Shandrani Resort & Spa

2010 Annual Report

NEW MAURITIUS HOTELS LIMITED


Trou aux Biches Resort & Spa

Your Board of Directors is pleased to present the Annual report of New Mauritius Hotels Limited for the year ended September 30, 2010. This report was approved by the Board of Directors on December 21, 2010.

Contents

GROUP STRUCTURE

as at september 30, 2010

New Mauritius Hotels Limited

Hotel operations in Mauritius	General Managers
ROYAL PALM	Jacques SILVANT
DINAROBIN PARADIS	Jean Marc LAGESSE
TROU AUX BICHES	Michel DARUTY DE GRANDPRE
SHANDRANI LE VICTORIA	Jean-Louis PISMONT
LE CANONNIER LE MAURICIA	Francois VENIN

Airline catering

PLAISANCE CATERING	Frantz MERVEN

Hotel operations overseas

100%	SAINTE ANNE RESORTS Seychelles	Hervé DUBOSCQ
95%	ROYAL PALM MARRAKECH Morocco	Xavier JOLIVET

Training

100%	BEACHCOMBER TRAINING ACADEMY LIMITED	Tiburce PLISSONNEAU DUQUESNE

Secretarial Services

100% BEACHCOMBER LIMITED

Tour Operating

100%	BEACHCOMBER TOURS SARL France	Carole PEYRE
100%	BEACHCOMBER TOURS LIMITED England	Michael EDWARDS
100%	NEW MAURITIUS HOTELS - ITALIA SRL Italy	Sheila COLLET SERRET
75%	HOLIDAY MARKETING (PTY) LTD Australia	Rod EATHER
51%	BEACHCOMBER MARKETING (PTY) South Africa	Terry MUNRO

BOARD OF DIRECTORS
as at september 30, 2010

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

Timothy TAYLOR

Executive

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

Robert DOGER DE SPÉVILLE
Commercial Director

Jean Marc LAGESSE
General Manager Paradis/Dinarobin Hotels

Marcel MASSON
Finance Director
Member of the Corporate Governance Committee

Secretary

Beachcomber Limited
10, Robert Edward Hart Street, Curepipe, Mauritius.

Auditors

Ernst & Young
NexTeracom Tower,
Ebene, Mauritius.

Bankers

The Mauritius Commercial Bank Limited
State Bank of Mauritius Limited
Barclays Bank PLC
The Hong Kong and Shanghai Banking Corporation Limited
The Afrasia Bank Limited
Standard Bank (Mauritius) Limited
Bank One Limited
Banque des Mascareignes Limitée

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
E-mail: beachcomber@bchot.com

Website

www.beachcomber-hotels.com

KEY FIGURES

september 30, 2010

Income Statements

	THE GROUP		
	2010 Rs'm	2009 Rs'm	2008 Rs'm
Revenue	6,833	7,402	8,100
Profit before tax	810	1,368	2,130
Income tax expense	(108)	(158)	(240)
Profit for the year	702	1,210	1,890
Minority interests	(42)	(34)	(44)
Profit attributable to equity holders of the parent	660	1,176	1,846
Dividends	(404)	(646)	(969)
Retained profit for the year	256	530	877

Statements of financial position

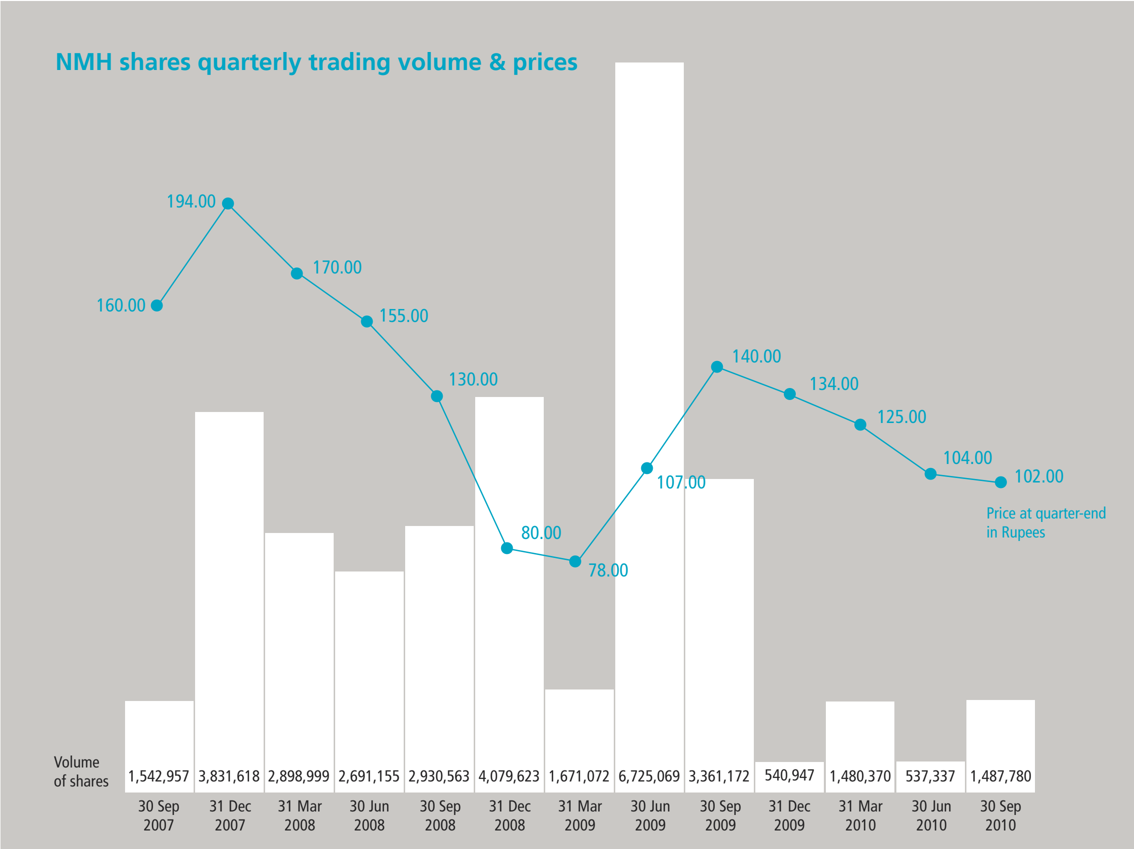
	2010 Rs'm	2009 Rs'm	2008 Rs'm
Non-current assets	21,495	18,572	16,130
Current assets	3,485	3,293	3,054
Share capital	1,724	1,724	1,724
Other reserves	4,323	4,383	4,006
Retained earnings	5,007	4,714	4,153
Shareholders funds	11,055	10,821	9,883
Minority interests	45	51	74
Total equity	11,100	10,872	9,957
Non-current liabilities	7,857	5,626	4,068
Current liabilities	6,022	5,366	5,159

Key Financial ratios

		2010	2009	2008
Number of rooms		1,744*	1,744*	1,938
Number of guests nights		850,417	842,573	1,004,785
Occupancy	(%)	71	70	77
RevPar	(Rs)	8,680	9,588	9,674
Earnings per share	(Rs)	4.09	7.28	11.43
Dividends per share	(Rs)	2.50	4.00	6.00
Interest cover	(x)	4.19	5.28	10.20
Dividend cover	(x)	1.63	1.82	1.91
Dividend payout	(%)	61.17	54.92	52.49
Net Asset value per share	(Rs)	68.76	67.36	61.68
Return on equity	(%)	6.33	11.13	18.98
Return on total assets	(%)	2.81	5.53	9.85
Gearing	(%)	82	53	45

*Excludes Trou aux Biches hotel closed for reconstruction.

Size of holding			Shareholders			Shares held		
					Cumulative			Cumulative
From		To	No.	%	%	No.	%	%
1	-	1,000	4,526	59.58	59.58	1,445,401	0.90	0.90
1,001	-	5,000	1,733	22.81	82.39	4,038,612	2.50	3.40
5,001	-	10,000	455	5.99	88.38	3,256,638	2.01	5.41
10,001	-	25,000	421	5.54	93.92	6,627,016	4.11	9.52
25,001	-	50,000	195	2.57	96.49	6,885,879	4.27	13.79
50,001	-	75,000	71	0.93	97.42	4,340,559	2.68	16.47
75,001	-	100,000	31	0.41	97.83	2,635,074	1.64	18.11
100,001	-	250,000	80	1.05	98.88	12,637,145	7.83	25.94
250,001	-	500,000	43	0.57	99.45	13,891,046	8.60	34.54
500,001	-	1,000,000	19	0.25	99.70	12,779,451	7.92	42.46
1,000,001	-	1,500,000	6	0.08	99.78	7,625,185	4.72	47.18
1,500,001	-	2,000,000	5	0.06	99.84	8,075,176	5.00	52.18
2,000,001	-	2,500,000	4	0.05	99.89	9,055,769	5.61	57.79
2,500,001	-	5,000,000	4	0.05	99.94	15,476,618	9.59	67.38
5,000,001	-	8,000,000	2	0.03	99.97	12,786,539	7.92	75.30
8,000,001	-	and above	2	0.03	100.00	39,867,428	24.70	100.00
			7,597			161,423,536		



SEGMENTAL INFORMATION

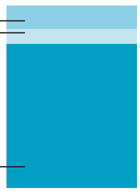
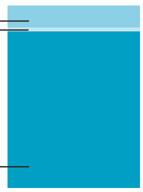
for the year ended september 30, 2010

	Revenue		Results	
	2010	2009	2010	2009
	Rsm	Rsm	Rsm	Rsm
Business:				
Airline catering	401	413	57	132
Tour operating	889	853	118	114
Hotel operations	5,543	6,136	949	1,377
	6,833	7,402	1,124	1,623
Geographical:				
Other countries	751	938	168	218
Europe	577	600	7	34
Mauritius	5,505	5,864	949	1,371
	6,833	7,402	1,124	1,623

Segmental Information

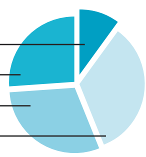
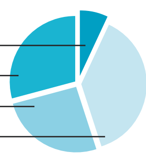
	Revenue	Results
	BUSINESS	BUSINESS
Airline catering	6%	5%
Tour operating	13%	10%
Hotel operations	81%	85%


	GEOGRAPHICAL	GEOGRAPHICAL
Other countries	11%	15%
Europe	8%	1%
Mauritius	81%	84%

Value added statement

	Mauritius operations	Group operations
Bankers	10%	7%
Government	26%	25%
Shareholders	23%	24%
Employees	41%	44%

VALUE ADDED STATEMENT

for the year ended september 30, 2010

	Mauritius Operations		Group Operations	
	Rs'm	%	Rs'm	%
Revenue	5,519		6,833	
Value Added tax	766		803	
Total revenue	6,285		7,636	
Payment to suppliers for material and services	(2,357)		(3,024)	
Value added by operations	3,928		4,612	
Investment and other income	63		108	
Total wealth created	**3,991**	**100**	**4,720**	**100**
Distributed as follows:				
Employees				
Salaries and wages	**1,644**	**41**	**2,054**	**44**
Government				
Value added tax	766		803	
Environment fees	42		42	
Corporate tax	31		88	
Licences, leases and campement site tax	37		45	
Social security charges	146		202	
	1,022	**26**	**1,180**	**25**
Reinvested to maintain/develop operations				
Depreciation and amortisation	345		389	
Retained earnings	171		298	
	516	**13**	**687**	**15**
Providers of capital				
Dividends to shareholders	404	10	404	9
Interest on borrowings	405	10	395	7
	809	**20**	**799**	**16**
Total wealth distributed	**3,991**	**100**	**4,720**	**100**

CHAIRMAN'S ADDRESS

Dear Shareholder,

During our financial year ended 30th September 2010, the local hotel industry struggled through the economic difficulties created by the recession in the Euro zone and the appreciation of the Rupee. A fair number of long-haul travellers shifted to cheaper accommodation and spent less during their holidays whilst the unfavorable exchange rates of the Euro and GBP against the rupee affected receipts on conversion of these foreign currencies. As a result, the profitability of the industry deteriorated significantly to the extent that material losses have been reported by some of the major players in the industry.

In anticipation of the growth in local tourist arrivals to 2 million annually by year 2015, as formulated by the tourism authorities in 2006, room capacity expanded and created an excess of supply over demand. Although the number of arrivals is estimated to increase to 920,000 this year, the projected growth has not materialised and already a shortfall of more than 300,000 tourists is evident. Furthermore, the worldwide competition prompted many competitors to concede heavy rate discounting in an endeavour to improve occupancy.

Against this adverse background, New Mauritius Hotels succeeded in generating more business volume than last year in spite of the closure of Trou aux Biches hotel and the ash clouds problem in April. The lower average revenue per guest (-6.3%) achieved by our hotels was mostly due to the unfavourable foreign currency exchange rates. The Group's policy to maintain high standards of service to its guests was no doubt a determining factor in the achievement of these results. Sustained efforts were also made towards cost containment and improved operational efficiency.

Group Revenue for the year decreased by 7.7% to Rs 6,833 m whereas earnings attributable to shareholders dropped to Rs 660 m which represents a 44% decrease on last year's Rs 1,176 m. The shortfall in earnings was mainly due to lesser revenue per guest as explained earlier, increased closure costs in respect of Trou aux Biches hotel and an impairment loss on goodwill of Rs 59 m concerning our catering unit.

With regard to the short-term outlook, I am happy to report that the soft opening of Trou aux Biches hotel took place on 5th November as scheduled. The general improvements in occupancy levels and guest night revenue since October 2010 are most encouraging and should improve our first quarter's results.

However, the present weak economic conditions in Europe and the uncertainty pertaining to the indebtedness and deficits of certain countries in the Euro zone are factors that may again bring adverse currency fluctuations and impact on our results for 2011.

On the development side, the Trou aux Biches hotel which will be fully operational by May 2011 with 333 keys/417 rooms will create hundreds of new jobs and bring additional foreign earnings to the country. I am thankful to the Government and local authorities for their confidence in the project and for having extended their help to make it possible. It is most pleasing to note the positive interests from Tour Operators and people of the trade in general and I feel confident that this new product will, on attaining its cruising speed, provide good return on investment to shareholders.

The property development project in Marrakech, Morocco, has been much affected by the world economic conditions. Many initial bookings have not materialised and demand for luxury villas is still very slow. Our partner has not so far, unlike NMH, brought the additional funds that the new conjuncture requires to pursue the initial program. We are, however, confident that a solution will be found to overcome that problem. The hotel development in which NMH has an effective 95% stake has, on its part, reached an advance stage of completion but has had to be slowed down to be in phase with the progress on the adjacent property development.

The detailed project at Les Salines is in the process of elaboration. The last instalment of the purchase consideration was settled in March 2010.

