



NEW MAURITIUS HOTELS LIMITED



# 2012

annual report

# Contents

Your Board of Directors is pleased to present the Annual report of New Mauritius Hotels Limited for the year ended September 30, 2012. This report was approved by the Board of Directors on December 18, 2012.



GROUP STRUCTURE	2
CORPORATE INFORMATION	3
KEY FIGURES	4
SHAREHOLDING	5
SEGMENTAL INFORMATION	6
VALUE ADDED STATEMENT	7
CHAIRMAN’S ADDRESS	8
ANNUAL REPORT	9
ENVIRONMENT & SOCIAL RESPONSIBILITY	15
OUR HOTELS	18
SECRETARY’S CERTIFICATE	40
INDEPENDENT AUDITORS’ REPORT	41
FINANCIAL STATEMENTS	42
NOTES TO THE FINANCIAL STATEMENTS	46
NOTICE OF ANNUAL MEETING	92
PROXY	93

GROUP STRUCTURE

as at september 30, 2012



NEW MAURITIUS HOTELS LIMITED

HOTEL OPERATIONS IN MAURITIUS

GENERAL MANAGERS

ROYAL PALM

Jacques SILVANT

DINAROBIN HOTEL GOLF & SPA

Jean Marc LAGESSE

PARADIS HOTEL & GOLF CLUB

TROU AUX BICHES RESORT & SPA

Michel DARUTY DE GRANDPRE

SHANDRANI RESORT & SPA

Jean-Louis PISMONT

LE VICTORIA

LE CANONNIER

François VENIN

LE MAURICIA

FLIGHT AND INLAND CATERING

PLAISANCE CATERING

Frantz MERVEN

HOTEL AND PROPERTY OPERATIONS OVERSEAS

- ▶ 100% STE ANNE RESORT LIMITED Seychelles
- ▶ 100% BEACHCOMBER HOTEL S.A Morocco
- ▶ 100% DOMAINE PALM MARRAKECH S.A Morocco

Norbert COUVREUR  
Xavier JOLIVET  
Laurent E. PIAT

TRAINING

- ▶ 100% BEACHCOMBER TRAINING ACADEMY LIMITED

Iqbal BADULLA

SECRETARIAL SERVICES

- ▶ 100% BEACHCOMBER LIMITED

TOUR OPERATING

- ▶ 100% BEACHCOMBER TOURS SARL France
- ▶ 100% BEACHCOMBER TOURS LIMITED England
- ▶ 100% NEW MAURITIUS HOTELS - ITALIA SRL Italy
- ▶ 75% HOLIDAY MARKETING (PTY) LTD Australia
- ▶ 51% BEACHCOMBER MARKETING (PTY) South Africa
- ▶ 51% WHITE PALM LTD
- ▶ 51% MAUTOURCO LTD
- ▶ 51% TRANSAURICE CAR RENTAL LTD

Carole PEYRE  
Chris GILBERT  
Sheila COLLET SERRET  
Rod EATHER  
Terry MUNRO  
Asraf KHODABUX  
Richard ROBERT  
Richard ROBERT

CORPORATE INFORMATION

NON- EXECUTIVE DIRECTORS

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 (resigned on 18.12.2012)  
Member of the Corporate Governance Committee

Gilbert ESPITALIER-NOËL (appointed on 18.12.2012)

Louis RIVALLAND  
Member of the Audit Committee

Timothy TAYLOR (resigned on 18.12.2012)

Colin TAYLOR (appointed on 18.12.2012)

EXECUTIVE DIRECTORS

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

Robert DOGER DE SPÉVILLE  
Commercial Director

Jean Marc LAGESSE (resigned on 18.12.2012)  
General Manager Paradis/Dinarobin Hotels

Jacques SILVANT (appointed on 18.12.2012)  
General Manager Royal Palm Hotel

Marcel MASSON  
Finance Director  
Member of the Corporate Governance Committee

SECRETARY

BEACHCOMBER LIMITED  
Beachcomber House  
Botanical Garden Street,  
Curepipe, Mauritius.

AUDITORS

ERNST & YOUNG  
NexTeracom Tower,  
Ebene, Mauritius.

