020	8,099,921
Segment assets	15,807,879	1,051,606	2,325,006	19,184,491
Capital expenditure	847,892	4,157	439,173	1,291,222
Secondary reporting - Geographical segments				
For the year ended September 30, 2007				
Segment revenue	6,241,540	693,867	799,830	7,735,237
Segment assets	12,862,904	1,353,399	1,747,608	15,963,911
Capital expenditure	1,158,332	5,108	38,071	1,201,511

Revenue is based on the country in which services are rendered. Segment assets and capital expenditure are where the assets are located.

5. Staff costs

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Wages, salaries, fees and bonuses	1,705,264	1,384,653	1,338,103	1,023,432
Social security costs	133,441	128,744	89,647	114,936
Employee benefits and related expenses	341,339	350,007	284,918	254,472
	2,180,044	1,863,404	1,712,668	1,392,840

6. Other expenses

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Operating supplies and cleaning expenses	328,862	306,873	311,800	281,282
Repairs and maintenance	171,942	171,292	133,116	133,184
Utility costs	355,473	273,900	316,247	229,260
Marketing expenses	808,683	655,831	514,578	304,994
Guest entertainment	82,270	96,130	80,375	72,914
Administrative expenses	264,444	240,690	149,860	130,133
Operating lease rentals	41,361	27,220	31,445	40,558
Licences, patents, insurance and taxes	194,288	216,619	164,951	145,165
	2,247,323	1,988,555	1,702,372	1,337,490

7. Finance revenue

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Investment income: Quoted	4	4	4	4
Unquoted	3,466	3,094	3,466	3,094
Interest income	39,755	51,569	2,137	1,055
	43,225	54,667	5,607	4,153

8. Finance costs

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Interest expense:				
Bank overdrafts	36,682	24,610	33,549	18,694
Loans	240,115	225,983	214,505	193,728
Finance leases	4,313	11,536	3,930	9,688
Exchange loss on realisation of cash flow hedges	7,465	5,043	7,465	5,043
Interest on call account with subsidiary (Note 30)	-	-	40,642	32,978
	288,575	267,172	300,091	260,131

9. Exceptional items

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Fair value gain on investment properties (Note 13)	385,182	-	349,222	-
Depreciation of Trou aux Biches hotel building (Note 12)	(200,000)	(87,981)	(200,000)	(87,981)
Provision for already expired land lease rentals	(64,108)	-	(64,108)	-
	121,074	(87,981)	85,114	(87,981)

10. Income tax

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
The major components of income tax expense for the years ended September 30, 2008 and 2007 are:				
Income statements				
Income tax on the adjusted profit for the year at 15% to 30% (2007: 15% to 30%)	(204,011)	(208,829)	(145,366)	(160,458)
(Under)/over provision of income tax in previous year	(42,988)	27,336	12,414	26,575
Deferred taxation release/ (charge) (Note 25)	6,639	(162,923)	6,030	(150,384)
Income tax expense reported in income statements	(240,360)	(344,416)	(126,922)	(284,267)
Balance sheets				
At October 1,	(190,702)	(129,024)	(159,918)	(101,134)
(Under)/over provision of income tax in previous year	(42,988)	27,336	12,414	26,575
Income tax on the adjusted profit for the year at 15% to 30% (2007: 15% to 30%)	(204,011)	(208,829)	(145,366)	(160,458)
Exchange differences	6,281	(7,448)	-	-
Less: Payment during the year	166,670	127,263	63,747	75,099
Income tax liability on balance sheets	(264,750)	(190,702)	(229,123)	(159,918)

A reconciliation between tax expense and the product of accounting profit multiplied by the Mauritian's tax rate for the years ended September 30, 2008 and 2007 is as follows:

Profit before tax	2,130,473	2,342,716	1,953,219	2,036,469
Tax calculated at a tax rate of 15% (2007: 15%)	(319,571)	(351,407)	(292,983)	(305,470)
Expenses not deductible for tax purposes	(10,464)	(9,972)	(10,448)	(2,966)
Expenses qualifying for double deduction	60,095	46,322	60,095	42,764
Rate differential	(14,763)	(16,688)	-	-
Consolidation adjustment	(23,223)	(15,050)	-	-
Overprovision in deferred tax in previous year	64,911	-	64,911	-
(Under)/overprovision of tax in previous year	(56,698)	1,898	(1,403)	(19,060)
Overprovision of tax in current year	1,053	-	-	-
Fair value gain on investment properties not subject to tax	57,777	-	52,383	-
Income not subject to tax	523	481	523	465
Tax charge	(240,360)	(344,416)	(126,922)	(284,267)

11. Basic earnings per share

	THE GROUP	
	2008	2007
	Rs'000	Rs'000
Profit for the year attributable to equity holders of the parent	1,845,820	1,969,412
Number of equity shares in issue	161,423,536	161,423,536

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the parent by the number of ordinary shares in issue during the year.

12. Property, plant and equipment

THE GROUP	Freehold Land Rs'000	Buildings Rs'000	Other Fixed Assets Rs'000	Motor Vehicles Rs'000	Work in progress Rs'000	Total Rs'000
Cost and valuation						
At October 1, 2006	566,625	7,558,735	1,984,276	191,038	226,665	10,527,339
Additions	-	492,042	503,614	48,535	157,320	1,201,511
Transfer	-	218,225	6,612	-	(226,100)	(1,263)
Disposals	-	-	(65,137)	(30,033)	-	(95,170)
Impairment	-	(3,737)	-	-	-	(3,737)
Revaluation	60,800	2,237,857	-	-	-	2,298,657
Exchange differences	(11,172)	(366,380)	(28,633)	(3,049)	-	(409,234)
At September 30, 2007	616,253	10,136,742	2,400,732	206,491	157,885	13,518,103
Depreciation and impairment						
At October 1, 2006	-	84,354	1,226,945	95,025	-	1,406,324
Charge for the year	-	51,127	248,909	25,717	-	325,753
Depreciation of Trou aux Biches hotel buildings	-	87,981	-	-	-	87,981
Disposals	-	-	(52,991)	(24,409)	-	(77,400)
Revaluation	-	(97,618)	-	-	-	(97,618)
Exchange differences	-	(921)	(16,919)	(1,687)	-	(19,527)
At September 30, 2007	-	124,923	1,405,944	94,646	-	1,625,513
Net Book Values						
At September 30, 2007	616,253	10,011,819	994,788	111,845	157,885	11,892,590
At October 1, 2006	566,625	7,474,381	757,331	96,013	226,665	9,121,015
Cost and valuation						
At October 1, 2007	616,253	10,136,742	2,400,732	206,491	157,885	13,518,103
Additions	55,867	396,368	359,040	44,814	435,133	1,291,222
Transfer to Investment properties (Note 13)	(42,000)	-	-	-	-	(42,000)
Transfer	-	343,675	-	-	(343,675)	-
Reclassification	-	-	42,168	(42,168)	-	-
Disposals	-	-	(82,490)	(32,539)	-	(115,029)
Exchange differences	(6,120)	(221,357)	(27,056)	(4,232)	(263)	(259,028)
At September 30, 2008	624,000	10,655,428	2,692,394	172,366	249,080	14,393,268
Depreciation and impairment						
At October 1, 2007	-	124,923	1,405,944	94,646	-	1,625,513
Charge for the year	-	63,230	242,693	21,877	-	327,800
Depreciation of Trou aux Biches hotel buildings	-	200,000	-	-	-	200,000
Reclassification	-	-	31,177	(31,177)	-	-
Disposals	-	-	(74,485)	(22,139)	-	(96,624)
Exchange differences	-	(1,639)	(17,251)	(2,596)	-	(21,486)
At September 30, 2008	-	386,514	1,588,078	60,611	-	2,035,203
Net Book Values						
At September 30, 2008	624,000	10,268,914	1,104,316	111,755	249,080	12,358,065