To conclude, I express my sincere appreciation to our Chief Executive Officer, the board of Directors, the managers and all the personnel for their remarkable efforts. We succeeded to produce an adequate level of profitability with our business model in these testing times. The Group is well positioned for longer term growth and we expect a slow but gradual recovery from the lows reached in 2010. I thank our shareholders for their continued trust and confidence.

Hector Espitalier-Noël
CHAIRMAN
December 21, 2010

The Directors are pleased to present their Annual Report for the year ended September 30, 2010.

Consolidation and Accounting Standards

The audited Financial Statements for the year ended September 30, 2010 have been prepared in accordance with International Financial Reporting Standards. There has been no change in the accounting policies and methods that were adopted in the last Financial Statements. New accounting standards and interpretations which came into application did not have a material impact on the financial performance or position of the Group but did necessitate additional disclosures.

Revenue

The weak economic conditions in Europe, which started in 2008 as a result of the world economic crisis, continued to impact significantly operators' revenues in the local tourism industry.

For the financial year ended 30 September 2010, NMH revenue decreased by 7.7% to Rs 6,833 m from Rs 7,402 m in 2009, primarily due to the following:

- Lower foreign currency receipts due to the appreciation of the Rupee. The average conversion rate to the Rupee was 9% lower and the loss in revenue attributed to this factor is estimated at Rs 390 m;
- Reduced room availability associated with the Trou aux Biches hotel reconstruction resulting in a shortfall of Rs 176 m in turnover as compared to last year.

The Group would have realised Rs 60 m additional revenue had it not been for the disruption of air traffic on account of the ash clouds in April.

Demand for hotel accommodation was particularly weak in July and August 2010. Average occupancy for the year was nevertheless slightly better at 71 %.

During these difficult times, management strove to maximise revenue through its Beachcomber marketing network and tour operators. The Group offered some promotions when necessary but avoided discounting its products systematically and focused its marketing strategy on high standards of products and services to guests which has made, over the years, the reputation of the Beachcomber brand.

Cost of operations

Cost of food, beverages and other consumables were well controlled in spite of inflationary pressures and staff costs were contained notwithstanding annual increases in salaries and wages.

Tight control and new cost savings measures exercised on "other expenses", which include sales and marketing, maintenance, general administration and other fixed expenses, enabled the Group to realise savings of some Rs 135 m excluding CSR contributions of Rs 21 m (2009: Rs 20 m), now classified as income tax expense.

Depreciation and finance costs

Depreciation charges and finance costs were Rs 385 m and Rs 395 m respectively compared to Rs 394 m and Rs 412 m for last year. Finance costs of Rs171m in respect of Trou aux Biches hotel and Rs69m in respect of Marrakech project were capitalised.

Impairment of Goodwill

Two major airlines having ended their contract with our catering unit during the year, the future revenues and profitability of that division will be significantly impacted. An impairment test carried out has necessitated the writing off of the attributable goodwill amounting to Rs 59 m which originally arose on the merger of this operation with NMH in 2002.

Plaisance Catering is utilising its surplus capacity to generate alternative business. It has already opened its first three dedicated boutiques offering a large variety of frozen precooked meals. The unit has also started supplying meals to a number of undertakings for their staff canteens.

Earnings

Earnings attributable to NMH shareholders for the year were Rs 660 m, which is 44% less than the Rs 1,176 m earned in 2009. The decline in earnings from last year is attributable, on the one hand, to the shortfall of some Rs 390 m in foreign currency receipts as explained earlier and, on the other hand, to the increase in closure costs of Rs 42 m, the share of loss of Rs 28 m in associated companies, a relatively lower fair value gain on investment property of Rs 60 m and the impairment of goodwill amounting to Rs 59 m. This was mitigated by a lesser income tax expense. As a result, an earnings per share of Rs 4.09 was recorded this year, as compared to Rs 7.28 in 2009.

Dividends

Total dividends declared were reduced this year to Rs 404 m i.e. Rs 2.50 per share against Rs 4.00 last year. The amount paid out to shareholders is in line with the Group's distribution policy.

Cash flow and capital expenditure

The net cash inflow of Rs 1,014 m generated from operating activities and additional borrowings of Rs 4,527 m were utilised primarily for investment and capital expenditure totalling Rs 3,246 m, dividend payments of Rs 646 m and loan repayments of Rs 1,894 m. Capital expenditure during the year was mainly incurred on the reconstruction of Trou aux Biches hotel (Rs 2,247 m), and the Royal Palm hotel in Marrakech (Rs 657 m). Total assets per share increased from Rs 135.44 to Rs 154.75 and net asset value per share from Rs 67.36 to Rs 68.76.

The net borrowings to total equity ratio increased to 82% as a result of increased borrowings to finance the projects referred to above and the shortfall in earnings related to the economic climate which prevailed. Net borrowings stood at Rs 9,070 m at year end and are expected to gradually come down and bring the gearing ratio around 50% in 2013. Interest cover is at present 4.19.

Projects

The new Trou aux Biches hotel partly re-opened on 5 November 2010 with some 115 rooms and, on 20 December 2010, 100 additional rooms were made available for the prime season. The hotel should be fully operational in May 2011 with 333 keys/417 rooms. The hotel was originally scheduled to re-open in April 2010 but has been delayed on account of various stop orders obtained by certain neighbours who objected essentially to the deviation of the coastal road. These stop orders were subsequently set-aside by the Court. This impacted both revenue and construction costs. The final cost of the project will now be in the region of Rs 4.5 billion.

The Marrakech project which comprises the construction of the Royal Palm Marrakech hotel of 135 suites/villas and the surrounding real estate development of 239 villas, has slowed down considerably because of the weak demand from prospective buyers and the financing difficulties which arose as the project was supposed to be partly self-financed from the sale of the villas. As the banks in Morocco were reluctant to provide additional financing for real estate projects in general, it became necessary for NMH and its strategic partner to inject further funding. At the time of writing, unlike NMH, its partner has not come up with the additional funds. NMH is considering various options to bring the matter to a satisfactory conclusion.

In October 2010, NMH acquired for the sum of Rs 30m, the trademark and logo "White Sand Tours" together with the Destination Management Business of White Sand Tours Limited.

Outlook

At an operational level, Trou aux Biches hotel is expected to break-even in 2011 and make solid contributions to operating profit as from 2012. Tourism arrivals picked up encouragingly from October 2010 with occupancy levels and room rates improving for the first quarter. Based on the present positive trend in bookings for the high season, the second quarter is also likely to produce better results than those realised last year. However, the indebtedness and deficits of certain countries in the Euro zone could slow down the overall economic recovery, weaken the Euro and impact tourist arrivals and revenues in 2011.

Earnings for the year 2011 are expected to improve over the lows reached in 2010 but with the economic conditions prevailing, the outlook remains uncertain.

Corporate Governance

Directorate

The Board's primary objective is to protect and enhance shareholder value within an appropriate structure which safeguards the rights and interests of shareholders and other stakeholders by ensuring that the Company and its controlled entities are properly managed. The Board, together with senior management, is responsible to shareholders and other stakeholders for the Company's total business performance.

The management of the business is carried out by a Chief Executive Officer to whom the Board has delegated its powers in that respect.

During the year ended September 30, 2010, the composition of the Board which previously comprised seven non-executive Directors including the Chairman and three executive Directors including the Chief Executive Officer has been changed into a ratio of 4:6 with the appointment of Mr. Jean Marc Lagesse as Executive Director in replacement of Mr. Savy who had resigned office.

The profiles of the Directors are outlined below:

Non-Executive

Hector Espitalier-Noël

He has been the Chairman of the Company since his appointment as director in 1997.
Member of the Institute of Chartered Accountants in England and Wales, he worked for Coopers and Lybrand in London and De Chazal du Mée. He is the Chief Executive Officer of Espitalier Noël Group.

Other directorships in listed companies:
Caudan Development Ltd, General Investment & Development Co. Ltd, Mon Desert Alma Ltd, Mon Tresor Mon Desert Ltd, Promotion and Development Ltd, Rogers & Co. Ltd, The Savannah S.E. Co. Ltd, and Swan Insurance Co. Ltd.

Sunil Banymandhub

Appointed in April 2004, he is the Chaiman of the Audit Committee. Graduated from UMIST (UK) with a B.Sc. Honours First Class in Civil Engineering, and completed his Master's Degree in Business Studies at London Business School. He is also an Associate of the Institute of Chartered Accountants of England and Wales. He has occupied key positions with various major companies and institutions in Mauritius. He is the Chairman of Omnicane Ltd.

Other directorships in listed companies:
Omnicane Ltd

Jean-Pierre Montocchio
Notary public. Appointed in April 2004, he is the Chairman of the Corporate Governance Committee. He has participated in the National Committee on Corporate Governance.

Other directorships in listed companies:
Caudan Development Ltd, Fincorp Investment Ltd, Mauritius Commercial Bank Ltd, Promotion and Development Ltd and Rogers & Co. Ltd.

Michel Pitot
Former Project and Development Director of the Company, he was closely involved in the creation and development of the Company until his retirement in 2001. He was a founder member of the Veranda Group of hotels and played an important role in the development of the travel agency, inbound ground handling and local tour operating activities within the Rogers Group between the years 1956 and 2000.

Other directorships in listed companies:
None

Louis Rivalland
Holds a Bachelor's degree in Actuarial Science and Statistics, and is a Fellow of the Institute of Actuaries of United Kingdom and a Fellow of the Actuarial Society of South Africa. He was appointed Director in March 2002. He is currently the Group Chief Executive of Swan Insurance Co Ltd and The Anglo-Mauritius Assurance Society Ltd.

He is the President of the Joint Economic Council since March 2010, a Board member of the Mauritius Revenue Authority and member of the Financial Services Consultative Council.

Other directorships in listed companies:
Belle Mare Holding Limited, ENL Commercial Limited, Ireland Blyth Limited, Swan Insurance Company Limited and The Mauritius Development Investment Trust Company Limited.

Timothy Taylor
Holder of a BA (Hons) in Industrial Economics from Nottingham University. He was appointed Director in October 1980. He joined the Rogers Group in 1973 and became its Chief Executive in April 1999. He retired as such in December 2006 and became Chairman of that Group in March 2007.He is the Chairman of Scott & Co Ltd. He is also Chairman of the National Committee on Corporate Governance.

Other directorships in listed companies:
Air Mauritius Ltd and Rogers Ltd.

Executive

Herbert Couacaud
Holder of a B.Sc in Economics and Mathematics, he has been the Chief Executive Officer of the Company since 1974.

Other directorships in listed companies:
Fincorp Investment Ltd, Mauritius Commercial Bank Ltd and Rogers & Co. Ltd.

Robert Doger de Speville
Member of Institute of Chartered Accountants S.A, he joined the Company in 1977 and is currently the Commercial Director.

Other directorships in listed companies:
None

Jean Marc Lagesse

Graduate of "l'Ecole Hôtelière de Glion" in Switzerland, he is the General Manager of Le Paradis & Le Dinarobin Hotels since 2000.

Other directorships in listed companies:
None

Marcel Masson
Fellow member of the Association of Chartered Certified Accountants, he joined the Company in 1985 and is currently the Finance Director.

Other directorships in listed companies:
None

Committees

The composition of the Corporate Governance and Audit Committees which carried out their tasks according to their attributions was also maintained.

The Corporate Governance Committee comprising three non-executive and two executive Directors reviewed the following main areas:

- potential conflicts of interest 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 2011;
- 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 comprising three non-executive Directors met on a quarterly basis mainly to:

- approve the internal annual audit plan ensuring that the audit scope was adequate and that the Internal Audit Division had 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.

The attendees were the Audit Committee members, the Internal and External Auditors, the corporate Risk Management Officer, the Finance Director and the Chief Accountant.

Internal Audit

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.

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 the risks 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 adheres to high quality standards in all areas of operation. The Group has built prestigious resorts and invests constantly to maximise its market share. Each hotel has developed its own personality whilst holding to the group's philosophy of providing the best of Mauritian hospitality.
At the operational level, the Group ensures that key management positions are held by suitably qualified and trained staff with the required experience in the hotel industry. Ongoing attention is given to environment, health and safety issues and, in that respect, the Group thrives to adhere to the best practices aimed at ensuring sustainable development.

Events that impact international travel

The hotels' occupancy levels and the tariffs practised by the Group could be adversely impacted by events that discourage international travel. Factors such as, epidemics (e.g. H1N1), threatened acts of terrorism, natural disasters and continued effect of worldwide financial crisis could result in reduced worldwide travel. A decrease in the demand for hotel rooms as a result of such events has an adverse impact on the Group's operations and financial results.

The Group formulates plans which are reviewed and adjusted to maximise its market share. Cost and expenditure are reviewed and rationalised but not at the expense of security, safety and service quality. The Group has appointed a foreign expert to reorganise and strengthen its internal security team in order to offer a safer environment to its guests. Moreover, contingencies and business continuity plans are being revisited, formalised and updated accordingly.

Market and Competition

The Group is faced with local as well as global competition and has to reckon with the seasonal nature of the hotel industry.

To remain competitive, the Group provides superior quality resorts and facilities and adopts leading edge marketing strategies to promote and sell its products. It regularly participates in tourism exhibitions and promotional fairs. There is an ongoing nurturing of a long and well established relationship with its tour operators and sales offices.

Personnel and Quality Service

The Group is reliant upon recruiting and retaining key personnel and developing their skills to provide quality service to guests.

In order to develop, support and market its products, the Group hires, trains and retains highly skilled employees with particular expertise. To that end, the training structure in place within the group has been reorganised during the year in order to consolidate the promotion of service excellence. The training infrastructure in place in all the business units together with the Beachcomber Training Academy enables professional knowledge and skills to be constantly enhanced.

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

Technology and Information Systems

The Group relies on appropriate technology and information systems for the running of its operations and disruption to such systems could adversely affect the efficiency of its operation and business continuity.

To that end, the IT department has implemented procedures to safeguard the computer installations of all hotels of the Group to ensure continuity of operations.

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

Fraud and Other Irregularities

The Group may suffer financial losses due to breakdown in internal controls at various levels.

In each business unit, clearly defined systems and procedures are in place to ensure compliance with internal controls thus mitigating the risk of fraud. These systems are regularly monitored and reviewed by the Internal Audit Team to ensure their continued efficiency and effectiveness.

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

Litigation and Insurance Cover

The Group is subject to risk of litigation from its guests, suppliers, employees and regulatory authorities, for breach of its contractual obligations or other duties.
Therefore, the Group has to ensure that its guests and employees are provided with secured accommodation and related facilities and a safe workplace respectively. Full time health and safety officers are employed to assist management in that respect.

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

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

Financial

The Group is exposed to a variety of financial risks which may impact on the Group's reported results and its business value.

Financial risks and strategies are described fully in note 33 to the Financial Statements.