BANKERS

The Mauritius Commercial Bank Limited  
State Bank of Mauritius Limited  
The Hong Kong and Shanghai Banking Corporation Limited  
Standard Bank (Mauritius) Limited  
Barclays Bank PLC - Mauritius Branch  
Afrasia Bank Limited  
Bank One Limited  
Banque des Mascareignes Ltée  
Habib Bank Ltd

LEGAL ADVISERS

**Local**  
Me. Guy RIVALLAND s.A.  
Me Maxime SAUZIER  
Me Yves HEIN  
Me Michael KING FAT

**International**  
Me Jean François COLIN

NOTARY

Me. Jean-Hugues MAIGROT

REGISTERED OFFICE

Beachcomber House  
Botanical Garden Street, Curepipe, Mauritius.  
Tel: + (230) 601 9000 - Fax: + (230) 601 9090  
E-mail: beachcomber@bchot.com

WEBSITE

www.beachcomber-hotels.com

KEY FIGURES

september 30, 2012

Income statements

	THE GROUP		
	2012 Rs'm	2011 Rs'm	2010 Rs'm
Revenue	8,110	7,622	6,833
Operating profit	1,222	1,071	1,124
Profit before tax	603	803	810
Income tax expense	8	(51)	(108)
Profit for the year	611	752	702
Non-controlling interests	(29)	(26)	(42)
Profit attributable to owners of the parent	582	726	660
Dividends	-	(323)	(404)
Retained profit for the year	582	403	256

Statements of financial position

	2012 Rs'm	2011 Rs'm	2010 Rs'm
Non-current assets	23,479	22,842	21,495
Current assets	6,182	6,413	3,485
Share capital	1,724	1,724	1,724
Other reserves	4,968	5,014	4,323
Retained earnings	6,076	5,448	5,008
Shareholders funds	12,768	12,186	11,055
Non-controlling interests	59	47	45
Total equity	12,827	12,233	11,100
Non-current liabilities	9,683	10,803	7,857
Current liabilities	7,151	6,220	6,022

Key financial ratios

		2012	2011	2010
Number of room keys available as at 30.09		2,077	2,024	1,744
Room nights available		757,177	693,121	636,560
Number of guests nights		1,013,411	902,295	850,417
Occupancy	(%)	64	68	70
RevPar	(Rs)	8,440	9,018	8,708
Earnings per share	(Rs)	3.60	4.50	4.09
Dividends per share	(Rs)	-	2.00	2.50
Interest cover	(x)	3.06	3.61	4.19
Dividend cover	(x)	-	2.25	1.63
Dividend payout	(%)	-	44.44	61.17
Net Asset value per share	(Rs)	79.46	75.78	68.76
Return on equity	(%)	4.76	6.15	6.33
Return on assets	(%)	2.06	2.57	2.81
Gearing	(%)	96	97	82