12. Property, plant and equipment (cont'd)

THE COMPANY	Freehold Land Rs'000	Buildings Rs'000	Other Fixed Assets Rs'000	Motor Vehicles Rs'000	Work in progress Rs'000	Total Rs'000
Cost and valuation						
At October 1, 2006	496,275	6,147,780	1,965,883	115,221	226,665	8,951,824
Additions	-	489,931	468,428	43,756	157,320	1,159,435
Transfer	-	218,225	6,612	-	(226,100)	(1,263)
Disposals	-	-	(63,191)	(11,308)	-	(74,499)
Impairment	-	(3,737)	-	-	-	(3,737)
Revaluation	60,800	1,933,464	-	-	-	1,994,264
At September 30, 2007	557,075	8,785,663	2,377,732	147,669	157,885	12,026,024
Depreciation and impairment						
At October 1, 2006	-	78,172	1,278,436	52,117	-	1,408,725
Charge for the year	-	46,324	220,613	15,299	-	282,236
Depreciation of Trou aux Biches hotel buildings	-	87,981	-	-	-	87,981
Reclassfication	-	-	2,610	(2,610)	-	-
Disposals	-	-	(52,473)	(8,174)	-	(60,647)
Revaluation	-	(93,239)	-	-	-	(93,239)
At September 30, 2007	-	119,238	1,449,186	56,632	-	1,625,056
Net Book Values						
At September 30, 2007	557,075	8,666,425	928,546	91,037	157,885	10,400,968
At October 1, 2006	496,275	6,069,608	687,447	63,104	226,665	7,543,099
Cost and valuation						
At October 1, 2007	557,075	8,785,663	2,377,732	147,669	157,885	12,026,024
Additions	55,867	119,556	259,334	39,975	372,910	847,642
Transfer to Investment properties (Note 13)	(42,000)	-	-	-	-	(42,000)
Transfer	-	343,675	-	-	(343,675)	-
Reclassification	-	-	36,007	(36,007)	-	-
Disposals	-	-	(82,025)	(8,188)	-	(90,213)
At September 30, 2008	570,942	9,248,894	2,591,048	143,449	187,120	12,741,453
Depreciation and impairment						
At October 1, 2007	-	119,238	1,449,186	56,604	-	1,625,028
Charge for the year	-	55,786	220,023	17,185	-	292,994
Depreciation of Trou aux Biches hotel buildings	-	200,000	-	-	-	200,000
Reclassification	-	-	27,234	(27,234)	-	-
Disposals	-	-	(74,219)	(2,590)	-	(76,809)
At September 30, 2008	-	375,024	1,622,224	43,965	-	2,041,213
Net Book Values						
At September 30, 2008	570,942	8,873,870	968,824	99,484	187,120	10,700,240

12. Property, plant and equipment (cont'd)

(a) Transfer of Property, plant and equipment as investment property

The transfer relates to the carrying value of freehold land now held for future property development (Note 13).

(b) Revaluation of freehold land and buildings

The freehold land and buildings of the Group and the Company were last revalued on September 30, 2007 by Mr. Noor DILMOHAMED, Bsc (Appl) Val, Dip L.S. FAPI, Certified Practising Surveyor, based on open market value.

(c) If land and buildings were measured using the cost model, the carrying amount would be as follows:

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Cost	7,330,630	6,920,395	6,683,565	6,164,467
Accumulated depreciation	(582,304)	(361,548)	(480,724)	(261,936)
Net carrying amount	6,748,326	6,558,847	6,202,841	5,902,531

(d) Borrowing costs

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Borrowing costs capitalised in property, plant and equipment during the year	4,082	16,329	4,082	16,329

(e) Assets held under finance leases

The carrying amount of Property, plant and equipment held under finance leases was:

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Plant and equipment included in Other fixed assets				
Cost	106,935	238,636	106,935	238,636
Accumulated depreciation	(93,723)	(206,115)	(93,723)	(206,115)
Net book values	13,212	32,521	13,212	32,521
Motor vehicles				
Cost	3,022	23,950	454	5,826
Accumulated depreciation	(2,188)	(19,478)	(454)	(3,664)
Net book values	834	4,472	-	2,162

(f) Property, plant and equipment are included in assets given as securities for bank borrowings.

13. Investment properties

	THE GROUP	THE COMPANY
	2008	2008
	Rs'000	Rs'000
At October 1, 2007	-	-
Additions	1,202,358	1,202,358
Acquisitions of subsidiary (Note 28)	160,000	-
Transfer from Property, plant and equipment (Note 12)	42,000	42,000
Net gain from fair value adjustment (Note 9)	385,182	349,222
At September 30, 2008	1,789,540	1,593,580

The investment properties consist of freehold land acquired at place called 'Les Salines Pilot' in Black River, Mauritius.

The land is being held for a future property development project.

The investment properties were revalued on September 30, 2008 by Mr Noor Dilmohamed, Bsc (Appl) Val, Dip L.S. FAPI, Certified Practising Surveyor, based upon the open market value.