Directors' attendance to committee meetings

Directors	Board	Corporate Governance	Audit
Hector Espitalier-Noel	6/6	2/2	
Sunil Banymandhub	3/6		4/4
Herbert Couacaud	5/6	2/2	
Robert Doger de Speville	4/6		
Jean-Marc Lagesse	6/6		
Marcel Masson	5/6	2/2	3/4
Jean-Pierre Montocchio	6/6	2/2	3/4
Michel Pitot	3/6	2/2	
Louis Rivalland	5/6		3/4
Timothy Taylor	5/6		

Statement of Remuneration Philosophy

The Company's philosophy on matter of remuneration is geared towards rewarding efforts and merits as fairly as possible.

Pursuant to the above, committees have been set up to regulate and follow up closely all matters relating to remuneration.

Those concerning directors, including executive directors, are dealt with by the Corporate Governance Committee and are ratified by the Board of Directors.

A central remuneration committee, on which sit the General Managers of all the Company's business units, the Financial Director and the Human Resource Adviser is also in operation to decide on all matters relating to the remuneration of the company's personnel at large. These include salary structure, incentive bonus, and profit sharing scheme. Regular benchmarking is made to keep abreast of labour market tendencies.

Directors' emoluments and share interests

The emoluments of Executive Directors have not been disclosed on an individual basis due to commercial sensitivity of these data.

Emoluments paid by the Company for the year ended September 30, 2010 to:

	2010 Rs'000	2009 Rs'000
Executive Directors of the Company	48,181	41,811
Non-Executive Directors of the Company	3,088	2,868

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

Emoluments and benefits paid by subsidiaries for the year ended September 30, 2010 to:

	2010 Rs'000	2009 Rs'000
Executive Directors of:		
Beachcomber Tours Limited	27,779	23,245
Beachcomber Marketing (Pty) Ltd	23,173	18,953

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

	Direct %
Hector ESPITALIER-NOEL (Chairman)	0.01
Sunil BANYMANDHUB	-
Herbert COUACAUD C.M.G	7.05
Robert DOGER de SPEVILLE	0.24
Jean Marc LAGESSE	-
Marcel MASSON	-
Jean-Pierre MONTOCCHIO	-
Michel PITOT	0.03
Louis RIVALLAND	0.01
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:

	Effective %
Rogers & Co. Ltd	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 channeling all requests for social assistance through its solidarity fund, Fondation Espoir et Développement (FED), created in March 1999. During the year, the Company contributed Rs 21 m (2009: Rs 20 m) to the fund. Political donations are dealt with by the Board. For the year under review, such donations amounted to Rs 6 m (2009: Rs 1 m).

Auditors

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

	THE GROUP 2010 Rs'000	THE GROUP 2009 Rs'000	THE COMPANY 2010 Rs'000	THE COMPANY 2009 Rs'000
(a) Lead Auditors				
Audit services	5,395	5,195	4,896	4,844
Other services	625	2,475	625	350
Total	6,020	7,670	5,521	5,194
(b) Overseas Auditors				
Audit services	3,377	3,121	-	-
Other services	297	595	-	-
Total	3,674	3,716	-	-

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 statements of financial position at 30 September 2010, and the statements of comprehensive income, the statements of changes in equity and statements of cash flow for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and Companies Act 2001.

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

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

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 21, 2010

SOCIAL RESPONSIBILITY

Protection of the Environment, Energy Savings and Water Production

The Group conducts its operations in a manner committed to conservation of resources, prevention of pollution, and promotion of environmental responsibility.
It already uses various technical devices to protect the environment and reduce pressure on the country's scarce natural resources, namely:

- operation of waste water treatment plants, the purified product of which is used for irrigation purpose;
- recovery of heat from air conditioning chillers to produce hot water;
- solar panels for further production of hot water;
- extensive use of energy saving light bulbs;
- variable speed drives on the chilled water circulation pumps;
- desalination plants to produce fresh water.

The above measures have greatly contributed in reducing dependence on electricity, gas and water with significant cost savings.

The Group's project for the management and treatment of all solid waste generated by its various operating units has been delayed. At present, all such waste is carted away to existing landfill sites.

The project will consist of treating most of the waste where they are produced, through appropriate composting units and to use the product thereof as a natural organic medium and fertilizer for its gardens and nurseries, a step further in our eco-friendly commitments.

Social actions

The Fondation Espoir et Développement (FED) which is fully accredited by the National Corporate Social Responsibility (CSR) Committee, received a contribution of Rs21 million from NMH during the year to pursue the Company's social actions in Mauritius.

The Company also contributed, exceptionally, some Rs100 million towards the construction of a new police station, a post office, a dispensary, a hotel school and eight retail outlets for the extension of social facilities at Trou aux Biches as part of the reconstruction program of its hotel.

The contribution received by FED was mainly used to finance projects presented by local NGOs and those initiated by itself, namely:

• **Projet Employabilite Jeunes**
This particularly successful ongoing project aims at reintegrating into society youths who have not been able to complete their normal schooling. Out of the 300 recruited in August 2009, 210 successfully completed the program in June 2010. The majority received practical training in NMH hotels whereas some opted for technical training in hairdressing and child care. 215 youths started the program in August 2010.

• **Projet Artisanat**
The Projet Artisanat aims primarily at helping artisans with difficult social backgrounds to improve the design and quality of their work and to sell their products to hotels and tourists. Some Rs 1.8million worth of products were sold during the year. The program also facilitates artisans to sell their products direct to the general public. At a fair organised by FED at Le Canonnier Hotel in June 2010, the products displayed were well appreciated by the visitors.

• Projet Alpha

The Projet Alpha aims at teaching illiterate adults to read and write through computer software developed by FED or other conventional methods. FED has also set up reading clubs and libraries to enable them to improve their level of literacy with the help of qualified tutors. These reading clubs and libraries have proved popular.

• Projet Sport

FED collaboration with Ecoles de Foot de Curepipe for the development and integration through sport of underprivileged youths has been a resounding success during 2010. During school holidays, sports and education sessions were organised twice weekly and attended regularly by some 40 youths. The Fondation intends continuing to support this project.

2010 novelties

Trou aux Biches Resort & Spa

A magnificent eco-friendly resort

After two years of intensive reconstruction and an investment of Rs 4.5 billion, Trou aux Biches Resort & Spa has re-opened partially, welcoming its first guests on November 5, 2010.

Trou aux Biches Resort & Spa

"A new generation hotel"

- Trou aux Biches has generated a strong interest among tourism professionals who are now referring to it as "a new generation hotel"
- 333 units housed in bungalows of three or four Suites and private Villas set in manicured gardens
- 106 swimming pools in total, including private pools at the Beachfront Suites and Villas while others are set in the crescents of Junior Suites
- Outdoor showers
- Crafted in natural materials - wood, stone and thatch
- Spacious room interiors (from 63 to 290 m²) which exude warmth
- Six restaurants including Beachcomber's first Indian restaurant
- An exotic Spa by Clarins
- The latest in technology including media hubs, interactive TV sets and telephones, wifi
- An eco-friendly hotel

www.trouauxbiches-resort.com

Paradis Hotel & Golf Club

New look for the Junior Suites

The 54 Beachfront Junior Suites and the 120 Junior Suites, two favorite categories among guests, have been redecorated over the past season. A combination of beige and pastel shades has replaced the rooms' former blue hues whereas floral fabrics set off the furniture in wood and rattan. Rooms look brighter and offer a sense of tropical elegance and modernity.

SECRETARY'S CERTIFICATE

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 21, 2010

Calendar 2011

Publication of Abridged 1st Quarter Results	February
Annual General Meeting	February
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 Abridged Annual Results	December

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 24 to 68 which comprise the statements of financial position as at September 30, 2010 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the 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.

Opinion

In our opinion, the financial statements on pages 24 to 68 give a true and fair view of the financial positions of the Company and the Group as at September 30, 2010 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.

Financial Reporting Act 2004

The Directors are responsible for preparing the Corporate Governance Report and making the disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius (the 'Code'). Our responsibility is to report on these disclosures.

In our opinion, the disclosures in the Corporate Governance report are consistent with the requirements of the Code.

ERNST & YOUNG
Ebene, Mauritius

DARYL CSIZMADIA, C.A. (S.A)

December 21, 2010

INCOME STATEMENTS

for the year ended september 30, 2010

	Notes	THE GROUP 2010 Rs'000	THE GROUP 2009 Rs'000	THE COMPANY 2010 Rs'000	THE COMPANY 2009 Rs'000
Revenue	4	6,833,209	7,401,852	5,518,963	5,877,191
Cost of inventories expensed		(938,007)	(937,760)	(891,980)	(862,443)
Staff costs	5	(2,076,824)	(2,082,868)	(1,609,544)	(1,571,958)
Other expenses	6	(2,052,589)	(2,208,816)	(1,457,123)	(1,530,170)
Depreciation of property, plant and equipment	13	(385,202)	(393,645)	(343,477)	(347,480)
Amortisation of intangible assets	15	(3,541)	(1,943)	(1,862)	-
Loss on disposal of property, plant and equipment		(120)	(1,326)	(1,469)	(3,227)
Impairment of goodwill	15	(58,734)	-	(58,734)	-
Finance revenue	7	19,715	38,631	4,800	6,548
Finance costs	8	(394,856)	(412,083)	(429,629)	(406,339)
Closure costs	9	(194,078)	(151,831)	(194,078)	(151,831)
Other income	10	89,187	125,460	58,000	111,720
Share of losses of associated companies	17	(27,671)	(7,169)	-	-
Profit before tax		810,489	1,368,502	593,867	1,122,011
Income tax expense	11	(108,264)	(158,463)	(51,327)	(91,520)
Profit for the year		702,225	1,210,039	542,540	1,030,491
Profit attributable to:					
Owners of the parent		659,778	1,175,788	542,540	1,030,491
Non-controlling interests		42,447	34,251	-	-
		702,225	1,210,039	542,540	1,030,491
Basic earnings per share (Rs)	12	4.09	7.28		

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended september 30, 2010

	THE GROUP 2010 Rs'000	THE GROUP 2009 Rs'000	THE COMPANY 2010 Rs'000	THE COMPANY 2009 Rs'000
Profit for the year	702,225	1,210,039	542,540	1,030,491
Other comprehensive income:				
Exchange differences on translating foreign operations	(174,277)	(253,171)	-	-
Fair value on available-for-sale financial assets	1,906	19,009	96	(161)
Cash flow hedges	(25,540)	(33,020)	-	-
Gains on property revaluation	-	839,356	-	732,802
Tax effect on gains on property revaluation	-	(128,177)	-	(91,769)
Share of other comprehensive income of associated companies	176,022	(29,452)	-	-
Other comprehensive income for the year, net of tax	(21,889)	414,545	96	640,872
Total comprehensive income for the year	680,336	1,624,584	542,636	1,671,363
Total comprehensive income attributable to:				
Owners of the parent	637,217	1,583,291	542,636	1,671,363
Non-controlling interests	43,119	41,293	-	-
	680,336	1,624,584	542,636	1,671,363

STATEMENTS OF FINANCIAL POSITION

as at september 30, 2010

	Notes	THE GROUP 2010 Rs'000	THE GROUP 2009 Rs'000	THE COMPANY 2010 Rs'000	THE COMPANY 2009 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	17,227,577	14,534,134	14,658,846	12,461,789
Investment properties	14	1,994,500	1,915,000	1,763,300	1,705,300
Intangible assets	15	1,684,706	1,696,735	1,227,972	1,227,126
Investment in subsidiary companies	16	-	-	2,532,847	2,532,847
Investment in associated companies	17	484,017	335,665	191,873	191,873
Available-for-sale financial assets	18	43,982	42,076	2,082	1,986
Employee benefit assets	19	60,435	48,228	61,584	49,162
Total non-current assets		21,495,217	18,571,838	20,438,504	18,170,083
Current assets					
Inventories	20	311,744	326,338	261,969	272,007
Trade and other receivables	21	2,675,848	2,200,980	2,845,319	1,987,602
Income tax prepaid	11	-	-	3,130	-
Cash in hand and at bank	22	496,953	765,512	56,393	89,153
Total current assets		3,484,545	3,292,830	3,166,811	2,348,762
Total assets		24,979,762	21,864,668	23,605,315	20,518,845
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Stated capital	23	1,724,361	1,724,361	1,724,361	1,724,361
Retained earnings		5,007,279	4,714,389	3,326,341	3,152,941
Other components of equity	24	4,323,272	4,382,504	3,619,877	3,654,200
		11,054,912	10,821,254	8,670,579	8,531,502
Non-controlling interests		45,214	51,345	-	-
Total equity		11,100,126	10,872,599	8,670,579	8,531,502
Non-current liabilities					
Borrowings	25	6,422,717	4,171,621	6,279,462	3,990,120
Deferred tax liability	26	1,434,558	1,454,034	1,372,055	1,381,721
Total non-current liabilities		7,857,275	5,625,655	7,651,517	5,371,841
Current liabilities					
Trade and other payables	27	2,876,780	3,011,843	4,175,256	4,292,800
Borrowings	25	3,144,531	2,288,404	3,107,963	2,270,399
Income tax payable	11	1,050	66,167	-	52,303
Total current liabilities		6,022,361	5,366,414	7,283,219	6,615,502
Total liabilities		13,879,636	10,992,069	14,934,736	11,987,343
Total equity and liabilities		24,979,762	21,864,668	23,605,315	20,518,845

Approved by the Board of Directors on December 21, 2010 and signed on its behalf by:

Hector Espitalier-Noel
Chairman

Herbert Couacaud C.M.G.
Chief Executive Officer

STATEMENTS OF CHANGES IN EQUITY

for the year ended september 30, 2010

THE GROUP

	Attributable to equity holders of the parent Company								
	Stated Capital	Retained Earnings	Foreign Exchange Difference Reserves	Available-for-sale financial assets	Revaluation Reserve	Other Reserves	Total	Non-controlling Interests	Total equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at October 1, 2008	1,724,361	4,153,226	(476,311)	11,625	3,027,301	1,443,455	9,883,657	73,698	9,957,355
Changes in equity for the year									
Profit for the year	-	1,170,708	-	-	-	-	1,170,708	34,251	1,204,959
Other comprehensive income for the year	-	-	(304,242)	19,009	711,179	(13,363)	412,583	7,042	419,625
Total comprehensive income for the year	-	1,170,708	(304,242)	19,009	711,179	(13,363)	1,583,291	41,293	1,624,584
Depreciation transfer for buildings	-	42,528	-	-	(42,528)	-	-	-	-
Tax effect of depreciation transfer for buildings	-	(6,379)	-	-	6,379	-	-	-	-
Dividends (Note 28)	-	(645,694)	-	-	-	-	(645,694)	(63,646)	(709,340)
Balance at September 30, 2009	1,724,361	4,714,389	(780,553)	30,634	3,702,331	1,430,092	10,821,254	51,345	10,872,599
Balance at October 1, 2009	1,724,361	4,714,389	(780,553)	30,634	3,702,331	1,430,092	10,821,254	51,345	10,872,599
Changes in equity for the year									
Profit for the year	-	659,778	-	-	-	-	659,778	42,447	702,225
Other comprehensive income for the year	-	-	(199,392)	1,906	187,984	(13,059)	(22,561)	672	(21,889)
Total comprehensive income for the year	-	659,778	(199,392)	1,906	187,984	(13,059)	637,217	43,119	680,336
Depreciation transfer for buildings	-	43,142	-	-	(43,142)	-	-	-	-
Tax effect of depreciation transfer for buildings	-	(6,471)	-	-	6,471	-	-	-	-
Dividends (Note 28)	-	(403,559)	-	-	-	-	(403,559)	(49,250)	(452,809)
Balance at September 30, 2010	1,724,361	5,007,279	(979,945)	32,540	3,853,644	1,417,033	11,054,912	45,214	11,100,126