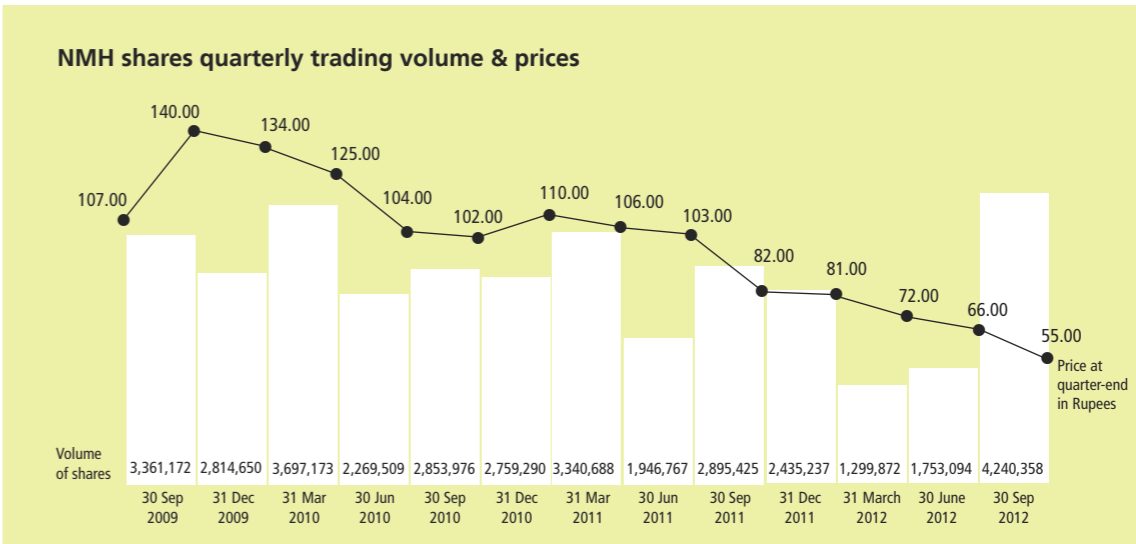
SHAREHOLDING

as at september 30, 2012

Size of holding			Shareholders			Shares held		
From	To		No.	Cumulative		No.	Cumulative	
				%	%		%	%
1	-	1,000	4,469	60.29	60.29	1,431,576	0.89	0.89
1,001	-	5,000	1,654	22.32	82.61	3,849,483	2.38	3.27
5,001	-	10,000	460	6.21	88.82	3,275,118	2.03	5.30
10,001	-	25,000	402	5.42	94.24	6,294,700	3.90	9.20
25,001	-	50,000	165	2.23	96.47	5,919,500	3.67	12.87
50,001	-	75,000	78	1.05	97.52	4,715,475	2.92	15.79
75,001	-	100,000	29	0.39	97.91	2,533,322	1.57	17.36
100,001	-	250,000	71	0.96	98.87	11,085,194	6.87	24.23
250,001	-	500,000	40	0.54	99.41	13,179,593	8.16	32.39
500,001	-	1,000,000	21	0.28	99.69	14,941,497	9.26	41.65
1,000,001	-	1,500,000	11	0.15	99.84	13,919,828	8.62	50.27
1,500,001	-	2,000,000	1	0.01	99.85	1,557,328	0.96	51.23
2,000,001	-	2,500,000	1	0.01	99.86	2,420,067	1.50	52.73
2,500,001	-	5,000,000	6	0.08	99.94	22,428,307	13.89	66.62
5,000,001	-	8,000,000	2	0.03	99.97	14,005,120	8.67	75.29
8,000,001	-	and above	2	0.03	100.00	39,867,428	24.71	100.00
			7,412			161,423,536		

Summary by shareholder category

Category	No. of shareholders	No. of shares	%
INDIVIDUALS	6,976	51,640,191	31.99
INSURANCE & ASSURANCE COMPANIES	28	11,090,080	6.87
INVESTMENT & TRUST COMPANIES	173	44,580,695	27.62
OTHER CORPORATE BODIES	142	36,534,238	22.63
PENSION & PROVIDENT FUNDS	93	17,578,332	10.89
TOTAL	7,412	161,423,536	100.00









SEGMENTAL INFORMATION







for the year ended september 30, 2012

	Revenue		Operating results	
	2012 Rs'm	2011 Rs'm	2012 Rs'm	2011 Rs'm
<b>Business:</b>				
Hotel operations	6,524	6,250	1,122	993
Tour operating	1,344	1,153	113	111
Flight and inland catering	242	219	(14)	(33)
	8,110	7,622	1,221	1,071
<b>Geographical:</b>				
Mauritius	6,832	6,289	1,144	948
Europe	651	648	18	29
Other countries	627	685	59	94
	8,110	7,622	1,221	1,071

Business

	Revenue	Operating results
Flight and inland catering	 3%	 -1%
Tour operating	 17%	 9%
Hotel operations	 80%	 92%







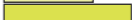
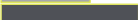
Geographical

	Revenue	Operating results
Europe	 8%	 1%
Other countries	 8%	 5%
Mauritius	 84%	 94%