	THE GROUP	THE COMPANY
	2008	2008
	Rs'000	Rs'000
The amounts recognised in the Income statements were as follows in respect of :		
(a) Rental income from investment properties	-	-
(b) Direct operating expenses arising from the investment properties:		
- that generated rental income during the year	-	-
- that did not generate rental income during the year	1,270	-

14. Intangible assets

THE GROUP	Goodwill arising on acquisition	Leasehold Rights	Total
	Rs'000	Rs'000	Rs'000
Cost			
At October 1, 2006	1,238,371	164,858	1,403,229
Exchange differences	-	(46,541)	(46,541)
Acquisition of minority interests (Note 28)	1,184	-	1,184
At September 30, 2007	1,239,555	118,317	1,357,872
Amortisation			
At October 1, 2006	-	7,086	7,086
Exchange differences	-	(2,524)	(2,524)
Amortisation charge	-	2,495	2,495
At September 30, 2007	-	7,057	7,057
Net book values			
At September 30, 2007	1,239,555	111,260	1,350,815
At October 1, 2006	1,238,371	157,772	1,396,143
Cost			
At October 1, 2007	1,239,555	118,317	1,357,872
Exchange differences	-	(20,248)	(20,248)
Acquisition of subsidiary	-	231,314	231,314
Acquisition of minority interests (Note 28)	72,296	-	72,296
At September 30, 2008	1,311,851	329,383	1,641,234
Amortisation			
At October 1, 2007	-	7,057	7,057
Exchange differences	-	(1,136)	(1,136)
Amortisation charge	-	2,088	2,088
At September 30, 2008	-	8,009	8,009
Net book values			
At September 30, 2008	1,311,851	321,374	1,633,225

Goodwill

The additions in goodwill arise following the acquisition of all shares in Les Salines Development Limited and the acquisition of the remaining minority interest in Beachcomber Tours Limited.

14. Intangible assets (cont'd)

Leasehold rights

The leasehold right acquired through the acquisition of subsidiary (Les Salines Development Limited) represents interest owned by the Company in 'Pas Geometriques' at Les Salines Pilot in Black River, Mauritius. The leasehold right has been valued at the date of acquisition by Societe D'Hotman de Speville, land surveyor, based upon open market value.

THE COMPANY

	Goodwill
	Rs'000
Cost and net book value:	
At October 1, 2007 and **at September 30, 2008**	1,148,626

The goodwill paid on acquisition of local subsidiaries has been recognised in the Company following the transfer of activities of the relative cash-generating units into the Company on October 1, 2004.

Impairment testing of Goodwill

Goodwill has been allocated for impairment testing purposes to the following individual cash-generating unit as follows:

Cash-generating units	Allocation of goodwill	
	2008	2007
	Rs'000	Rs'000
Tour operating cash-generating units		
Beachcomber Limited and its tour operating subsidiaries	818,221	818,221
Hotels operations cash-generating units		
Beachcomber Boutiques Limited (Hotel boutiques)	4,101	4,101
Grand Baie Hotel Limited (Royal Palm hotel)	168,685	168,685
Maunex (Mauritius) Limited (Le Canonnier hotel)	98,885	98,885
Airline catering cash-generating unit		
Plaisance Catering Limited (Plaisance catering unit)	58,734	58,734
The Company	1,148,626	1,148,626
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	-
The Group	1,311,851	1,239,555

14. Intangible assets (cont'd)

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.

The recoverable amount of each unit has been determined based on value in use calculation. This uses approved cash flow budgets for the next year and extrapolated cash flow forecasts for four subsequent years. In preparing the financial budgets and financial forecasts, management has taken into consideration the impact of the global economic downturn on demand.

The key assumptions used for preparing cash flow forecasts are based on management's past experience in the industry, the ability of each unit to maintain its market share and the impact of the global economic downturn.

The discount rate used is based on the weighted average cost of capital ranging from 11.26% to 13.10%.

15. Investment in subsidiary companies

	THE COMPANY	
	2008	2007
(a) Cost (Unquoted)	Rs'000	Rs'000
At October 1,	1,357,643	1,317,080
Subscription of shares	308,053	40,563
Additions	865,060	-
At September 30,	2,530,756	1,357,643

15. Investment in subsidiary companies (cont'd)

(b) List of Subsidiaries

Name of Corporation	Main business activity	Country of incorporation	% holding 2008 %	% holding 2007 %
Grand Baie Hotel Limited	Dormant	Mauritius	100	100
Royal Gardens Ltd	Dormant	Mauritius	100	100
Maunex (Mauritius) Limited	Dormant	Mauritius	100	100
Imperial Ltd	Dormant	Mauritius	100	100
Plaisance Catering Limited	Dormant	Mauritius	100	100
Beachcomber Boutiques Limited	Dormant	Mauritius	100	100
Société Immobilière et Touristique de Grand Baie	Dormant	Mauritius	100	100
Société Royal Gardens	Dormant	Mauritius	100	100
Beachcomber Limited	Secretarial	Mauritius	100	100
Kingfisher Ltd	Investment	Mauritius	100	100
Beachcomber Training Academy Limited	Hotel training	Mauritius	100	100
Les Salines Development Ltd	Real estate	Mauritius	100	-
Les Salines Golf and Resort Limited	Real estate	Mauritius	100	-
Ste Anne Resorts Limited	Hotel operations	Seychelles	100	100
Beachcomber Gold Coast Limited	Dormant	Seychelles	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	80
Wild Africa Safari Ltd	Dormant	England	100	80
Beachcomber Hotel Marrakech S.A.	Hotel operations	Morocco	90	90

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.

16. Investment in associated companies

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
At October 1,	252,824	128,805	78,359	19,777
Subscription of shares	26,808	58,582	26,809	58,582
Changes in reserves of associated companies	44,702	46,752	-	-
Share of results of associated companies	(33,641)	18,685	-	-
At September 30,	290,693	252,824	105,168	78,359

Summarised financial information of associated companies on an aggregated basis:

	THE GROUP	
	2008	2007
	Rs'000	Rs'000
Total assets	3,582,536	2,461,814
Total liabilities	(1,684,645)	(469,968)
Net assets	1,897,891	1,991,846
Revenue	1,031,332	394,207
Profit for the year	47,826	77,065
Share of results of associated companies	(33,641)	18,865

Investment in associated companies consist of investments in unquoted shares.

List of associated companies

Name of Corporation	Year-end	Class of shares	Percentage held	
			2008	2007
			%	%
South West Tourism Development Co Ltd	September 30,	Ordinary shares	31	31
Launderers (Hotels & Restaurants) Ltd	June 30,	Ordinary shares	50	50
Parure Limitée	June 30,	Ordinary shares	27	27
Domaine Palm Marrakech S.A.	December 31,	Ordinary shares	50	50

All the companies listed above are unquoted and are incorporated in the Republic of Mauritius except for Domaine Palm Marrakech S.A., which is incorporated in Morocco. The Group has assessed that no material adjustment will arise should the same reporting date of September 30, be used for all associated companies.