THE COMPANY

	Stated Capital	Retained Earnings	Available-for-sale financial assets	Revaluation Reserve	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at October 1, 2008	1,724,361	2,732,891	1,236	3,047,345	7,505,833
Changes in equity for the year					
Profit for the year	-	1,030,491	-	-	1,030,491
Other comprehensive income for the year	-	-	(161)	641,033	640,872
Total comprehensive income for the year	-	1,030,491	(161)	641,033	1,671,363
Depreciation transfer for buildings	-	41,474	-	(41,474)	-
Tax effect of depreciation transfer for buildings	-	(6,221)	-	6,221	-
Dividends (Note 28)	-	(645,694)	-	-	(645,694)
Balance at September 30, 2009	1,724,361	3,152,941	1,075	3,653,125	8,531,502
Balance at October 1, 2009	1,724,361	3,152,941	1,075	3,653,125	8,531,502
Changes in equity for the year					
Profit for the year	-	542,540	-	-	542,540
Other comprehensive income for the year	-	-	96	-	96
Total comprehensive income for the year	-	542,540	96	-	542,636
Depreciation transfer for buildings	-	40,493	-	(40,493)	-
Tax effect of depreciation transfer for buildings	-	(6,074)	-	6,074	-
Dividends (Note 28)	-	(403,559)	-	-	(403,559)
Balance at September 30, 2010	1,724,361	3,326,341	1,171	3,618,706	8,670,579

STATEMENTS OF CASH FLOWS

for the year ended september 30, 2010

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Operating activities				
Profit before tax	810,489	1,368,502	573,135	1,122,011
Adjustments to reconcile profit before tax to net cash flows				
Non-cash:				
Depreciation on property, plant and equipment	385,202	393,645	343,477	347,480
Amortisation of intangible assets	3,541	1,943	1,862	-
Impairment of goodwill	58,734	-	58,734	-
Loss on disposal of property, plant and equipment	120	1,326	1,469	3,227
Fair value gain on investment properties	(65,187)	(125,460)	(58,000)	(111,720)
Loan in subsidiary written back	(24,000)	-	-	-
Dividend income	(4,800)	(5,531)	(4,800)	(5,531)
Interest income	(14,915)	(33,100)	-	(1,017)
Interest expense	394,856	412,083	405,393	406,339
Share of losses of associated companies	27,671	7,169	-	-
Decrease in employee benefit assets	(12,269)	(12,324)	(12,422)	(12,087)
Working capital adjustments:				
Decrease / (increase) in inventories	6,382	(7,678)	10,037	3,030
Increase in trade and other receivables	(501,640)	(5,636)	(845,658)	(357,742)
Increase in trade and other payables	130,258	423,669	43,013	85,333
Income tax paid	(180,751)	(326,669)	(95,790)	(246,638)
Net cash flows generated from operating activities	1,013,691	2,091,939	420,450	1,232,685
Investing activities				
Purchase of property, plant and equipment	(3,175,334)	(1,965,304)	(2,468,388)	(1,384,539)
Purchase of intangible assets	(61,551)	-	(61,442)	-
Purchase of investment properties	(8,710)	(375,000)	-	(375,000)
Proceeds from sale of property, plant and equipment	12,787	12,700	7,963	7,456
Acquisition of new subsidiary company, net of cash acquired	-	-	-	(2,091)
Subscription of shares in associated companies	-	(86,700)	-	(86,700)
Dividend received	4,800	5,531	4,800	5,531
Interest received	14,915	33,100	-	1,017
Net cash flows used in investing activities	(3,213,093)	(2,375,673)	(2,517,067)	(1,834,326)
Financing activities				
Proceeds from borrowings	4,527,240	2,680,000	4,527,240	2,680,000
Repayment of term loans	(1,894,251)	(910,648)	(1,879,431)	(855,001)
Repayment of finance lease liabilities	(672)	(11,335)	(672)	(10,766)
Interest paid	(394,856)	(396,333)	(405,393)	(390,589)
Dividends paid to equity holders of the parent	(645,694)	(807,118)	(645,694)	(807,118)
Dividends paid to minority shareholders	(49,250)	(63,646)	-	-
Net cash flows from financing activities	1,542,517	490,920	1,596,050	616,526
Net (decrease) / increase in cash and cash equivalents	(656,885)	207,186	(500,567)	14,885
Cash and cash equivalents at October 1,	(244,674)	(461,428)	(920,548)	(935,433)
Net foreign exchange difference	(79,749)	9,568	-	-
Cash and cash equivalents at September 30, (Note 22)	(981,308)	(244,674)	(1,421,115)	(920,548)

1. CORPORATE INFORMATION

The financial statements of New Mauritius Hotels Limited (Consolidated and Company) for the year ended September 30, 2010 were authorised for issue in accordance with a resolution of the Directors on December 21, 2010. New Mauritius Hotels Limited is a public limited company incorporated in Mauritius and is listed on The Stock Exchange of Mauritius. Its registered office is situated at 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 Mauritian 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 (IFRSs) as issued by the International Accounting Standard Board (IASB).

Basis of consolidation

Basis of consolidation from 1 October 2009

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 September 2010.

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. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full. Losses in a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences, recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

Basis of consolidation prior to 1 October 2009

In comparison to the above mentioned requirements which were applied on a prospective basis, the following differences applied:

- Non-controlling interests represented the portion of profit or loss and net assets that were not held by the Group and were presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from the parent shareholders' equity. Acquisitions of non-controlling interests were 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 acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following new and amended IFRS and IFRIC interpretations during the year:

The Group has adopted the following standards and amendments as of 1 October 2009:

- IFRS 8 Operating Segments;
- IAS 1 (Revised 2007) Presentation of Financial Statements;
- Amendments to IFRS 7 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments;
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended);
- Amendment to IAS 23 Borrowing Costs;
- IAS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments);
- IFRIC 15 Agreements for the Construction of Real Estate;
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation;

The principal effect of these changes is as follows:

IFRS 8 Operating Segments

This standard is effective for accounting periods beginning on or after 1 January 2009, it requires disclosure of information about the Group's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. The Group's operating segments are further described in note 4 of those financial statements.

2. ACCOUNTING POLICIES (cont'd)

2.2 CHANGES IN ACCOUNTING POLICIES (cont'd)

IAS 1 (Revised 2007) Presentation of Financial Statements

The standard replaces IAS 1 Presentation of Financial Statements (revised in 2003) as amended in 2005. The revised IAS 1 Presentation of Financial Statements was issued in September 2007 and is effective for accounting periods beginning on or after 1 January 2009 with early application permitted.

The standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

Amendments to IFRS 7 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments

The amendments to IFRS 7 were issued in March 2009 and is effective for annual periods beginning on or after 1 January 2009, with early application permitted. The Group has adopted these amendments with effect from 1 October 2009.

The amendments to IFRS 7 require fair value measurements to be disclosed by the source of inputs, using a three-level hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2);
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

In addition, the amendments revise the specified minimum liquidity risk disclosures including the contractual maturity of non-derivative and derivative financial liabilities and a description of how this is managed.

The standards and interpretations below were also adopted but did not have a material impact on the financial statements of the Group other than requiring some changes in disclosures:

IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) – Effective on or after 1 July 2009

The Group adopted the revised standards from 1 October 2009. IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

Amendment to IAS 23 Borrowing Costs – Effective on or after 1 January 2009

IAS 23 Borrowing Costs issued in March 2007 supersedes IAS 23 Borrowing Costs (revised in 2003).

The main change from the previous version is the removal of the option to immediately recognise as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The Group was already capitalising borrowing costs.

IAS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments) – Effective on or after 1 January 2009

IAS 27 has been amended, deleting the 'cost method' and therefore resolving some of the difficulties arising from the capital maintenance concept. IAS 27 will require all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in its separate financial statements. The distinction between pre and post acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. In certain limited group reorganisations, the amended IAS 27 allows the cost of an investment in a subsidiary to be based on the previous carrying amount of the subsidiary (that is share of equity) rather than its fair value. The amendment is to be adopted prospectively.

The change in accounting policy was applied prospectively and had no impact on earnings per share.

IFRIC 15 Agreements for the Construction of Real Estate – Effective on or after 1 January 2009

IFRIC 15 Agreements for the Construction of Real Estate provides guidance on how to determine whether an agreement for the construction of real estate is within the scope of IAS 11 Construction Contracts or IAS 18 Revenue and when revenue from the construction should be recognised.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation – Effective on or after 1 July 2009

IFRIC 16 Hedges of a Net Investment in a Foreign Operation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39.

Improvements to IFRSs

In May 2008 and April 2009 the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the group.

2. ACCOUNTING POLICIES (cont'd)

2.2 CHANGES IN ACCOUNTING POLICIES (cont'd)

Effective on or after

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operation 1 July 2009
- IAS 1 Presentation of Financial Statements (as revised in 2007): Current/non current classification of derivatives 1 January 2009
- IAS 16 Property, Plant and Equipment: Replaces the term "net selling price" with 'fair value less costs to sell' 1 January 2009
- IAS 19 Employee Benefits - Curtailments and negative service costs 1 January 2009
- IAS 20 Accounting for Government Grants and Disclosures of Government Assistance: Government loans with no or a below market interest rate 1 January 2009
- IAS 23 Borrowing Costs (as revised in 2007) - Components of borrowing costs 1 January 2009
- IAS 27 Consolidated and Separate Financial Statements: Measurement of subsidiary held for sale in separate financial statements 1 January 2009
- IAS 28 Investment in Associates: Required disclosures when investments in associates are accounted for at fair value through profit or loss 1 January 2009
- IAS 29 Financial Reporting in Hyperinflationary Economies: Description of measurement basis in financial statements 1 January 2009
- IAS 31 Interest in Joint ventures: Required disclosures when interests in Jointly controlled entities are accounted for at fair value through profit or loss 1 January 2009
- IAS 32 Financial instruments: Presentation 1 January 2009
- IAS 36 Impairment of Assets: Disclosure of estimates used to determine recoverable amount 1 January 2009
- IAS 38 Intangible Assets: Advertising and promotional activities 1 January 2009
- IAS 38 Intangible Assets : Unit of production method of amortisation 1 January 2009
- IAS 39 Financial Instruments: Recognition and Measurement: Reclassification of derivatives into or out of the classification of at fair value through profit or loss 1 January 2009
- IAS 39 Financial Instruments: Recognition and Measurement: Designation and documentation of hedges at the segment level 1 January 2009
- IAS 39 Financial Instruments: Recognition and Measurement: Applicable effective interest rate on cessation of fair value hedge accounting 1 January 2009
- IAS 40 Investment Property: Property under construction or development for future use as investment property 1 January 2009
- IAS 41 Agriculture: Discount rate for fair value calculations 1 January 2009
- IFRS 7 Financial Instruments: Disclosures 1 January 2009
- IAS 8 Accounting Policies, Change in Accounting Estimates and Error 1 January 2009

Effective on or after

- IAS 10 Events after the Reporting Period 1 January 2009
- IAS 18 Revenue : Replaces the term 'direct costs' with 'transaction costs' as defined in IAS 39 1 January 2009
- IAS 20 Accounting for Government Grants and Disclosures of Government Assistance: Revision of various terms used to be consistent with other IFRS. 1 January 2009
- IAS 29 Financial Reporting in Hyperinflationary Economies : Revision of various terms used to be consistent with other IFRS. 1 January 2009
- IAS 34 Interim Financial Reporting: Earnings per share disclosures in interim financial reporting 1 January 2009
- IAS 40 Investment Property: Consistency of terminology with IAS 8, Investment property held under lease 1 January 2009
- IAS 41 Agriculture: Additional biological transformations
- IAS41 Agriculture: Examples of agricultural produce and products, Point-of-sale costs 1 January 2009
- IFRS 2 Share-based Payment 1 July 2009
- IAS 38 Intangible Assets: Additional consequential amendments arising from revised IFRS3 1 July 2009
- IAS 38 Intangible Assets: Measuring fair value of an intangible asset acquired in a business combination 1 July 2009
- IFRIC 9 Reassessment of Embedded Derivatives 1 July 2009
- IFRIC 16 Hedge of a Net Investment in a Foreign Operation 1 July 2009

The following standards, amendments and interpretations are effective for 2010 but were not relevant to the Group:

IFRS 1 (Revised 2008) First-time Adoption of International Financial Reporting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments) – Effective on 1 January 2009

IFRS 1 has been adopted to allow an entity, in its separate financial statements, to determine the costs of investments in subsidiaries, jointly controlled entities or associates (in its opening IFRS financial statements) as one of the following amounts:

- Cost determined in accordance with IAS 27 Consolidated and Separate Financial Statements;
- At the fair value of the investment at the date of transition to IFRS, determined in accordance with IAS 39 Financial Instruments: Recognition and Measurement;
- The previous GAAP carrying amount of the investment at the date of transition to IFRS.

This determination is made for each investment, rather than being a policy decision. The revisions to IFRS 1 may be applied where the standard is used in earlier periods. However, disclosure of such earlier adoption is required. The amendment to IFRS 1 will provide relief by reducing the cost of transition to IFRS for a parent preparing separate financial statements.

2. ACCOUNTING POLICIES (cont'd)

2.2 CHANGES IN ACCOUNTING POLICIES (cont'd)

Amendment to IFRS 2 Share-based Payments – Vesting Conditions and Cancellations – Effective on or after 1 January 2009

This amendment to IFRS 2 Share-based payments was published in January 2008 and becomes effective for financial years beginning on or after 1 January 2009. The standard restricts the definition of "vesting condition" to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as the result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation.

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation – Effective on or after 1 January 2009

Amendments to IAS 32 and IAS 1 were issued by the IASB in February 2008 and become effective for annual periods beginning on or after 1 January 2009. The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendments to IAS 1 require disclosure of certain information relating to puttable instruments classified as equity.