VALUE ADDED STATEMENT

for the year ended september 30, 2012

	The Company		The Group	
	Rs'm	%	Rs'm	%
Revenue	6,394		8,110	
Value Added tax	876		1,047	
Total revenue	7,270		9,157	
Payment to suppliers for material and services	(2,413)		(3,435)	
Value added by operations	4,857		5,722	
Investment and other income	34		42	
<b>Total wealth created</b>	<b>4,891</b>	<b>100</b>	<b>5,764</b>	<b>100</b>
<b>Distributed as follows:</b>				
<b>Employees</b>				
Salaries and wages	1,796	37	2,326	40
<b>Government</b>				
Value added tax	876		1,047	
Environment fees	51		51	
Corporate tax	11		(8)	
Licences, leases and campement site tax	119		130	
Social security charges	212		266	
	1,269	26	1,486	26
<b>Reinvested to maintain/develop operations</b>				
Depreciation and amortisation	441		510	
Retained earnings	576		610	
	1,017	21	1,120	19
<b>Providers of capital</b>				
Dividends to shareholders	-		-	
Interest on borrowings	809		832	15
	809	17	832	15
<b>Total wealth distributed</b>	<b>4,891</b>	<b>100</b>	<b>5,764</b>	<b>100</b>

	The Company		The Group	
Bankers	 17%		 15%	
Shareholders	 21%		 19%	
Government	 26%		 26%	
Employees	 37%		 40%	

## CHAIRMAN'S ADDRESS

Dear Shareholder,

I am pleased to communicate the positive results achieved by NMH during the financial year under review in a business environment that was even more difficult than the previous year, particularly during the second semester. The aggravating economic crisis in our traditional markets coupled with the adverse local factors, namely imbalance between air seats and hotel capacity, expensive air tickets and a strong rupee, impacted on the performance of the national tourism industry.

The reduction in the number of flights between Europe and Mauritius resulted in a decrease in the number of arrivals from Europe and in an increase in the price of air tickets whereas the growing imbalance between hotel rooms' capacity and air access prompted heavy rate discounting on the part of hotel operators.

The high value of the Rupee caused a reduction in revenue and a decrease in the competitiveness of Mauritius as a tourist destination.

In these challenging conditions, NMH performed relatively well and registered an increase in its operating profit by some 14%. Our concern for guest satisfaction and our strategy to maintain reasonable rates have certainly contributed to achieve these results. Net earnings, however, were down on last year on account of higher finance costs and depreciation charge, lower finance revenue and fair value gain on property and negative overall contribution from associates.

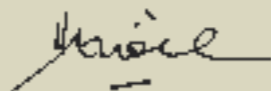
I am confident that our company will continue to develop the appropriate business strategies to mitigate the ill effects of the prevailing situation and to progress further as soon as the growth in tourism resumes for our destination.

The Marrakech project is well advanced and phase one is now due to be completed within budget by the end of 2013. For recall, phase one comprises 92 villas, an 18-hole golf course, a country club and an all suite de luxe hotel. The trend in the sale of villas is encouraging and around half are expected to be sold during the current financial year.

Given the Group's current investment program and the lack of visibility over the local industry's foreseeable future, no dividends were declared during the year as a matter of financial prudence.

Messrs Michel Pitot and Timothy Taylor resigned as Directors after long years of tenure. Michel Pitot has been associated with our Company since its creation and he greatly contributed to its development whereas Timothy Taylor has been a member of the Board for 32 years. I wish to thank them for their invaluable support and positive contribution during their mandates.

To conclude, I express my sincere appreciation to our Chief Executive Officer and all the personnel for their formidable effort in these difficult times to produce these satisfying results, to the members of the Board of Directors for their precious contribution and to the shareholders for their continued trust and confidence.



Hector ESPITALIER-NOËL  
CHAIRMAN

December 18, 2012

## ANNUAL REPORT

The Directors are pleased to present their Annual Report for the year ended September 30, 2012.

### Consolidation and Accounting Standards

The audited Financial Statements for the year ended September 30, 2012 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.

### Revenue

In the difficult trading conditions that prevailed during the year under review, NMH hotels hosted a greater number of guests than last year (+9%) and, in spite of a slightly lower average guest night spending due to the unfavourable exchange rates, total revenue increased by 6.4% to Rs 8,110m.

### Cost of operations and operating profit

This year again, operating costs were well contained and maintained at 2010 level. Higher revenue having been realised as mentioned above, operating profit was superior to last year's by 14% reaching Rs 1,221m.

### Depreciation and finance costs

The increase in depreciation charges and finance costs to Rs 507m and Rs 587m respectively is wholly attributable to Trou aux Biches hotel.

Finance costs relating to Domaine de l'Harmonie and Domaine Palm Marrakech capitalised this year amounted to Rs 246m as compared to Rs 225m last year.