17. Available-for-sale investments

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
At October 1,	21,138	8,964	260	260
Additions	693	-	651	-
Fair value gain	1,236	-	1,236	-
Impairment loss reversed	-	12,174	-	-
At September 30,	23,067	21,138	2,147	260
Analysed into:				
Quoted	449	45	167	-
Unquoted	22,618	21,093	1,980	260
	23,067	21,138	2,147	260

Available-for-sale financial assets consist of investments in ordinary shares. Unquoted shares are stated at cost as no reliable measure of fair value can be obtained.

18. Employee benefit (asset)/liability

(i) The Group participates in the New Mauritius Hotels Group Superannuation Fund, a multi-employer pension plan registered under the Employees Superannuation Fund Act, the assets of which are held independently. The pension plan is funded from payments from the employees and the Group, taking into account the recommendations of an independent actuary, namely Anglo Mauritius Assurance Society Ltd. The pension scheme is a defined benefit scheme.

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
(ii) The amounts recognised in the Balance Sheets are as follows:				
Defined benefit obligation	1,737,995	1,433,958	1,728,357	1,424,217
Fair value of plan assets	(1,682,298)	(1,752,889)	(1,673,371)	(1,743,664)
	55,697	(318,931)	54,986	(319,447)
Unrecognised actuarial (loss)/gain	(91,540)	392,489	(92,061)	389,118
Benefit (asset)/liability	(35,843)	73,558	(37,075)	69,671
(iii) The amounts recognised in the Income Statements are as follows:				
Current service costs	54,565	51,514	54,111	51,263
Scheme expenses	8,838	-	8,789	-
Interest cost on benefit obligation	154,876	138,227	154,033	137,584
Expected return on plan assets	(188,375)	(136,517)	(187,357)	(135,867)
Net actuarial loss/(gain) recognised in the year	(12,888)	3,434	(12,818)	3,416
Net benefit expense	17,016	56,658	16,758	56,396

The actual return on the plan assets was Rs 405 m for the current financial year.

18. Employee benefit (asset)/liability (cont'd)

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
(iv) Movement in the (asset)/ liability recognised in the Balance sheets:				
At October 1,	73,558	125,416	69,671	123,023
Total expenses as above	17,016	56,658	16,758	56,396
Contributions paid	(126,417)	(108,516)	(123,504)	(109,748)
At September 30,	(35,843)	73,558	(37,075)	69,671
(v) Changes in the present value of the defined benefit obligation are as follows:				
Defined benefit obligation at October 1,	1,433,958	1,321,554	1,424,217	1,315,554
Current service costs	54,565	51,514	54,111	51,263
Interest costs	154,876	138,227	154,033	137,584
Employee's contribution	24,624	21,076	24,406	17,462
Actuarial losses/(gains)	130,055	(68,049)	131,291	(67,521)
Benefits paid	(60,083)	(30,364)	(59,701)	(30,125)
Defined benefit obligation at September 30,	1,737,995	1,433,958	1,728,357	1,424,217
(vi) Changes in the fair value of plan assets are as follows:				
Fair value of plan assets at October 1,	1,752,889	1,252,425	1,743,664	1,246,732
Expected return	188,375	136,729	187,357	135,213
Contribution by employer	126,417	108,981	123,504	108,491
Scheme expenses	(8,839)	(3,440)	(8,789)	(3,425)
Employee's contribution	24,624	21,076	24,406	17,462
Actuarial (losses)/gains	(341,085)	267,482	(337,070)	269,316
Benefits paid	(60,083)	(30,364)	(59,701)	(30,125)
Fair value of plan assets at September 30,	1,682,298	1,752,889	1,673,371	1,743,664
(vii) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:	%	%	%	%
Local equities	54	46	54	46
Fixed interest	4	2	4	2
Property and other	6	8	6	8
Overseas bond and equities	36	44	36	44
	100	100	100	100

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.

18. Employee benefit (asset)/liability (cont'd)

(viii) The principal actuarial assumptions used in determining pension for the Group's schemes are as follows:

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	%	%	%	%
Discount rate	10.00	10.50	10.00	10.50
Rate of return on assets	10.50	10.50	10.50	10.50
Future salary increase	8.00	8.00	8.00	8.00
Future pension increase	0.00	0.00	0.00	0.00

(ix) The figures in respect of defined benefit obligation for the current year and previous periods are as follows:

	THE GROUP			THE COMPANY		
	2008	2007	2006	2008	2007	2006
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Defined benefit obligation	(1,737,995)	(1,433,958)	(1,321,554)	(1,728,357)	(1,424,217)	(1,315,554)
Plan assets	1,682,298	1,752,889	1,252,425	1,673,371	1,743,664	1,246,732
(Deficit)/Surplus	(55,697)	318,931	(69,129)	(54,986)	319,447	(68,822)
Experience adjustments on plan liabilities	(130,229)	68,050	(138,088)	(129,319)	67,692	(137,460)
Experience adjustments on plan assets	(340,905)	268,793	211,326	(339,035)	267,378	210,365

19. Inventories

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Food and beverages	79,715	53,038	71,329	45,830
Operating supplies and small equipment	154,281	140,727	132,868	128,824
Spare parts	51,562	48,607	32,117	26,511
Fabrics and garments	41,635	41,455	38,722	37,425
	327,193	283,827	275,036	238,590

Inventories are included in assets given as securities for bank borrowings.

20. Trade and other receivables

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	1,102,875	805,591	754,729	716,183
Other receivables	803,847	344,221	123,373	251,072
Amounts due from associated companies	101,180	79,511	101,180	79,511
Amounts due from subsidiary companies	-	-	642,467	599,974
	2,007,902	1,229,323	1,621,749	1,646,740
Nominal value of trade receivables impaired and fully provided for	7,525	555	5,314	200

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 60 days' term.