IFRIC 9 Reassessment of Embedded Derivatives (Amendment) – Effective on or after 1 July 2009

This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as at fair value through profit or loss.

IFRIC 17 Distributions of Non-Cash Assets to Owners – Effective on or after 1 July 2009

The IFRIC issued IFRIC Interpretation 17 was issued in November 2008. IFRIC 17 provided guidance on how to account for distributions of non-cash assets to its owners and distributions that give owners a choice of receiving either non-cash assets or a cash alternative. An entity shall apply this Interpretation prospectively for annual periods beginning on or after 1 July 2009.

IFRIC 18 Transfer of Assets from Customers – Effective on or after 1 July 2009

The IFRIC issued IFRIC 18 in January 2009. IFRIC 18 provides guidance on accounting for transfers of assets, where cash is used to purchase those items of plant, property and equipment, which an entity receives from a customer, which is either used to connect the customer to a network, or provide the customer ongoing access to a supply of goods and services. The interpretation is effective prospectively to transfers of assets from customers received on or after 1 July 2009.

International Financial Reporting Standard (IFRS) for Small and Medium-sized Entities (SMEs)

The standard was issued in July 2009 and is effective immediately. The standard covers all of the recognition, measurement, presentation and disclosure requirements for SMEs. The standard cannot be applied to entities that have 'public accountability' and therefore cannot be applied by the Group.

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, and the Company intends to comply with the standards and interpretations from their effective dates:

New and revised IFRS and IFRICs

	Effective on or after
• IFRS 1 (Revised 2008) First-time Adoption of International Financial Reporting Standards	1 January 2010
• IFRS 2 Share-Based Payment - Group Cash-settled Share-based Payment Transactions	1 January 2010
• IFRS 9 - Financial Instruments	1 January 2013
• IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)	1 July 2011
• IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

As part of the IASB's annual improvement projects, there were a number of amendments made to the standards detailed below:

Improvements to IFRSs in April 2009

	Effective on or after
• IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operation	
• Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operation	1 January 2010
• IFRS 8 Operating Segments: Disclosure of information about segment assets	1 January 2010
• IAS 1 Presentation of Financial Statements: Current/non-current classification of convertible instruments	1 January 2010
• IAS 7 Statement of Cash Flows: Classification of expenditures on unrecognised assets	1 January 2010
• IAS 17 Leases: Classification of leases of land and buildings	1 January 2010
• IAS 18 Revenue: Determining whether an entity is acting as principal or agent	1 April 2010
• IAS 36 Impairment of Assets: Unit of accounting for goodwill impairment test	1 January 2010

2. ACCOUNTING POLICIES (cont'd)

2.3 ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE (cont'd)

Improvements to IFRSs in April 2009

	Effective on or after
• IAS 39 Financial Instruments: Recognition and Measurement: Cash flow hedge accounting	1 January 2010
• IFRIC 16 Hedges of a Net Investment in a Foreign Operation: Amendment to the restriction on the entity that can hold hedging instruments	1 January 2010

Improvements to IFRS in May 2010

	Effective on or after
• IFRS 1 First-time Adoption of International Financial Reporting Standards	1 January 2011
• IFRS 3 Business Combinations	1 July 2010
• IFRS 7 Financial Instruments: Disclosures	1 January 2011
• IAS 1 Presentation of Financial Statements	1 January 2011
• IAS 27 Consolidated and Separate Financial Statements	1 July 2010
• IAS 34 Interim Financial Reporting	1 January 2011
• IFRIC 13 Customer Loyalty Programmes	1 January 2011

The Group is still considering the impact of the adoption of the pronouncements listed above on the Group's financial statements in the period of initial application but additional disclosures will be required where applicable.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

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

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

Functional currency

The choice of the functional currency of the 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.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Fair value of financial instruments

Where the fair values of financial assets recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to those models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revaluation of freehold land, hotel buildings and investment properties.

The Group measures freehold land and hotel buildings at revalued amounts with changes in fair value being recognised in equity.

In addition, it carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to determine fair value based on prevailing market data. Further details in respect of the investment properties are contained in Note 14.

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 Group has fully impaired an amount of Rs 58.7 million in respect of the goodwill for Plaisance Catering Unit. The key assumptions used to determine any impairment of goodwill, are further explained in Note 15.

Employee benefit asset

The cost of the 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. Further details about the principal actuarial assumptions used are given in Note 19.

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 is disclosed in Note 13.

Taxes
Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations from 1 October 2010
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit and loss.

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

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

Goodwill is initially measured at cost being the excess of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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

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

Business combinations and goodwill (cont'd)

Business combinations prior to 1 October 2009
In comparison to the above mentioned requirements, the following differences applied:
Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration affected goodwill.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign currency translation

The Group's financial statements are presented in Mauritian rupees which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

i) Transactions and balances
Transactions in foreign currencies are initially recorded at their respective functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings considered as cash flow hedges.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.
Prior to 1 January 2005 the Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition, as assets and liabilities of the parent. Therefore, those assets and liabilities are already expressed in the reporting currency or are non-monetary items and hence no further translation differences occur.

ii) Group companies
The assets and liabilities of foreign operations are translated into Mauritian rupees at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.
Any goodwill arising on the acquisition of a foreign operation subsequent to 1 January 2005 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 the closing rate.

Property, plant and equipment

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

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Following initial recognition at cost, freehold land and buildings of hotels are revalued at least every two years.

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

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

Property, plant and equipment (cont'd)

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 profit or loss in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively if appropriate.

Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

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

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

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

Investments in subsidiary companies

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 profit or loss.

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiary companies). Subsidiary companies 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.

Investments in associated companies

Associated companies are entities in which the Company or the Group has significant influence but which are neither a subsidiary company 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 profit or loss.

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 statement of financial position 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 neither amortised nor individually tested for impairment.
The profit or loss reflects the share of the results of the operations of the associated companies. 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 between the Group and the associated companies are eliminated to the extent of the interest in the associated companies.

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. Where necessary, adjustments are made to bring the accounting policies of the associated companies in line with those of the Group.
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 reporting 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 as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

Intangible assets

Goodwill

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary company acquired, the difference is recognised directly in profit or loss.
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Intangible assets (cont'd)

acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

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

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

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

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

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

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

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

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, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of non-financial assets (cont'd)

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.

Financial assets

Initial recognition

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Financial assets are recognised initially at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way purchases) are recognised on the trade date, ie, the date the Group commits to purchase or sell the asset. The Group's financial assets include cash in hand and at bank, 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 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. Gains and losses are recognised in profit or loss 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 profit or loss.

Financial liabilities

Initial recognition

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

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

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

Subsequent measurement

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

Interest- bearing loans and borrowings

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

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Offsetting of financial instruments

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

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 reporting 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.
Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

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

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

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

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

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

Where Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of 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 Group could be required to repay.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial assets and liabilities (cont'd)

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

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

Cash and cash equivalents

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

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 weighted average basis.
- Operating supplies and small equipment are recognised at purchase cost and amortised on a straight line basis over their estimated useful life which is between two to four years.
- Spare parts, fabrics and garments are valued at purchase cost on a weighted average basis.

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

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 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 profit or loss.

The cumulative gain or loss recognised in equity is transferred to the statement of comprehensive income 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 profit or loss immediately.

Hedges of a net investment
Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity while any gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to profit or loss.

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

Employee benefit assets

The Group operates a multi-employer defined benefit plan, the assets of which are held in a separately administered fund. The pension plan is funded by payments from employees and by the employer, by taking into account the recommendations of independent qualified actuaries who carry out a full valuation of the plan every three years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee benefit assets (cont'd)

Defined benefit scheme

The cost of providing benefits under the defined benefit plan 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.

Employee benefit assets (cont'd)

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 costs are recognised immediately.

The employee benefit asset is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised, less past service costs not yet recognised and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit or qualifying insurance policies. Plan assets are not available to creditors of the Group, nor can they be paid directly to the Group. Fair value is based on market information and in the case of quoted securities it is the published price. The value of any defined benefit asset recognised is restricted to the sum of any past service costs 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.

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 reporting date.

Deferred income tax

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

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

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

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

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

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

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

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

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Taxes (cont'd)

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of accounts receivables or payables in the statement of financial position.

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

Corporate Social Responsibility
In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within the Statement of Comprehensive Income and the income tax liability on the Statement of Financial Position.
The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

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.

Finance leases
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss.
Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease
Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

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.

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 and includes foreign exchange gains on trade receivables.
The following specific criteria must also be met before revenue is recognised:
(i) Revenue from hotel operations
Revenue is recognised upon consumption and acceptance by customers.
(ii) 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.
(iii) Revenue from tour operating
Commissions are recognised on completion of the services performed.
(iv) Interest income
For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability, Interest income is included in finance income in profit or loss.
(v) Dividend income
Dividend income is recognised when the Group's right to receive the payment is established.

Segmental reporting

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. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

The Group is composed of 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, Seychelles and Morocco (under construction), tour operating activities in France, United Kingdom, Italia, South Africa and Australia, and airline catering in Mauritius.

4. SEGMENTAL REPORTING

	Hotel operations Rs'000	Tour operating Rs'000	Airline catering Rs'000	Other Rs'000	Group Rs'000
Primary reporting - Business segments					
For the year ended September 30, 2010					
Sales to external customers	5,543,245	889,404	400,560	-	6,833,209
Segment results before finance revenue and finance costs	949,140	118,017	56,957	-	1,124,114
Finance revenue					19,715
Finance costs					(394,856)
Other income					89,187
Share of losses of associated companies					(27,671)
Profit before tax					810,489
Income tax expense					(108,264)
Profit for the year					702,225
Segment assets	23,022,461	1,033,721	439,563	-	24,495,745
Share of net assets of associated companies				484,017	484,017
Total assets					24,979,762
Segment liabilities	12,706,790	1,143,013	29,833	-	13,879,636
Other segment information:					
Capital expenditure	3,234,819	9,053	13,301	-	3,257,173
Depreciation on property, plant and equipment	361,649	12,934	10,619	-	385,202
Amortisation of intangible assets	3,541	-	-	-	3,541
Impairment loss	-	-	58,734	-	58,734
Primary reporting - Business segments					
For the year ended September 30, 2009					
Sales to external customers	6,135,721	853,092	413,039	-	7,401,852
Segment results before finance revenue and finance costs	1,377,326	114,579	131,758	-	1,623,663
Finance revenue					38,631
Finance costs					(412,083)
Share of losses of associated companies					(7,169)
Other income					125,460
Profit before tax					1,368,502
Income tax expense					(158,463)
Profit for the year					1,210,039
Segment assets	19,766,805	1,293,010	469,188	-	21,529,003
Share of net assets of associated companies				335,665	335,665
Total assets					21,864,668
Segment liabilities	9,542,605	1,416,255	33,209	-	10,992,069
Other segment information:					
Capital expenditure	1,986,247	68,779	13,339	-	2,068,365
Depreciation on property, plant and equipment	367,410	13,657	12,578	-	393,645
Amortisation of intangible assets	1,943	-	-	-	1,943

4. SEGMENTAL REPORTING (cont'd)

	Mauritius Rs'000	Europe Rs'000	Other countries Rs'000	Total Rs'000
Secondary reporting - Geographical segments				
For the year ended September 30, 2010				
Segment revenue	5,505,160	577,487	750,562	6,833,209
Segment assets	20,419,768	929,623	3,630,183	24,979,574
Capital expenditure	2,555,316	8,241	693,616	3,257,173
Secondary reporting - Geographical segments				
For the year ended September 30, 2009				
Segment revenue	5,863,961	599,879	938,012	7,401,852
Segment assets	17,829,311	1,199,578	2,835,779	21,864,668
Capital expenditure	1,919,418	63,548	85,399	2,068,365

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	
	2010 Rs'000	2009 Rs'000	2010 Rs'000	2009 Rs'000
Wages, salaries, fees and bonuses	1,534,917	1,553,721	1,164,823	1,168,793
Social security costs	205,284	187,550	153,743	136,479
Employee benefits and related expenses	336,622	341,597	290,978	266,686
	2,076,822	2,082,868	1,609,544	1,571,958

6. OTHER EXPENSES

	THE GROUP		THE COMPANY	
	2010 Rs'000	2009 Rs'000	2010 Rs'000	2009 Rs'000
Operating supplies and cleaning expenses	285,249	286,255	265,736	262,540
Repairs and maintenance	153,549	155,303	129,098	126,595
Utility costs	363,504	380,097	303,812	302,951
Marketing expenses	749,428	725,892	431,850	431,387
Guest entertainment	74,203	75,185	71,178	71,995
Administrative expenses	275,794	347,220	139,403	120,421
Operating lease rentals	45,300	95,766	36,565	87,582
Licences, patents, insurance and taxes	105,562	143,098	79,481	126,699
	2,052,589	2,208,816	1,457,123	1,530,170

7. FINANCE REVENUE

	THE GROUP		THE COMPANY	
	2010 Rs'000	2009 Rs'000	2010 Rs'000	2009 Rs'000
Investment income: Quoted	5	4	5	4
Unquoted	4,795	5,527	4,795	5,527
Interest income	14,915	33,100	-	1,017
	19,915	38,631	4,800	6,548

8. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Bank overdrafts	69,716	46,927	62,291	41,287
Loans	325,080	348,950	318,887	335,506
Finance leases	60	607	60	526
Exchange loss on realisation of cash flow hedges	-	15,599	-	-
Exchange loss on retranslation of receivables from subsidiary	-	-	24,236	-
Interest on call account with subsidiary (Note 32)	-	-	24,155	29,020
	394,856	412,083	429,629	406,339

9. CLOSURE COSTS

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Costs incurred during closure of Trou aux Biches Hotel				
Staff costs	179,610	105,357	179,610	105,357
Other expenses	14,468	10,218	14,468	10,218
Costs incurred during closure of Dinarobin Hotel				
Staff costs	-	31,480	-	31,480
Other expenses	-	4,776	-	4,776
	194,078	151,831	194,078	151,831

10. OTHER INCOME

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Fair value gain on investment properties (Note 14)	65,187	125,460	58,000	111,720
Loan in subsidiary written back	24,000	-	-	-
	89,187	125,460	58,000	111,720