### Finance revenue and other income

Finance revenue of Rs 42m is made up of Rs 25m interest received on deposits held by foreign subsidiaries and of Rs 17m profit realised on currency loans conversion. Other income of Rs 31m represents fair value gain on the investment property "Domaine de l'Harmonie" at Les Salines.

### Pre-operational expenses

The pre-operational expenses of Rs 92m consist mainly of staff and administrative costs, operating land lease rental and marketing expenses incurred on Marrakech project.

### Associates

Results from associates yielded a negative contribution of Rs 37m on group earnings. This is particularly due to reduced profitability of Les Villas de Bel Ombre Limited and losses in Biofarms Limited. Both companies are respectively subsidiary and associate of South West Tourism Development Limited in which NMH has a stake of 31%.

### Income tax

On the basis that tax losses accruing on Marrakech project will start to reverse against profits to be generated from sale of villas as from the current financial year, a deferred tax credit of Rs 53m has been recognised in the Income Statement. This has resulted in a net tax credit of Rs 8m after the offsetting of tax charges of Rs 45m for the Company and the other subsidiaries.

### Earnings

Profit for the year amounted to Rs 611m whereas earnings attributable to shareholders amounted to Rs 582m, representing a decrease of 20% on last year's Rs 727m. This is attributable to higher finance costs and depreciation charge, lower finance revenue and fair value gain on property and negative overall contribution from associates.

Earnings per share for the year were Rs 3.60 against Rs 4.50 last year.

### Dividends

The Group's policy is to distribute around 50% of its earnings for the year in dividends.

However, given the Group's current investment program and the lack of visibility over the local industry's foreseeable future, no dividend was declared during the year as a matter of financial prudence.

### Cash flow and capital expenditure

The Rs 1.3b cash generated by the operating activities during the year has been principally used to finance construction works in Marrakech and the renewal of operating equipments for local operations.

Net borrowings increased from Rs 11,817m to Rs 12,256m, total asset per share from Rs 181.23 to Rs 183.74 and net asset value per share from Rs 75.78 to Rs 79.46.

### Inventories

Inventories include Rs 1,073m of land for sale at Les Salines and Rs 2,034m of cost of villas under development at Marrakech.

### Projects

#### Marrakech

Construction works resumed in October 2011 and contributed greatly in restoring confidence on the part of the authorities and potential buyers who had been showing interest in the project. The initial agreement with the Moroccan Authorities has been amended to account for:

- an extension of the delay for completion;
- a reduction in the overall number of hotel rooms;
- an earlier transfer of the title deed of the villas to the purchasers, viz. on completion of civil works instead of delivery date.

# ANNUAL REPORT

As of date, NMH has invested € 110m in the project and a further € 90m will be required to complete phase one of the project which comprises ninety two villas, a golf course, a country club and the Royal Palm Marrakech all suite hotel. At time of writing, 30 villas have been either reserved or sold and it is estimated that this figure will almost double by the end of the current financial year.

## Domaine de l'Harmonie

The project was delayed by the prayer for an interlocutory injunction lodged before the Supreme Court in January 2012 by Les Salines IRS Co Ltd and Ors to restrain and prohibit the Company from parceling, selling or disposing of, in any manner, any part of the property. The Supreme Court's final ruling obtained on 26 November 2012 was in favour of NMH. The necessary steps are being taken to finalise the details of the project and reactivate the formalities with the Authorities concerned so as to allow this up-market property development to start at the soonest.

## Outlook

The trading environment will remain difficult in the short to medium term. Hotel capacity in Mauritius is still growing at a faster pace than air access thus aggravating the existing imbalance between the two. It is to be expected that the operating results for the current financial year will not improve. However, the sale and passing of title to the purchasers of villas in Marrakech during the second semester should contribute substantially to Group earnings for the year.

## 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.

The Board comprises six non-executive Directors including the Chairman and four executive Directors including the Chief Executive Officer.

The profiles of the Directors who served during the financial year are outlined below:

## NON-EXECUTIVE

### Hector ESPITALIER-NOEL

He has been the Chairman of the Company since his appointment as director in 1997. Member of the Institute of Chartered Accountants of England and Wales, he worked for Coopers and Lybrand in London and

De Chazal du Mée. He is the Chief Executive Officer of Espitalier Noel Group.