(a) Movement in the provision for impairment of trade receivables were as follows:

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
At October 1,	555	-	200	-
Charge for the year	6,970	555	5,114	200
At September 30,	7,525	555	5,314	200

(b) At September 30, the ageing analysis of trade receivables is as follows:

THE GROUP		Neither past due nor impaired	Past due but not impaired			
	Total		< 30 days	30 - 60 days	61 - 90 days	> 90 days
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2008	1,102,875	826,138	167,885	37,115	23,328	48,409
2007	805,591	557,709	173,858	29,450	13,627	30,947

THE COMPANY		Neither past due nor impaired	Past due but not impaired			
	Total		< 30 days	30 - 60 days	61 - 90 days	> 90 days
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2008	754,729	468,319	170,914	50,216	21,706	43,574
2007	716,183	469,933	173,378	36,865	9,026	26,981

20. Trade and other receivables (cont'd)

(c) Other receivables are unsecured and neither past due nor impaired.

(d) For terms and conditions pertaining to related party receivables, refer to note 30.

21. Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
(a) For the purposes of the statements of cash flows, the cash and cash equivalents comprise the following:				
Cash in hand and at bank	718,963	933,394	216,516	135,238
Bank overdrafts	(1,180,391)	(787,770)	(1,151,949)	(720,896)
	(461,428)	145,624	(935,433)	(585,658)

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash is Rs 719m (2007: Rs 933m) for the Group and Rs 217m (2007: Rs 135m) for the Company respectively.

(b) Non-cash transactions

The principal non-cash transaction is the amount due on purchase of investment properties which at year-end stands at Rs 718 million.

22. Issued capital

	THE GROUP AND THE COMPANY	
	2008	2007
	Rs'000	Rs'000
Authorised		
500,000,000 Ordinary shares at no par value	5,000,000	5,000,000
Issued and fully paid		
161,423,536 Ordinary shares at no par value	1,724,361	1,724,361

23. Other reserves

Nature and purpose of reserves	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Fair value reserve	1,455,080	1,443,455	1,236	-

The fair value reserve is principally used to record the fair value adjustment relating to shares issued by the Company to acquire all minority interest in local subsidiaries in year 2003.

Revaluation reserve	3,027,301	2,938,687	3,047,345	3,078,793

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 loss up to the extent that such loss relates to an increase on the same asset previously recognised in revaluation reserve.

Foreign exchange difference reserve	(476,311)	(262,274)	-	(6,275)

This reserve includes exchange differences arising on retranslation of the financial statements of foreign subsidiaries and loss or gain arising on cash flow hedges.

24. Borrowings

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Current portion				
Bank overdrafts (note (a))	1,180,391	787,770	1,151,949	720,896
Term loans (note (b))	1,240,153	852,567	1,143,199	746,449
Obligations under finance leases (note (c))	10,878	41,069	10,307	36,036
	2,431,422	1,681,406	2,305,455	1,503,381
Non-current portion				
Term loans (note (b))	2,771,785	1,339,930	2,613,013	1,065,489
Obligations under finance leases (note (c))	1,263	12,430	1,263	11,465
	2,773,048	1,352,360	2,614,276	1,076,954
Total borrowings	5,204,470	3,033,766	4,919,731	2,580,335

24. Borrowings (cont'd)

(a) Bank overdrafts

The bank overdrafts are secured by floating charges on the the assets of the respective companies of the Group. The rates of interest vary between 9.5% and 10.75% per annum.

(b) Term loans

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Term loans can be analysed as follows:				
Current				
- Within one year	1,240,153	852,567	1,143,199	746,449
Non-current				
- After one year and before two years	780,983	286,094	690,840	179,976
- After two years and before five years	1,590,802	1,013,836	1,522,173	845,513
- After five years	400,000	40,000	400,000	40,000
	2,771,785	1,339,930	2,613,013	1,065,489
	4,011,938	2,192,497	3,756,212	1,811,938

Terms loans are denominated as follows:

	Effective interest rate	Year of Maturity	THE GROUP		THE COMPANY	
			2008	2007	2008	2007
	%		Rs'000	Rs'000	Rs'000	Rs'000
Denominated in:						
Mauritian rupees	9% - 12%	2009-2015	3,553,512	1,572,524	3,553,512	1,572,524
Seychelles rupees	3%	2010	49,560	92,840	-	-
US Dollars	LIBOR + 2.75%	2011	206,166	287,719	-	-
Euro	LIBOR + 1.5%	2007	-	21,264	-	21,264
Euro	EURIBOR + 0.65%	2009	202,700	218,150	202,700	218,150
			4,011,938	2,192,497	3,756,212	1,811,938

The term loans are secured by fixed and floating charges over the Group's assets.

24. Borrowings (cont'd)

(c) Obligations under finance leases

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Minimum lease payments:				
- Within one year	11,327	45,113	10,756	39,695
- After one year and before two years	1,265	12,276	1,265	11,246
- After two years and before five years	146	829	146	829
	12,738	58,218	12,167	51,770
Less: Future finance charges on obligations under finance leases	(597)	(4,719)	(597)	(4,269)
Present value of obligations under finance leases	12,141	53,499	11,570	47,501
Present value analysed as follows:				
Current				
- Within one year	10,878	41,069	10,307	36,036
Non-current				
- After one year and before two years	1,123	11,663	1,123	10,698
- After two years and before five years	140	767	140	767
	1,263	12,430	1,263	11,465
	12,141	53,499	11,570	47,501

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

25. Deferred tax liability

THE GROUP

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

	Balance sheet		Income statement		Statement of changes in equity	
	2008	2007	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax liability						
Accelerated capital allowances	879,901	918,822	(38,921)	151,612		
Assets revaluation	505,429	524,124			(18,695)	349,115
Employee benefit asset	5,437	-	5,437	-		
Exchange differences	(25,508)	(29,128)			3,620	(32,358)
	1,365,259	1,413,818				
Deferred income tax assets						
Employee benefit liability	-	(11,034)	11,034	9,204		
Tax losses carried forward	(87,046)	(102,857)	15,811	2,107		
Exchange differences	16,984	29,538			(12,554)	25,629
	(70,062)	(84,353)				
Deferred tax liabilities net	1,295,197	1,329,465				
Deferred income tax (release)/charge (Note 10)			(6,639)	162,923		
Deferred income tax (credited)/charged directly to equity (Note 10)					27,629)	342,386

25. Deferred tax liability (cont'd)

THE COMPANY

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

	Balance sheet		Income statement		Statement of changes in equity	
	2008	2007	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax liability						
Accelerated capital allowances	784,768	806,810	(22,042)	142,367		
Assets revaluation	477,921	477,921			-	302,484
Employee benefit asset	5,561	-	5,561	-		
	1,268,250	1,284,731				
Deferred income tax assets						
Employee benefit liability	-	(10,451)	10,451	8,017		
	-	(10,451)				
Deferred tax liabilities net	1,268,250	1,274,280				
Deferred income tax (release)/charge (Note 10)			(6,030)	150,384		
Deferred income tax charged directly to equity (Note 10)					-	302,484

26. Trade and other payables

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	866,693	707,295	84,586	87,091
Other payables	1,111,224	896,879	606,790	452,795
Dividends proposed	484,271	484,271	484,271	484,271
Amount due to subsidiary companies	-	-	3,131,778	3,249,951
Amount due to associated companies	531	7,546	531	7,546
	2,462,719	2,095,991	4,307,956	4,281,654

(a) Trade payables are non-interest bearing and are generally on 30 to 60 days' term.