11. INCOME TAX

	THE GROUP		THE COMPANY	
	2010 Rs'000	2009 Rs'000	2010 Rs'000	2009 Rs'000
The major components of income tax expense for the years ended September 30, 2010 and 2009 are:				
Income statements				
Income tax on the adjusted profit for the year at 15% to 30% (2009: 15% to 30%)	(95,577)	(119,712)	(40,356)	(64,569)
Corporate Social Responsibility (CSR) charge	(20,732)	-	(20,732)	-
Over/(under) provision of income tax in previous year	912	(3,593)	95	(5,249)
Deferred taxation release/(charge) (Note 26)	7,133	(35,158)	9,666	(21,702)
Income tax expense reported in income statements	(108,264)	(158,463)	(51,327)	(91,520)
Statements of financial position				
At October 1,	(66,167)	(264,750)	(52,303)	(229,123)
Over/(under) provision of income tax in previous year	912	(3,593)	95	(5,249)
Income tax on the adjusted profit for the year at 15% to 30% (2009: 15% to 30%)	(95,577)	(119,712)	(40,356)	(64,569)
Exchange differences	(237)	(4,781)	-	-
Less: Payment during the year	160,019	326,669	95,694	246,638
Income tax (liability)/prepaid on statements of financial position	(1,050)	(66,167)	3,130	(52,303)

A reconciliation between tax expense and the product of accounting profit multiplied by the Mauritian's tax rate for the years ended September 30, 2010 and 2009 is as follows:

	THE GROUP 2010 Rs'000	THE GROUP 2009 Rs'000	THE COMPANY 2010 Rs'000	THE COMPANY 2009 Rs'000
Profit before tax	810,489	1,368,502	593,867	1,122,011
Tax calculated at a tax rate of 15% (2009: 15%)	(121,573)	(205,275)	(89,080)	(168,302)
Expenses not deductible for tax purposes	(18,117)	(10,219)	(13,721)	(10,832)
Expenses qualifying for double deduction	53,725	64,513	53,725	64,513
Corporate Social Responsibility (CSR) charge	(29,254)	-	(29,254)	-
Rate differential	(15,474)	(10,504)	-	-
Alternative minimum tax	-	(7,659)	-	(7,659)
Consolidation adjustment	(12,874)	(19,998)	-	-
Over/(under) provision in deferred tax in previous year	8,935	(17,210)	9,061	(17,210)
Underprovision of tax in previous year	-	(2,467)	-	-
Over/(under) provision of tax in current year	8,522	(5,087)	8,522	(5,243)
Fair value gain on investment properties not subject to tax	9,778	54,444	8,700	52,383
Income not subject to tax	8,068	999	720	830
Tax charge	(108,264)	(158,463)	(51,327)	(91,520)

12. BASIC EARNINGS PER SHARE

	THE GROUP	
	2010 Rs'000	2009 Rs'000
Profit for the year attributable to equity holders of the parent	659,591	1,175,788
Number of equity shares in issue	161,423,536	161,423,536

Basic earnings per share are 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.

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Other Fixed Assets	Motor Vehicles	Work in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP						
Cost and valuation						
At October 1, 2008	624,000	10,655,428	2,692,394	172,366	249,080	14,393,268
Additions	-	220,990	267,395	14,583	1,565,397	2,068,365
Transfer	-	28,442	4,245	-	(32,687)	-
Transfer to leasehold rights	(78,500)	-	-	-	-	(78,500)
Disposals	-	(3,004)	(107,761)	(11,421)	-	(122,186)
Revaluation	126,025	611,322	-	-	-	737,347
Exchange differences	(5,580)	(231,931)	(19,100)	777	-	(255,834)
At September 30, 2009	665,945	11,281,247	2,837,173	176,305	1,781,790	16,742,460
Depreciation						
At October 1, 2008	-	386,514	1,588,078	60,611	-	2,035,203
Charge for the year	229	67,421	298,384	27,611	-	393,645
Disposals	-	(329)	(96,352)	(8,061)	-	(104,742)
Revaluation	-	(109,491)	-	-	-	(109,491)
Exchange differences	-	(1,417)	(4,909)	37	-	(6,289)
At September 30, 2009	229	342,698	1,785,201	80,198	-	2,208,326
Net Book Values						
At September 30, 2009	665,716	10,938,549	1,051,972	96,107	1,781,790	14,534,134
At September 30, 2008	624,000	10,268,914	1,104,316	111,755	249,080	12,358,065
Cost and valuation						
At October 1, 2009	665,945	11,281,247	2,837,173	176,305	1,781,790	16,742,460
Additions	2,167	40,993	236,534	56,001	2,921,217	3,256,912
Reclassification	25,718	(25,718)	-	-	(5,603)	(5,603)
Transfer	-	5,000	1,579	-	(6,579)	-
Disposals	-	-	(130,514)	(24,773)	(674)	(155,961)
Exchange differences	(4,275)	(191,110)	(35,368)	(185)	50,030	(180,908)
At September 30, 2010	689,555	11,110,412	2,909,404	207,348	4,740,181	19,656,900
Depreciation						
At October 1, 2009	229	342,698	1,785,201	80,198	-	2,208,326
Charge for the year	-	65,413	290,753	29,036	-	385,202
Disposals	-	(213)	(122,787)	(19,870)	-	(142,870)
Exchange differences	-	(1,186)	(19,176)	(973)	-	(21,335)
At September 30, 2010	229	406,712	1,933,991	88,391	-	2,429,323
Net Book Values						
At September 30, 2010	689,326	10,703,700	975,413	118,957	4,740,181	17,227,577

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold Land	Buildings	Other Fixed Assets	Motor Vehicles	Work in progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE COMPANY						
Cost and valuation						
At October 1, 2008	570,942	9,248,894	2,591,048	143,449	187,120	12,741,453
Additions	-	172,749	196,757	13,447	1,076,633	1,459,586
Transfer	-	28,443	4,245	-	(32,688)	-
Transfer to leasehold rights	(78,500)	-	-	-	-	(78,500)
Disposals	-	-	(100,615)	(6,563)	-	(107,178)
Revaluation	121,008	523,260	-	-	-	644,268
At September 30, 2009	613,450	9,973,346	2,691,435	150,333	1,231,065	14,659,629
Depreciation						
At October 1, 2008	-	375,024	1,622,224	43,965	-	2,041,213
Charge for the year	-	61,144	262,048	24,288	-	347,480
Disposals	-	-	(92,732)	(3,718)	-	(96,450)
Revaluation	-	(94,403)	-	-	-	(94,403)
At September 30, 2009	-	341,765	1,791,540	64,535	-	2,197,840
Net Book Values						
At September 30, 2009	613,450	9,631,581	899,895	85,798	1,231,065	12,461,789
At September 30, 2008	570,942	8,873,870	968,824	99,484	187,120	10,700,240
Cost and valuation						
At October 1, 2009	613,450	9,973,346	2,691,435	150,333	1,231,065	14,659,629
Additions	2,167	37,598	202,005	56,001	2,252,452	2,550,223
Reclassification (Note (a))	25,718	(25,718)	-	-	-	-
Transfer	-	5,000	1,579	-	(6,579)	-
Disposals	-	-	(118,437)	(18,545)	-	(136,982)
At September 30, 2010	641,335	9,990,226	2,776,582	187,789	3,476,938	17,072,870
Depreciation						
At October 1, 2009	-	341,765	1,791,540	64,535	-	2,197,840
Charge for the year	-	60,315	254,347	28,815	-	343,477
Disposals	-	-	(112,820)	(14,473)	-	(127,293)
At September 30, 2010	-	402,080	1,933,067	78,877	-	2,414,024
Net Book Values						
At September 30, 2010	641,335	9,588,146	843,515	108,912	3,476,938	14,658,846

(a) Revaluation of freehold land and buildings

The freehold land and buildings of the Group and the Company have been revalued on September 30, 2009 by Mr. Noor Dilmohamed, Bsc (Appl) Val, Dip L.S. FAPI, Certified Practising Valuer, based on open market value. It is the Group's policy to revalue its land and buildings every two years.

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Cost	7,795,608	7,749,821	6,927,355	6,884,757
Accumulated depreciation	(628,955)	(606,682)	(520,187)	(500,395)
Net carrying amount	7,166,653	7,143,139	6,407,168	6,384,362

(c) Borrowing costs

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Interest costs incurred during constructions of Trou aux Biches Hotel and Royal Palm Marrakech hotel capitalised in Property, plant and equipment	240,951	55,301	170,238	55,301

Bank loans, in various currencies, carry interest rates varying between 5% and 8.125%. These loans have been used as part financing for the two above projects.

(d) Assets held under finance leases

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
The carrying amount of Property, plant and equipment held under finance leases was:				
Plant and equipment included in Other fixed assets				
Cost	5,424	5,424	5,424	5,424
Accumulated depreciation	(5,259)	(4,445)	(5,259)	(4,445)
Net book values	165	979	165	979

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

14. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
At October 1,	1,915,000	1,789,540	1,705,300	1,593,580
Reclassification (Note 13 (a))	5,603	-	-	-
Additions	8,710	-	-	-
Fair value gain (Note 10)	65,187	125,460	58,000	111,720
At September 30,	1,994,500	1,915,000	1,763,300	1,705,300

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
The amounts recognised in the income statements were as follows in respect of:				
Direct operating expenses arising from the investment properties:				
- that generated rental income during the year	-	-	-	-
- that did not generate rental income during the year	2,281	1,095	-	-

15. INTANGIBLE ASSETS

THE GROUP	Goodwill arising on acquisition Rs'000	Leasehold Rights Rs'000	Total Rs'000
Cost			
At October 1, 2008	1,311,851	329,383	1,641,234
Transfer from freehold land (Note 13(b))	-	78,500	78,500
Exchange differences	-	(14,372)	(14,372)
At September 30, 2009	1,311,851	393,511	1,705,362
Amortisation			
At October 1, 2008	-	8,009	8,009
Exchange differences	-	(1,325)	(1,325)
Amortisation charge	-	1,943	1,943
At September 30, 2009	-	8,627	8,627
Net book values			
At September 30, 2009	1,311,851	384,884	1,696,735
At September 30, 2008	1,311,851	321,374	1,633,225
Cost			
At October 1, 2009	1,311,851	393,511	1,705,362
Additions	-	61,551	61,551
Impairment (Note 15 (a))	(58,734)	-	(58,734)
Exchange differences	-	(12,479)	(12,479)
At September 30, 2010	1,253,117	442,583	1,695,700
Amortisation			
At October 1, 2009	-	8,625	8,625
Amortisation charge	-	3,541	3,541
Exchange differences	-	(1,172)	(1,172)
At September 30, 2010	-	10,994	10,994
Net book values			
At September 30, 2010	1,253,117	431,588	1,684,706

THE COMPANY	Goodwill arising on acquisition Rs'000	Leasehold Rights Rs'000	Total Rs'000
Cost and net book values			
At October 1, 2008	1,148,626	-	1,148,626
Transfer from freehold land	-	78,500	78,500
At September 30, 2009	1,148,626	78,500	1,227,126
Cost			
At October 1, 2009	1,148,626	78,500	1,227,126
Additions	-	61,442	61,442
Impairment (Note 15 (a))	(58,734)	-	(58,734)
At September 30, 2010	1,089,892	139,942	1,229,834
Amortisation			
At October 1, 2009	-	-	-
Amortisation charge	-	1,862	1,862
At September 30, 2010	-	1,862	1,862
Net book values			
At September 30, 2010	1,089,892	138,080	1,227,972

15. INTANGIBLE ASSETS (cont'd)

(a) Impairment testing of Goodwill

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

	Allocation of goodwill	
	2010	2009
	Rs'000	Rs'000
Cash-generating units		
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
The Company	1,089,892	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	72,296
The Group	1,253,117	1,311,851

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 method 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 13% to 17%.

An impairment loss of Rs 58,734m has been recognised in the Group's catering unit segment following the loss of 2 important airlines as customers during this financial year. This will adversely impact the profitability of this business segment.

(b) Leasehold rights

The leasehold rights comprise cost of leases acquired for part of Ste Anne Island in Seychelles, Les Salines Pilot in Black River, Mauritius and costs associated with the exchange of land with the Government of Mauritius relating to road divertion at Trou aux Biches. The leasehold rights are amortised over the respective lease period which ranges from 25 to 99 years.

16. INVESTMENT IN SUBSIDIARY COMPANIES

	THE COMPANY	
	2010	2009
	Rs'000	Rs'000
(a) Cost (Unquoted)		
At October 1,	2,532,847	2,530,756
Additions	-	2,091
At September 30,	2,532,847	2,532,847

(b) List of Subsidiaries

	Main business activity	Country of incorporation	Effective % holding 2010 %	Effective % holding 2009 %
Name of Corporation				
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	Investment	Mauritius	100	100
Les Salines Golf and Resort Limited	Real estate	Mauritius	100	100
Ste Anne Resorts Limited	Hotel operations	Seychelles	100	100
Beachcomber Gold Coast Limited	Dormant	Seychelles	100	100
Beachcomber Marketing (Pty) Ltd	Tour operating	South Africa	51	51
Beachcomber Tours SARL	Tour operating	France	100	100
Holiday Marketing (Pty) Ltd	Tour operating	Australia	75	75
Beachcomber Tours Limited	Tour operating	England	100	100
Wild Africa Safari Ltd	Dormant	England	100	100
Beachcomber Holidays Limited	Dormant	England	100	100
Beachcomber Hotel Marrakech S.A.	Investment	Morocco	95	95
Beachcomber Hotel S.A.	Hotel operations	Morocco	95	95
New Mauritius Hotel - Italia Srl	Tour operating	Italy	100	100

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.

17. INVESTMENT IN ASSOCIATED COMPANIES

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
At October 1,	335,665	290,693	191,873	105,168
Subscription of shares	-	86,705	-	86,705
Changes in reserves of associated companies	176,023	(29,449)	-	-
Dividends from associated companies	-	(5,115)	-	-
Share of losses of associated companies	(27,671)	(7,169)	-	-
At September 30,	484,017	335,665	191,873	191,873

Summarised financial information of associated companies on an aggregated basis:

	THE GROUP	
	2010	2009
	Rs'000	Rs'000
Total assets	7,397,621	5,260,523
Total liabilities	(4,765,163)	(3,336,276)
Net assets	2,632,458	1,924,247
Revenue	1,560,295	1,031,332
(Loss)/Profit for the year	(225,861)	54,069
Share of losses of associated companies	(27,671)	(7,169)

Investment in associated companies consist of investments in unquoted shares.

List of associated companies

Name of Corporation	Year-end	Class of shares	Percentage held	
			2010	2009
			%	%
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
Societe Cajeva	June 30,	Parts	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.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
At October 1,	42,076	23,067	1,986	2,147
Fair value gain/(loss)	1,906	19,009	96	(161)
At September 30,	43,982	42,076	2,082	1,986
Analysed into:				
Quoted	39,436	37,530	234	138
Unquoted	4,546	4,546	1,848	1,848
	43,982	42,076	2,082	1,986

Available-for-sale financial assets consist of investments in ordinary shares. Quoted shares are stated at quoted (unadjusted) prices available in active markets. Unquoted shares that do not have quoted market price in an active market and whose fair values cannot be reliably measured, are measured at cost.