Other directorship in listed companies: ENL Commercial Ltd, ENL Land Limited and Rogers & Co. Ltd.

### Sunil BANYMANDHUB

Appointed in April 2004, he is the Chairman 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.

Other directorship in listed companies: Omnicane Ltd.

### Jean-Pierre MONTOCCHIO

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

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

### Michel PITOT (retired in December 2012)

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 directorship 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 a past President of the Joint Economic Council, a Board member of the Mauritius Revenue Authority and member of the Financial Services Consultative Council.

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

### Timothy TAYLOR (retired in December 2012)

Holder of a BA (Hons) in Industrial Economics from Nottingham University. He was appointed Director in 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

# ANNUAL REPORT

Group in March 2007 until september 2012. He is the Chairman of Scott & Co Ltd. He is also Chairman of the National Committee on Corporate Governance.

Other directorship in listed companies: Air Mauritius Ltd and Rogers & Co 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 directorship 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 directorship 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 directorship 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 directorship in listed companies: None.

## Committees

The composition of the Corporate Governance and Audit Committees which carried out their tasks according to their attributions was 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 2013;
- 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 mainly to:

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

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. 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.

A Risk Committee which was set up last year, comprises the Finance Director (Chairman), the Commercial Director, the Group Human Resource Advisor, the General Managers of the Paradis/Dinarobin and Royal Palm hotels, the Group Maintenance Engineer and the Risk Management Officer.

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.

## ANNUAL REPORT

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

The Group formulates plans which are reviewed 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. 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 top edge marketing strategies to promote and sell its products. It regularly participates in professional stands and promotional fairs. There is an ongoing nurturing of 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 and the newly set up Research and Development unit enables professional knowledge and skills to be constantly enhanced.

Moreover, 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.

## ANNUAL REPORT

As regards to 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 31 to the Financial Statements.

### Directors' attendance to committee meetings

Directors	Board	Corporate Governance	Audit
Hector ESPITALIER-NOEL	5/5	2/2	
Sunil BANYMANDHUB	3/5		1/2
Herbert COUACAUD	5/5	2/2	
Robert DOGER DE SPEVILLE	3/5		
Jean- Marc LAGESSE	5/5		
Marcel MASSON	5/5	2/2	1/2
Jean-Pierre MONTOCCHIO	4/5	2/2	2/2
Michel PITOT	4/5	2/2	
Louis RIVALLAND	3/5		2/2
Timothy TAYLOR	5/5		

### 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, 2012 to:

	2012 Rs'000	2011 Rs'000
Executive Directors of the Company	47,040	50,438
Non-Executive Directors of the Company	3,034	3,091

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

Emoluments and benefits paid by subsidiaries for the year ended September 30, 2012 to:

	2012 Rs'000	2011 Rs'000
Executive Directors of:		
Beachcomber Tours Limited	26,274	26,697
Beachcomber Marketing (Pty) Ltd	15,151	17,345

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

	Direct %
Hector ESPITALIER-NOEL (Chairman)	0.05
Sunil BANYMANDHUB	-
Herbert COUACAUD C.M.G	7.05
Robert DOGER de SPEVILLE	0.24
Jean Marc LAGESSE	-
Marcel MASSON	0.10
Jean-Pierre MONTOCCHIO	-
Michel PITOT	0.03
Louis RIVALLAND	0.02
Timothy TAYLOR	0.20
There was no service contract between the Company and any of the Directors during the year.	

### Dealings in shares of the Company

Share dealings by the Directors during the year were as follows:

Directors	Number of shares purchased/(sold)
Hector ESPITALIER-NOEL	36,000
Marcel MASSON	167,000
Louis RIVALLAND	11,700

The Directors have followed the Model Code for Securities Transactions by Directors of Listed Companies as detailed in Appendix 6 of the SEM Listing Rules.

The Company secretary keeps an Interests Register in accordance with the Companies Act 2001 and an Insiders Register pursuant to Securities Act 2005, and these registers are updated as and when according to information furnished by Directors and other Insiders.

ANNUAL REPORT

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	17.65
ENL Investment Limited	5.49

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 9m (2011: Rs 12m) to the fund.

Political donations are dealt with by the Board. For the year under review, total political donations amounted to Rs 525,000 has been made (2011: nil).