(b) For terms and conditions pertaining to related party payables, refer to note 30.

27. Dividends paid and proposed

	THE GROUP AND THE COMPANY	
	2008	2007
	Rs'000	Rs'000
Interim dividend paid - Rs 3.00 per share (2007 - Rs 3.00)	484,270	484,271
Final dividend proposed - Rs 3.00 per share (2007- Rs 3.00)	484,271	484,271
	968,541	968,542

28. Business combinations and acquisition of minority interests

(a) Acquisition in 2008

Acquisition of Les Salines Development Limited

On July 25, 2008, the Company acquired 100% of the voting shares in Les Salines Development Limited, a company holding 100% shares in Les Salines Golf and Resort Limited. Les Salines Golf and Resort Limited is the owner of 6.8 hectares of freehold land and holder of an industrial lease over 5.8 hectares of 'pas geometriques'. The freehold land are situated at 'Les Salines Pilot' in Black River, Mauritius.

The fair value of the identifiable assets and liabilities of Les Salines Development Limited as at the date of acquisition and the corresponding carrying amounts immediately before the acquisition were:

	Fair value recognised on acquisition	Previous carrying value
	Rs'000	Rs'000
Investment properties	160,000	50,000
Intangible assets	231,314	25,396
Trade and other receivables	4,000	-
	395,314	75,396
Trade and other payables	(30,164)	(30,164)
Net assets	365,150	45,232
Share of net assets acquired, consideration satisfied by cash	365,150	

Cash outflow on acquisition

Net cash acquired with the subsidiary	-
Cash paid	(365,150)
Net cash outflow	(365,150)

No development has been undertaken on the property acquired since the date of acquisition.

28. Business combinations and acquisition of minority interests (cont'd)

Acquisition of minority interests in Beachcomber Tours Limited
On June 30, 2008, the Group acquired the remaining 20% shares of Beachcomber Tours Limited taking its ownership to 100%. The fair value of identifiable assets at the date of acquisition were:

	Rs'000
Property, plant and equipment	95,848
Trade and other receivables	19,686
Cash and cash equivalents	325,290
	440,824
Trade and other payables	(310,483)
Net assets	130,341
Share of net assets acquired	26,068
Goodwill arising on acquisition (Note 14)	72,296
Consideration, satisfied by cash	98,364

Cash outflow on acquisition

Net cash acquired with the subsidiary	-
Cash paid	(98,364)
Net cash outflow	(98,364)

(a) Acquisition in 2007

Acquisition of minority interests in Beachcomber Tours SARL
During the year, the Group acquired the remaining shares of Beachcomber Tours SARL taking its ownership to 100%. The fair value of identifiable assets at the date of acquisition were:

	Rs'000
Property, plant and equipment	14,518
Inventories	2,123
Trade and other receivables	566,325
Cash and cash equivalents	78,347
	661,313
Trade and other payables	(628,133)
Net assets acquired	33,180
Goodwill arising on acquisition (Note 14)	1,184
Consideration, satisfied by cash	34,364
Cash outflow on acquisition	
Net cash acquired with the subsidiary	-
Cash paid	(34,364)
Net cash outflow	(34,364)

29. Commitments

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
Capital Commitments	Rs'000	Rs'000	Rs'000	Rs'000
Trou aux Biches hotel project	3,000,000	3,000,000	3,000,000	3,000,000
Praslin hotel project (Seychelles)	2,500,000	-	-	-
Beachcomber Palm Marrakech hotel project (Morocco)	2,500,000	-	-	-
	8,000,000	3,000,000	3,000,000	3,000,000

Operating lease commitments

The Group has various land leases on which the hotel buildings are constructed. Future minimum rentals payable under operating leases as September 30, are as follows:

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Within one year	79,501	15,296	79,501	15,296
After one year but not more than five years	296,504	38,627	296,504	38,627
More than five years	270,953	5,226	270,953	5,226
	646,958	59,149	646,958	59,149

Note: The Group figures exclude land lease commitment for Ste Anne hotel which represents an annual rental fee of USD 250,000 until year 2099.

30. Related party transactions

The following transactions have been entered into with related parties:

	Nature of goods or services	THE GROUP 2008 Rs'000	THE GROUP 2007 Rs'000	THE COMPANY 2008 Rs'000	THE COMPANY 2007 Rs'000
(i) Expenses					
Subsidiary companies:					
Beachcomber Marketing (Pty) Ltd	Interest on call a/c	-	-	34,417	32,978
Grand Baie Hotel Limited	Rent	-	-	-	1,071
Royal Gardens Ltd	Rent	-	-	87	434
Maunex (Mauritius) Limited	Rent	-	-	-	240
Imperial Ltd	Rent	-	-	90	338
Plaisance Catering Limited	Rent	-	-	139	422
Beachcomber Limited	Rent	-	-	7,346	8,718
Beachcomber Boutiques Limited	Rent	-	-	35	87
Beachcomber Training Academy Limited	Training courses	-	-	9,204	10,804
		-	-	51,318	55,092
Associated companies:					
Launderers (Hotels & Restaurants) Ltd	Laundry services	109,709	81,023	109,709	81,023
(ii) Revenue					
Subsidiary companies:					
Beachcomber Marketing (Pty) Ltd	Hotel packages	-	-	720,315	475,231
Beachcomber Tours SARL	Hotel packages	-	-	438,069	391,012
Holiday Marketing (Pty) Ltd	Hotel packages	-	-	36,558	27,321
Beachcomber Tours Limited	Hotel packages	-	-	573,106	463,278
Ste Anne Resorts Limited	Management fees	-	-	20,129	22,456
		-	-	1,788,177	1,379,298
Associated companies:					
Parure Limitée	Space rental	1,412	1,120	1,412	1,120