19. EMPLOYEE BENEFIT ASSETS

(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	
	2010	2009	2010	2008
	Rs'000	Rs'000	Rs'000	Rs'000
(ii) The amounts recognised in the Statements of financial position:				
Defined benefit obligation	2,088,891	1,898,663	2,078,525	1,877,386
Fair value of plan assets	(1,749,140)	(1,777,950)	(1,740,460)	(1,758,026)
	339,751	120,713	338,065	119,360
Unrecognised actuarial loss	(400,186)	(168,941)	(399,649)	(168,522)
Benefit asset	(60,435)	(48,228)	(61,584)	(49,162)
(iii) The amounts recognised in the Income Statements:				
Current service costs	70,671	65,864	69,409	65,370
Scheme expenses	1,424	3,918	1,408	3,874
Interest cost on benefit obligation	191,893	176,532	189,644	175,480
Expected return on plan assets	(188,821)	(179,013)	(186,700)	(177,979)
Net benefit expense	75,167	67,301	73,761	66,745
The actual return on the plan assets was Rs 405 million for the current financial year.				
(iv) Movement in the asset recognised in the Statements of financial position:				
At October 1,	(48,228)	(35,843)	(49,162)	(37,075)
Total expense as above	75,167	67,301	73,761	66,745
Contributions paid	(87,374)	(79,686)	(86,183)	(78,832)
At September 30,	(60,435)	(48,228)	(61,584)	(49,162)
(v) Changes in the present value of the defined benefit obligation:				
At October 1,	1,898,663	1,737,995	1,877,386	1,728,357
Current service costs	70,671	65,864	69,409	65,370
Interest costs	191,893	176,532	189,644	175,480
Employees' contributions	28,943	26,766	28,728	26,442
Actuarial gains	(27,624)	(50,184)	(13,280)	(60,197)
Benefits paid	(73,655)	(58,310)	(73,362)	(58,066)
At September 30,	2,088,891	1,898,663	2,078,525	1,877,386
(vi) Changes in the fair value of plan assets:				
At October 1,	1,777,950	1,682,298	1,758,026	1,673,371
Expected return	188,821	179,013	186,700	177,979
Contribution by employer	87,374	79,686	86,183	78,694
Scheme expenses	(1,424)	(3,917)	(1,409)	(3,873)
Employees' contributions	28,943	26,766	28,728	26,442
Actuarial losses	(258,869)	(128,128)	(244,406)	(136,659)
Benefits paid	(73,655)	(57,768)	(73,362)	(57,928)
At September 30,	1,749,140	1,777,950	1,740,460	1,758,026

19. EMPLOYEE BENEFIT ASSETS (cont'd)

(vii) The major categories of plan assets as a percentage of the fair value of total plan assets:

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Local equities	44	44	44	44
Overseas bond and equities	27	29	27	29
Fixed interest	18	21	18	21
Property and other	11	6	11	6
	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.

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

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	%	%	%	%
Discount rate	10.00	10.00	10.00	10.00
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 years:

	THE GROUP				THE COMPANY			
	2010	2009	2008	2007	2010	2009	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Defined benefit obligation	(2,088,891)	(1,898,663)	(1,737,995)	(1,433,958)	(2,078,525)	(1,877,386)	(1,728,357)	(1,424,217)
Plan assets	1,749,140	1,777,950	1,682,298	1,752,889	1,740,460	1,758,026	1,673,371	1,743,664
(Deficit)/Surplus	(339,751)	(120,713)	(55,697)	318,931	(338,065)	(119,360)	(54,986)	319,447
Experience adjustments on plan liabilities	27,624	50,184	(130,229)	68,050	13,280	51,197	(129,319)	67,692
Experience adjustments on plan assets	(258,326)	123,072	(340,905)	268,793	(244,407)	114,541	(339,035)	267,378

20. INVENTORIES

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Food and beverages (cost)	81,433	91,345	71,379	78,450
Operating supplies and small equipment (net realisable value)	145,991	145,562	129,916	128,240
Spare parts (net realisable value)	49,074	52,461	31,468	35,878
Fabrics and garments (cost)	35,246	36,970	29,206	29,439
	311,744	326,338	261,969	272,007

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

21. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	867,617	1,090,280	610,714	757,928
Other receivables	1,459,886	988,552	222,965	208,712
Amounts due from associated companies	348,345	122,148	366,493	122,148
Amounts due from subsidiary companies	-	-	1,645,147	898,814
	2,675,848	2,200,980	2,845,319	1,987,602
Nominal value of trade receivables impaired and fully provided for	16,969	7,211	12,700	5,000
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:				
At October 1,	7,211	7,525	5,000	5,314
Reversal	-	(314)	-	(314)
Charge for the year	9,758	-	7,700	-
At September 30,	16,969	7,211	12,700	5,000
(b) At September 30, the ageing analysis of trade receivables is as follows:				
Neither past due nor impaired	559,316	713,978	361,159	435,090
Past due but not impaired:				
30 days	200,828	202,143	145,332	166,785
30 - 60 days	28,318	65,605	27,620	61,117
61 - 90 days	8,370	24,516	8,672	22,352
90 days	70,785	84,038	67,931	72,584
Total	867,617	1,090,280	610,714	757,928

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

(d) For terms and conditions pertaining to related party receivables, refer to note 32.

22. CASH AND CASH EQUIVALENTS

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	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	496,953	765,512	56,393	89,153
Bank overdrafts	(1,478,261)	(1,010,186)	(1,477,508)	(1,009,701)
	(981,308)	(244,674)	(1,421,115)	(920,548)

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The fair value of cash is Rs 497m (2009: Rs 766m) for the Group and Rs 56m (2009: Rs 89m) for the company respectively.

(b) Non-cash transactions

The principal non-cash transaction consists of amount due on renovations of Trou aux Biches hotel totalling Rs 82 million (the Group and the Company). This amount has been excluded from 'purchase of property, plant and equipment' disclosed under investing activities for the purpose of Statement of cash flows.

23. STATED CAPITAL

	THE GROUP AND THE COMPANY	
	2010	200
	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

24. OTHER COMPONENTS OF EQUITY

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Nature and purpose of reserves				
Other reserves	1,417,033	1,430,092	-	-
These reserves are principally used to record the fair value adjustment relating to shares issued by the Company to acquire all minority interest in local subsidiaries in the financial year 2003.				
Available-for -sale financial assets reserve	32,540	30,634	1,171	1,075
This reserve is principally used to record the fair value adjustment relating to available-for-sale financial assets.				
Revaluation reserve	3,853,644	3,702,331	3,618,706	3,653,125
The revaluation reserve is principally used to record changes in fair value of freehold land and buildings following revaluation exercises performed by an independent surveyor. It is also used to record impairment losses to the extent that such losses relate to increases on the same asset previously recognised in revaluation reserve.				
Foreign exchange difference reserves (Note 1)	(979,945)	(780,553)	-	-
These reserves include exchange differences arising on retranslation of the financial statements of foreign subsidiaries and loss or gain arising on cash flow hedges.				
Total other components of equity	4,323,272	4,382,504	3,619,877	3,654,200

Note 1: Foreign exchange difference reserves are shown net of the tax effect of differences arising on translation of deferred tax in Ste Anne Resorts Limited of Rs 12 million (2009: Rs 4 million).

25. BORROWINGS

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Current portion				
Bank overdrafts (Note (a))	1,478,261	1,010,186	1,477,508	1,009,701
Term loans (Note (b))	1,666,142	1,277,550	1,630,327	1,260,030
Obligations under finance leases (Note (c))	128	668	128	668
	3,144,531	2,288,404	3,107,963	2,270,399
Non-current portion				
Term loans (Note (b))	6,422,710	4,171,481	6,279,455	3,989,980
Obligations under finance leases (Note (c))	7	140	7	140
	6,422,717	4,171,621	6,279,462	3,990,120
Total borrowings	9,567,248	6,460,025	9,387,425	6,260,519

(a) Bank overdrafts

The bank overdrafts are secured by floating charges on the assets of the individual companies of the Group.

The rates of interest vary between 7.90% and 8.125% per annum.

(b) Term loans

	THE GROUP 2010 Rs'000	THE GROUP 2009 Rs'000	THE COMPANY 2010 Rs'000	THE COMPANY 2009 Rs'000
Term loans can be analysed as follows:				
Current				
- Within one year	1,666,142	1,277,550	1,630,327	1,260,030
Non-current				
- After one year and before two years	1,612,141	822,023	1,540,513	821,996
- After two years and before five years	4,410,571	2,531,188	4,338,943	2,385,988
- After five years	400,000	818,270	400,000	781,996
	6,422,711	4,171,481	6,279,456	3,989,980
	8,088,853	5,449,031	7,909,783	5,250,010
Terms loans are denominated as follows:				
Denominated in:				
Mauritian rupees				
- Effective interest rate 6.50% - maturity: on demand	50,000	-	50,000	-
Mauritian rupees				
- Effective interest rate 6.05% - 8.125% - maturity: 2010-2017	6,434,980	5,019,260	6,434,980	5,019,260
Seychelles rupees				
- Effective interest rate 3.00% - maturity: 2010	-	17,520	-	-
US Dollars				
- Effective interest rate LIBOR + 2.75% - maturity: 2012	179,070	181,501	-	-
Euro				
- Effective interest rate EURIBOR + 2.50% - maturity: 2016	1,424,803	230,750	1,424,803	230,750
	8,088,853	5,449,031	7,909,783	5,250,010

The term loans are secured by fixed and floating charges over the Group's assets.
The term loans include a loan of Rs 50m repayable on demand to a related party - see note 32.

25. BORROWINGS (cont'd)

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
(c) Obligations under finance leases				
Minimum lease payments:				
- Within one year	134	700	134	700
- After one year and before two years	8	129	8	129
- After two years and before five years	-	32	-	32
	142	861	142	861
Less: Future finance charges on obligations under finance leases	(7)	(53)	(7)	(53)
Present value of obligations under finance leases	135	808	135	808
Present value analysed as follows:				
Current				
- Within one year	128	668	128	668
Non-current				
- After one year and before two years	7	123	7	123
- After two years and before five years	-	17	-	17
	7	140	7	140
	135	808	135	808

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

26. DEFERRED TAX LIABILITY

(a) THE GROUP

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

	Statement of financial position		Income statement		Statement of changes in equity	
	2010	2009	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax liability						
Accelerated capital allowances	894,754	906,283	(11,529)	20,668		
Assets revaluation	621,204	621,204			-	128,177
Employee benefit asset	8,694	6,963	1,731	2,200		
Exchange differences	(30,605)	(5,495)			(25,110)	20,013
	1,494,047	1,528,955				
Deferred income tax assets						
Employee benefit liability	-	-	-	-		
Tax losses carried forward	(73,968)	(76,633)	2,665	12,290		
Exchange differences	14,479	1,712			12,767	(15,273)
	(59,489)	(74,921)				
Deferred tax liabilities net	1,434,558	1,454,034				
Deferred income tax (release)/charge (Note 11)			(7,133)	35,158		
Deferred income tax (credited)/charged directly to equity					(12,343)	132,917

26. DEFERED TAX LIABILITY (cont'd)

(b) THE COMPANY

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

	Statement of financial position		Income statement		Statement of changes in equity	
	2010	2009	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax liability						
Accelerated capital allowances	793,128	804,657	(11,529)	19,889		
Assets revaluation	569,690	569,690	-	-	-	91,769
Employee benefit asset	9,237	7,374	1,863	1,813		
	1,372,055	1,381,721				
Deferred income tax assets						
Employee benefit liability	-	-	-	-		
	-	-				
Deferred tax liabilities net	1,372,055	1,381,721				
Deferred income tax (release)/charge (Note 11)			(9,666)	21,702		
Deferred income tax charged directly to equity					-	91,769

27. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	647,367	892,730	82,822	83,106
Other payables	2,148,701	1,796,266	893,222	787,135
Dividends proposed	80,712	322,847	80,712	322,847
Loan at call payable to subsidiary company	-	-	274,485	340,868
Amount due to subsidiary companies	-	-	2,844,015	2,758,844
	2,876,780	3,011,843	4,175,256	4,292,800

(a) Trade payables are non-interest bearing and are generally on 30 to 60 days' term.
(b) The loan at call bears interest rate of 7.5% per annum.
(c) For terms and conditions pertaining to related party payables, refer to note 32.

28. DIVIDENDS PAID AND PROPOSED

	THE GROUP AND THE COMPANY	
	2010	2009
	Rs'000	Rs'000
Interim dividend paid - Rs 2.00 per share (2009 - Rs 2.00)	322,847	322,847
Final dividend proposed - Rs 0.50 per share (2009 - Rs 2.00)	80,712	322,847
	403,559	645,694

29. EVENTS AFTER REPORTING PERIOD

On October 28, 2010, the Group acquired for the sum of Rs 30 million the trademark 'White Sand Tours' & 'WST logo'and the Destination Management Business of White Sand Tours Limited.
This acquisition will be in line with the Group's commercial strategy to create synergies and create value for its shareholders.

30. COMMITMENTS

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Capital Commitments				
Trou aux Biches Hotel project	1,000,000	2,500,000	1,000,000	3,000,000
Beachcomber Palm Marrakech Hotel project (Morocco)	1,500,000	2,000,000	-	-
	2,500,000	4,500,000	1,000,000	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:				
Within one year	100,902	92,896	77,546	84,019
After one year but not more than five years	403,606	409,244	310,184	373,736
More than five years	5,836,447	6,004,709	4,265,036	5,352,062
	6,340,955	6,506,849	4,652,766	5,809,817

31. CONTINGENT LIABILITY

The Central Electricity Board lodged a claim of Rs 33 million against Shandrani Hotel for alledged electricity supplies undercharged by them. The Directors consider the likelihood of such claim materialising as being remote. Hence, no provision has been made in the financial statements accordingly.

32. RELATED PARTY DISCLOSURES

(i) 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 aggregate in the Annual report.

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
		Rs'000	Rs'000	Rs'000	Rs'000
The following transactions have been entered into with related parties:					
(ii) Expenses	**Nature of goods or services**				
Subsidiary companies:					
Beachcomber Marketing (Pty) Ltd	Interest on call a/c	-	-	22,542	29,020
Beachcomber Tours SARL	Interest on call a/c	-	-	1,584	-
Imperial Ltd	Rent	-	-	-	6
Beachcomber Limited	Rent	-	-	3,273	4,422
Beachcomber Training Academy Limited	Training courses	-	-	11,940	5,686
New Mauritius Hotels Limited Superannuation Fund	Interest costs	379	-	379	-
New Mauritius Hotel - Italia Srl	Marketing costs	-	-	28,804	-
		379	-	68,522	39,134
Associated companies:					
Launderers (Hotels & Restaurants) Ltd	Laundry services	103,556	96,929	103,556	96,929

32. RELATED PARTY DISCLOSURES (cont'd)

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
		Rs'000	Rs'000	Rs'000	Rs'000
(iii) Revenue	Nature of services				
Subsidiary companies:					
Beachcomber Marketing (Pty) Ltd	Hotel packages	-	-	550,207	449,049
Beachcomber Tours SARL	Hotel packages	-	-	558,737	506,150
Holiday Marketing (Pty) Ltd	Hotel packages	-	-	23,032	22,249
Beachcomber Tours Limited	Hotel packages	-	-	525,644	626,429
Ste Anne Resorts Limited	Management fees	-	-	15,961	20,564
Beachcomber Hotel Marrakech S.A.	Promoter's fees	-	-	2,412	687
		-	-	1,675,993	1,625,128
Associated companies:					
Parure Limitee	Space rental	86	1,266	86	1,266
(iv) Year-end balances receivable/(payable) to related parties					
Subsidiary companies:					
Beachcomber Tours SARL		-	-	36,185	94,638
Holiday Marketing (Pty) Ltd		-	-	5,672	3,257
Beachcomber Tours Limited		-	-	65,470	104,582
Beachcomber Marketing (Pty) Ltd		-	-	(222,880)	(397,924)
Ste Anne Resorts Limited		-	-	495,403	616,159
Beachcomber Gold Coast Limited		-	-	107,357	25,351
Kingfisher Ltd		-	-	2,338	2,335
Beachcomber Hotel Marrakech S.A.		-	-	999,419	229,201
New Mauritius Hotel - Italia Srl		-	-	32,834	32,543
Les Salines Development Ltd		-	-	6	3
Les Salines Golf and Resort Limited		-	-	19,340	9,252
Grand Baie Hotels Limited		-	-	(440,304)	(440,314)
Société Immobilière et Touristique de Grand Baie		-	-	(25,575)	(25,575)
Royal Gardens Ltd		-	-	(139,354)	(139,360)
Société Royal Gardens		-	-	(299,599)	(299,559)
Maunex (Mauritius) Limited		-	-	(447,590)	(447,600)
Imperial Ltd		-	-	(247,061)	(247,188)
Plaisance Catering Limited		-	-	(100,956)	(100,966)
Beachcomber Limited		-	-	(1,108,538)	(1,023,610)
Beachcomber Boutiques Limited		-	-	(34,834)	(34,571)
Beachcomber Training Academy Limited		-	-	12,977	10,950
		-	-	(1,289,690)	(2,028,396)
Associated companies					
Parure Limitee		86	74	86	74
Societe Cajeva		18,062	11,821	18,062	11,821
Launderers (Hotels & Restaurants) Ltd		(5,152)	(8,068)	(5,152)	(8,068)
Domaine Palm Marrakech S.A.		348,345	122,148	348,345	122,148
		361,341	125,975	361,341	125,975
Other related parties					
New Mauritius Hotels Limited Superannuation Fund					
Loan payable		(50,000)	-	(50,000)	-

(a) Purchases of services from related parties were carried out on commercial terms and conditions and at normal market prices.
(b) The loan payable bears an interest rate of 6.5% p.a.

33. 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

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group trades only with recognised, creditworthy third parties. The Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history. Advance payments are requested where necessary until positive credit rating is established. The Group has also insurance covers to reduce the financial losses in case of default by customers.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and available-for-sale financial investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as stated in the statements of financial position or notes to the financial statements.

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

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Cash and cash equivalents	496,953	765,512	56,393	89,153
Available-for-sale financial assets	43,982	42,076	2,082	1,986
Trade and other receivables	2,675,848	2,200,980	2,845,319	1,987,602
	3,216,783	3,008,568	2,903,794	2,078,741

(ii) Market risk

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

The sensitivity analyses in the following sections relate to the position as at September 30, 2010 and 2009. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial statements in foreign currencies are all constant. The analyses exclude the impact of movements in market variables on the carrying value of pension and other post retirement obligations, provisions and on the non-financial assets and liabilities of the Group.

The following assumption has been made in calculating the sensitivity analyses: the sensitivity of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and liabilities held at September 30, 2010 and 2009.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Foreign currency risk

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

The following table demonstrates the sensitivity to a reasonable possible change, taken as 5%, 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):

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Euros				
Effect on profit before tax	49,368	35,482	47,509	24,448
Effect on equity	-	-	-	-
United States Dollars				
Effect on profit before tax	277	(7,973)	277	1,146
Effect on equity	-	-	-	-
Pound Sterling				
Effect on profit before tax	14,939	7,299	1,812	2,927
Effect on equity	-	-	-	-
Rands				
Effect on profit before tax	15,022	(15,941)	12,596	627
Effect on equity	-	-	-	-
Australian Dollars				
Effect on profit before tax	1,203	216	6	-
Effect on equity	-	-	-	-
Seychelles Rupees				
Effect on profit before tax	5,269	(1,743)	5,260	-
Effect on equity	-	-	-	-
Moroccan Dirham				
Effect on profit before tax	41,289	(10,367)	38,306	-
Effect on equity	-	-	-	-

Currency profile

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

	THE GROUP				THE COMPANY			
	FINANCIAL ASSETS		FINANCIAL LIABILITIES		FINANCIAL ASSETS		FINANCIAL LIABILITIES	
	2010	2009	2010	2009	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Euros	997,358	1,341,035	2,273,741	862,139	950,173	488,959	2,330,610	577,115
Pound Sterling	298,789	435,597	206,222	289,609	36,241	58,534	207,798	1,753
Rands	300,433	52,368	277,566	371,180	251,917	12,532	277,566	-
United States Dollars	5,530	26,787	182,324	186,237	5,530	22,919	4,520	64,670
Australian Dollars	24,059	32,178	21,741	27,863	125	-	21,741	-
Seychelles Rupees	105,377	28,926	20,262	63,788	105,198	-	18,785	-
Mauritian Rupees	615,478	492,608	8,769,336	6,906,727	776,400	1,493,811	10,009,579	9,909,781
Moroccan Dirhams	825,777	556,992	692,835	764,325	776,129	-	692,082	-
	3,172,801	2,966,491	12,444,027	9,471,868	2,901,712	2,076,755	13,562,681	10,553,319

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Interest rate risk

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

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

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before taxation (through the impact of variable rate borrowing). There is no impact on the Group's equity.

The percentage changes in interest rates taken are: MUR and SCR 1% and USD and EUR 0.25%.

	THE GROUP		THE COMPANY	
	2010 Rs'000	2009 Rs'000	2010 Rs'000	2009 Rs'000
Interest-bearing loans and borrowings in MUR				
Effect on profit before tax	64,850	60,290	64,850	46,600
Interest-bearing loans and borrowings in USD				
Effect on profit before tax Rs'000	448	454	-	-
Interest-bearing loans and borrowings in EUR				
Effect on profit before tax Rs'000	3,562	-	3,562	577
Interest-bearing loans and borrowings in SCR				
Effect on profit before tax Rs'000	-	180	-	-

(c) Liquidity risk

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

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

	THE GROUP		THE COMPANY	
	2010 Rs'000	2009 Rs'000	2010 Rs'000	2009 Rs'000
On demand				
Trade and other payables	-	-	-	-
Interest-bearing loans and borrowings	1,526,958	1,340,186	1,526,958	1,339,700
Less than 3 months				
Trade and other payables	2,815,298	3,011,843	4,175,256	4,292,800
Interest-bearing loans and borrowings	298,051	375,981	260,875	371,602
3 to 12 months				
Trade and other payables	-	-	-	-
Interest-bearing loans and borrowings	1,831,928	577,891	1,827,845	564,751
1 to 5 years				
Trade and other payables	-	-	-	-
Interest-bearing loans and borrowings	7,093,544	4,468,480	6,947,567	4,286,979
More than 5 years				
Trade and other payables	-	-	-	-
Interest-bearing loans and borrowings	402,438	812,402	402,438	821,402
Total				
Trade and other payables	2,815,298	3,011,843	4,175,256	4,292,800
Interest-bearing loans and borrowings	11,152,919	7,583,940	10,965,683	7,384,434
	13,968,217	10,595,783	15,140,939	11,677,234

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) 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 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 Statements of financial position. The gearing ratios at September 30, 2010 and September 30, 2009 were as follows:

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	11,152,919	7,583,940	10,965,683	7,384,433
Less interests costs included above	(1,586,424)	(1,123,915)	(1,578,258)	(1,123,914)
Less cash in hand and at bank	(496,953)	(765,512)	(56,393)	(89,153)
Net Debt	9,069,542	5,694,513	9,331,032	6,171,366
Equity	11,054,912	10,821,254	8,670,579	8,531,502
Net realised gains reserve	-	-	-	-
Total capital	11,054,912	10,821,254	8,670,579	8,531,502
Equity attributable to equity holders of the parent	11,054,912	10,821,254	8,670,579	8,531,502
Gearing Ratio	82%	53%	108%	72%

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation techniques:
Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	THE GROUP	THE COMPANY
	2010	2010
	Rs'000	Rs'000
Available-for-sale financial assets		
Level 1	39,436	234
Level 2	-	-
Level 3	-	-
	39,436	234

Unquoted available-for-sale financial assets represent investments in equity intruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured. Available-for-sale investments are therefore measured at cost.

Fair value of financial instruments

Except where stated elsewhere, the carrying amounts of the Group's and the Company's financial assets and liabilities approximate their fair values.

35. PARTICULARS OF DIRECTORATE IN SUBSIDIARIES

HOTEL OPERATIONS

STE ANNE RESORTS LIMITED
DIRECTORS : Herbert Couacaud, Michel Daruty de Grandpré, Robert Doger de Spéville, Jean-Marc Lagesse, Marcel Masson

BEACHCOMBER HOTEL S.A.
DIRECTORS : Robert Azoulay, Raphael Azoulay, Herbert Couacaud, Marcel Masson

TOUR OPERATING SUBSIDIARIES

BEACHCOMBER MARKETING (PTY) LTD
DIRECTORS : Herbert Couacaud, Robert Doger de Spéville, Terry Munro

BEACHCOMBER TOURS SARL
DIRECTOR : Herbert Couacaud

HOLIDAY MARKETING (PTY) LTD
DIRECTOR : Rodney Eather

BEACHCOMBER TOURS LIMITED
DIRECTORS : Herbert Couacaud, Robert Doger de Spéville, Mike Edwards, Marcel Masson, Peter Taylor

NEW MAURITIUS HOTELS - ITALIA SRL
DIRECTOR : Sheila Collet Serret

HOTEL TRAINING

BEACHCOMBER TRAINING ACADEMY LIMITED
DIRECTORS : Michel Daruty de Grandpré, Jean-Marc Lagesse, Francis Montocchio, Jean-Louis Pismont, Tiburce Plissonneau Duquesne, Jacques Silvant, François Venin

SECRETARIAL

BEACHCOMBER LIMITED
DIRECTORS : Herbert Couacaud, Robert Doger de Spéville, Hector Espitalier-Noël, Marcel Masson, Timothy Taylor

INVESTMENT

KINGFISHER LTD
DIRECTORS : Herbert Couacaud, Marcel Masson, Michel Pitot, Timothy Taylor

LES SALINES DEVELOPMENT LTD
DIRECTORS : Herbert Couacaud, Robert Doger de Spéville, Hector Espitalier-Noël, Marcel Masson

BEACHCOMBER HOTEL MARRAKECH S.A.
DIRECTORS : Robert Azoulay, Raphaël Azoulay, Herbert Couacaud, Marcel Masson

REAL ESTATE

LES SALINES GOLF AND RESORT LIMITED
DIRECTORS : Herbert Couacaud, Robert Doger de Spéville, Hector Espitalier-Noël, Marcel Masson

DORMANT

GRAND BAIE HOTEL LIMITED
DIRECTORS : Sunil Banymandhub, Herbert Couacaud, Robert Doger de Spéville, Hector Espitalier-Noël, Maurice Espitalier-Noël, Marcel Masson, Michel Pitot, Louis Rivalland, Timothy Taylor

ROYAL GARDENS LTD
DIRECTORS : Herbert Couacaud, Robert Doger de Spéville, Hector Espitalier-Noël, Marcel Masson, Michel Pitot, Timothy Taylor

MAUNEX (MAURITIUS) LIMITED
DIRECTORS : Jean-Paul Adam, Robert de Froberville, Jean-Hugues Maigrot, Michel Pitot

IMPERIAL LTD
DIRECTORS : Herbert Couacaud, Michel Daruty de Grandpré, Robert Doger de Spéville, Maurice Espitalier-Noël, Marcel Masson, Soopaya Parianen, Michel Pitot, Timothy Taylor

PLAISANCE CATERING LIMITED
DIRECTORS : Herbert Couacaud, Louis René Laviolette, Marcel Masson, Frantz Merven, Francis Montocchio, Michel Pitot

BEACHCOMBER BOUTIQUES LIMITED
DIRECTORS : Herbert Couacaud, Robert Doger de Spéville, Odile de Commarmond, Annabelle Dupont, Marcel Masson, Francis Montocchio

BEACHCOMBER GOLD COAST LIMITED
DIRECTORS : Herbert Couacaud, Michel Daruty de Grandpré, Robert Doger de Spéville, Jean-Marc Lagesse, Marcel Masson

WILD AFRICA SAFARI LTD
DIRECTORS : Mike Edwards, Peter Taylor

BEACHCOMBER HOLIDAYS LIMITED
DIRECTORS : Mike Edwards, Peter Taylor

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, February 11, 2011 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, 2010 including the Annual Report and the Auditors' Report.

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

3 To reappoint Messrs. Herbert Couacaud and Timothy Taylor who are the two Directors due for retirement as Director 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, 2011 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 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)
January 24, 2011

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, February 11, 2011 at 10.30 a.m and at any adjournment thereof.

Signed this .... day of .... 2011.

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, 2010 including the Annual Report and Auditors' report.		
2 To reappoint as Director of the Company until the next Annual Meeting Mr. Michel Pitot who is over the age of 70 in accordance with section 138 (6) of the Companies Act 2001.		
3 To reappoint Messrs. Herbert Couacaud and Timothy Taylor who are the two Directors due for retirement as Director 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, 2011 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 should be stated.

4 If this form is returned without any indication as to how the person appointed proxy shall vote, he will exercise his discretion as to how he votes or whether he abstains from voting.

5 To be valid, this form must be completed and deposited at the registered office of the Company not less than twenty four hours before the time fixed for holding the meeting or adjourned meeting.

2010

ANNUAL REPORT 2010 - NEW MAURITIUS HOTELS LIMITED

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HOTELS

DREAM IS A SERIOUS THING

MAURITIUS • Royal Palm • Dinarobin • Paradis • Shandrani
Trou aux Biches • Le Victoria • Le Canonnier • Le Mauricia
Domaine de l'Harmonie (HOTEL & VILLAS) • SEYCHELLES
Sainte Anne Resort • MOROCCO • Royal Palm Marrakech

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