30. Related party transactions (cont'd)

		THE GROUP 2008 Rs'000	THE GROUP 2007 Rs'000	THE COMPANY 2008 Rs'000	THE COMPANY 2007 Rs'000
(iii) Year-end balances receivable/(payable) to related parties					
Subsidiary companies:					
Beachcomber Tours SARL	Note (a)	-	-	70,553	62,352
Holiday Marketing (Pty) Ltd	Note (a)	-	-	3,757	5,412
Beachcomber Tours Limited	Note (a)	-	-	56,781	195,647
Beachcomber Marketing (Pty) Ltd		-	-	(421,191)	(510,085)
Ste Anne Resorts Limited		-	-	444,227	539,166
Kingfisher Ltd		-	-	(2,332)	(502,331)
Beachcomber Hotel Marrakech S.A.		-	-	189,201	65,416
Grand Baie Hotels Limited		-	-	(440,376)	(440,603)
Société Immobilière et Touristique de Grand Baie		-	-	(25,575)	(25,575)
Royal Gardens Ltd		-	-	(139,434)	(139,296)
Société Royal Gardens		-	-	(299,559)	(299,559)
Maunex (Mauritius) Limited		-	-	(451,753)	(451,888)
Imperial Ltd		-	-	(247,384)	(247,529)
Plaisance Catering Limited		-	-	(101,065)	(100,782)
Beachcomber Limited		-	-	(952,619)	(1,000,754)
Beachcomber Boutiques Limited		-	-	(34,617)	(33,880)
Beachcomber Training Academy Limited		-	-	(6,706)	2,481
		-	-	(2,358,092)	(2,881,808)
Associated companies					
Parure Limitée		241	124	241	124
Launderers (Hotels & Restaurants) Ltd		(531)	(7,546)	(531)	(7,546)
Domaine Palm Marrakech S.A.		101,180	72,422	101,180	72,422
		100,890	65,000	100,890	65,000

(a) Amount owed by these related parties are included in Trade receivables.

(b) Purchases of services from related parties were carried out on commercial terms and conditions and at normal market prices.

30. Related party transactions

(iv) Compensation of key management personnel

The Group considers only the executive directors as its key management personnel as defined by IAS 24 - Related Party Disclosures. Their emoluments are disclosed in the Annual report.

31. Financial risk management objectives and policies

The Group's principal liabilities comprise of bank loans and 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 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

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 balance sheets or notes to the financial statements.

(ii) Foreign currency risk

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 hedging activities including forward currency contracts.

The following table demonstrates the sensitivity to a reasonable possible change in the Euro, US Dollar and Pound Sterling 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):

31. Financial risk management objectives and policies (cont'd)

(ii) Foreign currency risk (Cont'd)

	Increase/ (decrease) in rates	Effect on profit before tax	Effect on equity
	%	Rs'000	Rs'000
2008			
Euros	5%	12,038	-
United States Dollars	5%	(6,367)	-
Pound Sterling	5%	5,191	-
Rands	5%	(11,380)	-
Australian Dollars	5%	417	-
Seychelles Rupees	5%	1,903	-
Moroccan Dirham	5%	23,531	-
2007			
Euros	5%	18,810	-
United States Dollars	5%	(13,507)	-
Pound Sterling	5%	17,613	-
Rands	5%	(21,837)	-
Australian Dollars	5%	688	-
Seychelles Rupees	5%	(7,645)	-
Moroccan Dirham	5%	4,576	-

Currency profile

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

	Financial assets		Financial liabilities	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Euros	941,173	1,029,274	700,418	785,184
Pound Sterling	373,178	585,486	269,353	403,887
Rands	77,729	85,127	305,322	470,473
United States Dollars	78,825	3,024	206,166	286,011
Australian Dollars	36,690	48,952	28,341	36,910
Seychelles Rupees	221,007	40,624	182,944	281,778
Mauritian Rupees	517,096	268,164	5,964,100	2,865,484
Moroccan Dirhams	481,167	102,066	10,545	30
	2,726,865	2,162,717	7,667,189	5,129,757

31. Financial risk management objectives and policies (cont'd)

(iii) Interest rate risk

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.

	Increase/ decrease in rates	Effect on profit before tax
	%	Rs'000
2008		
Interest-bearing loans and borrowings in MUR	1.00%	25,630
Interest-bearing loans and borrowings in USD	0.25%	712
Interest-bearing loans and borrowings in EUR	0.25%	617
Interest-bearing loans and borrowings in SCR	1.00%	553
2007		
Interest-bearing loans and borrowings in MUR	1.00%	16,791
Interest-bearing loans and borrowings in USD	0.25%	1,346
Interest-bearing loans and borrowings in EUR	0.25%	791
Interest-bearing loans and borrowings in SCR	1.00%	350

(iv) Liquidity risk

The Group's objective is to maintain a balance 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.

	< 1 yr	>1 yr < 2 yrs	>2 yrs < 5 yrs	> 5 yrs	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2008					
Trade and other payables	2,462,719	-	-	-	2,462,719
Interest-bearing loans and borrowings	2,761,935	1,055,191	1,986,225	464,500	6,267,851
2007					
Trade and other payables	2,095,991	-	-	-	2,095,991
Interest-bearing loans and borrowings	1,961,516	348,258	1,182,741	46,667	3,539,182

(v) 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 Group's policy is to keep the gearing ratio below 50%. 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 balance sheet. The gearing ratios at September 30, 2008 and September 30, 2007 were as follows:

	2008	2007
	Rs'000	Rs'000
Interest bearing loans and borrowings	6,267,851	3,539,182
Less interest costs included above	(1,063,381)	(505,416)
Less cash in hand and at bank	(718,963)	(933,394)
Net Debt	4,485,507	2,100,372
Equity attributable to equity holders of the parent	9,883,657	9,155,782
Gearing Ratio	45%	23%

32. Financial instruments

Fair values

The carrying amounts of the Group's financial assets and liabilities approximate their fair values.

33. Financial summary

THE GROUP	2008 Rs'000	2007 Rs'000	2006 Rs'000
Income Statements			
Revenue	8,099,921	7,735,237	5,873,284
Profit before tax	2,130,473	2,342,716	1,291,279
Income tax expense	(240,360)	(344,416)	(148,531)
Profit for the year	1,890,113	1,998,300	1,142,748
Minority interests	(44,293)	(28,888)	(16,226)
Profit attributable to equity holders of the parent	1,845,820	1,969,412	1,126,522
Dividends	(968,541)	(968,542)	(645,694)
Retained profit for the year	877,279	1,000,870	480,828
Balance Sheets			
Non-current assets	16,130,433	13,517,367	10,654,927
Current assets	3,054,058	2,446,544	2,027,728
Share capital	1,724,361	1,724,361	1,724,361
Other reserves	4,006,070	4,119,868	2,350,525
Retained earnings	4,153,226	3,311,553	2,274,549
Minority interests	73,698	84,647	75,797
Non-current liabilities	4,068,245	2,755,383	2,489,685
Current liabilities	5,158,891	3,968,099	3,767,738

Financial ratios	Rs	Rs	Rs
Earnings per share	11.43	12.20	6.98
Dividend per share	6.00	6.00	4.00
Net assets per share	61.23	56.72	39.33

33. Financial summary (cont'd)

THE COMPANY	2008 Rs'000	2007 Rs'000	2006 Rs'000
Income Statements			
Revenue	6,885,933	6,260,257	4,696,764
Profit before tax	1,953,219	2,036,469	1,097,209
Income tax expense	(126,922)	(284,267)	(98,474)
Profit for the year	1,826,297	1,752,202	998,735
Dividends	(968,541)	(968,542)	(645,694)
Retained profit for the year	857,756	783,660	353,041
Balance Sheets			
Non-current assets	16,117,592	12,985,856	10,028,842
Current assets	2,113,301	2,020,568	1,601,639
Share capital	1,724,361	1,724,361	1,724,361
Other reserves	3,048,581	3,072,518	1,320,053
Retained earnings	2,732,891	1,843,687	1,027,501
Non-current liabilities	3,882,526	2,420,905	2,048,424
Current liabilities	6,842,534	5,944,953	5,510,142

34. Particulars of directorate in subsidiaries

Directors	Grand Baie Hotel Limited	Royal Gardens Ltd	Maunex (Mauritius) Limited	Imperial Ltd	Kingfisher Ltd	Les Salines Development Ltd	Les Salines Golf and Resorts Limited	Ste Anne Resorts Limited	Plaisance Catering Limited	Beach-comber Gold Coast Limited	Beach-comber Training Academy Limited	Beach-comber Limited	Beach-comber Boutiques Limited	Beach-comber Tours SARL	Holiday Marketing (pty) Ltd	Beach-comber Tours Limited	Beachcomber Marketing (pty) Ltd
Jean-Paul Adam			◆														
Sunil Banymandhub	◆																
Herbert Couacaud	◆	◆		◆	◆	◆	◆	◆	◆	◆		◆	◆	◆		◆	◆
Michel Daruty de Grandpré				◆				◆		◆	◆						
Robert Doger de Spéville	◆	◆		◆		◆	◆	◆		◆		◆	◆			◆	◆
Odile de Commarmond													◆				
Robert de Froberville			◆														
Annabelle Dupont													◆				
Rodney Eather															◆		
Mike Edwards																◆	
Hector Espitalier-Noël	◆	◆				◆	◆					◆					
Maurice Espitalier-Noël	◆			◆													
Jean-Marc Lagesse								◆		◆	◆						
René Laviolette									◆								
Jean-Hugues Maigrot			◆					◆		◆							
Marcel Masson	◆	◆		◆	◆	◆	◆	◆	◆	◆		◆	◆				
Frantz Merven									◆								
Francis Montocchio									◆		◆		◆				
Terry Munro																	◆
Soopaya Parianen				◆													
Jean-Louis Pismont											◆						
Michel Pitot	◆	◆	◆	◆	◆				◆								
Tiburce Plissonneau Duquesne											◆						
Louis Rivalland	◆																
Jacques Silvant											◆						
Derek Taylor		◆															
Peter Taylor																◆	
Timothy Taylor	◆	◆		◆	◆							◆					
François Venin											◆						

notice of annual meeting

New Mauritius Hotels Limited

Notice is hereby given that the Annual Meeting of the shareholders of New Mauritius Hotels Limited will be held at Labourdonnais Water Front Hotel, Caudan, Port Louis on Friday, March 20, 2009 at 10.30 a.m for the following business:

Agenda

1. To receive, consider and approve the Financial Statements for the year ended September 30, 2008 including the Annual Report and the Auditors' Report.

2. To reappoint Mr. Michel Pitot who is over the age of 70, as Director of the Company until the next Annual Meeting in accordance with section 138 (6) of the Companies Act 2001.

3. To reappoint Messrs Louis Rivalland and Jean-Pierre Montocchio who are the two Directors due for retirement as Directors of the Company in accordance with section 23.6 of the Company's constitution.

4. To reappoint Messrs Ernst & Young as auditors for the financial year ending September 30, 2009 and authorise the Board of Directors to fix their remuneration.

5. Shareholders' question time.

A member of the Company may appoint a proxy to attend and vote at the meeting on his behalf. The instrument appointing the proxy (page 83) must be deposited at the Registered Office of the Company, 10, Robert Edward Hart Street, Curepipe, not less than twenty four hours before the meeting.

By order of the Board
BEACHCOMBER LIMITED
Secretary

(Per Francis MONTOCCHIO)
March 3, 2009

proxy

New Mauritius Hotels Limited

I / We (Block Capitals, please) .... being

a member/members of the New Mauritius Hotels Limited, hereby appoint the Chairman of the meeting / Mr. / Mrs ....

.... of ....

as my / our proxy to vote for me / us and on my / our behalf at the Annual Meeting of the Company to be held at Labourdonnais

Waterfront Hotel, Caudan, Port Louis on Friday, March 20, 2009 at 10.30 a.m and at any adjournment thereof.

Signed this .... day of .... 2009.

Please indicate with an X in the spaces below how you wish your votes to be cast.

Resolution

	For	Against
1. To receive, consider and approve the Financial Statements for the year ended September 30, 2008 including the Annual Report and Auditors'report.		
2. To reappoint Mr Michel Pitot who is over the age of 70, as Director of the Company until the next Annual Meeting in accordance with section 138 (6) of the Companies Act 2001.		
3. To reappoint Messrs Louis Rivalland and Jean-Pierre Montocchio who are the two Directors due for retirement as Directors of the Company in accordance with section 23.6 of the Company's constitution.		
4. To reappoint Messrs Ernst & Young as auditors for the financial year ending September 30, 2009 and authorise the Board of Directors to fix their remuneration.		

Notes

1. A member may appoint a proxy of his own choice. If such an appointment is made, delete the words 'the Chairman of the meeting'and insert the name of the person appointed proxy in the space provided.
2. If the appointer 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 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 not less than twenty four hours before the time fixed for holding the meeting or adjourned meeting.

dream
is a serious thing

this is the signature of **beachcomber hotels**

a signature that embodies our genuine respect for the dream of every individual and our commitment to do whatever it takes to make that dream come true.