Auditors

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

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Lead Auditors				
Audit services	7,751	6,974	7,297	6,488
Tax services	500	495	480	475
Total	8,251	7,469	7,777	6,963
(b) Secondary Auditors				
Audit services	3,450	3,301	-	-
Tax services	125	94	-	-
Total	3,575	3,395	-	-

Material clauses of the Company's Constitution

The Constitution of the Company is in conformity with the provisions of the Company's Act 2001 and those of the Listing Rules of the Stock Exchange of Mauritius Limited. There is no clause in the Constitution deemed material enough for special disclosure.

Related party transactions

Details on related party transactions are given in Note 30 to the financial statements.

Directors' responsibilities statement

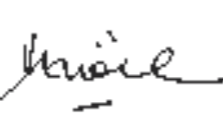
The Company's Directors were responsible for the preparation and fair presentation of the financial statements, comprising the Company's and Group's statements of financial position at 30 September 2012, and the income statements, the statements of comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and 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.

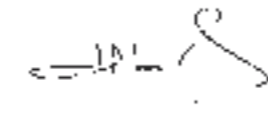
Note of appreciation

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

December 18, 2012



Herbert COUACAUD C.M.G.  
CHIEF EXECUTIVE OFFICER

ENVIRONMENT & SOCIAL RESPONSIBILITY

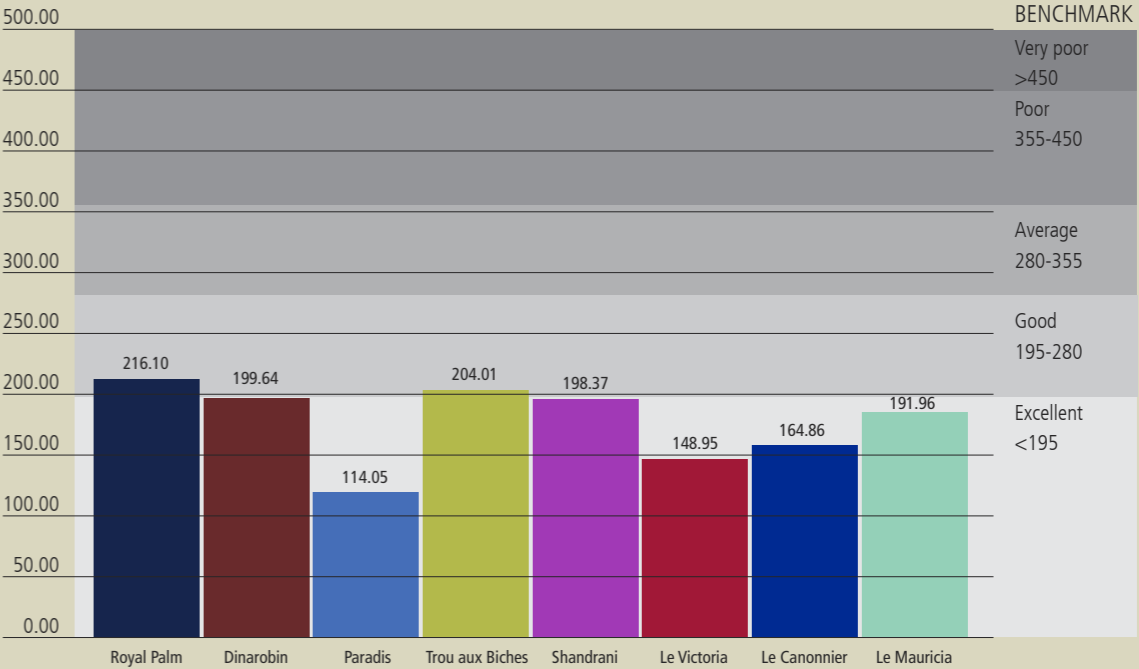
2012 has been a year of critical analysis and consolidation on the environmental front for NMH. The different actions taken recently were reviewed and, where possible, benchmarked, against the best practices, in order to:

- lower carbon footprint,
- Increase energy and water efficiency,
- improve indoor air quality, and
- reduce resource consumption and waste generation.

The benchmarking results for energy consumption (electricity and water) are most satisfactory as shown hereunder.



ELECTRICITY USAGE (kWh / m² / year)

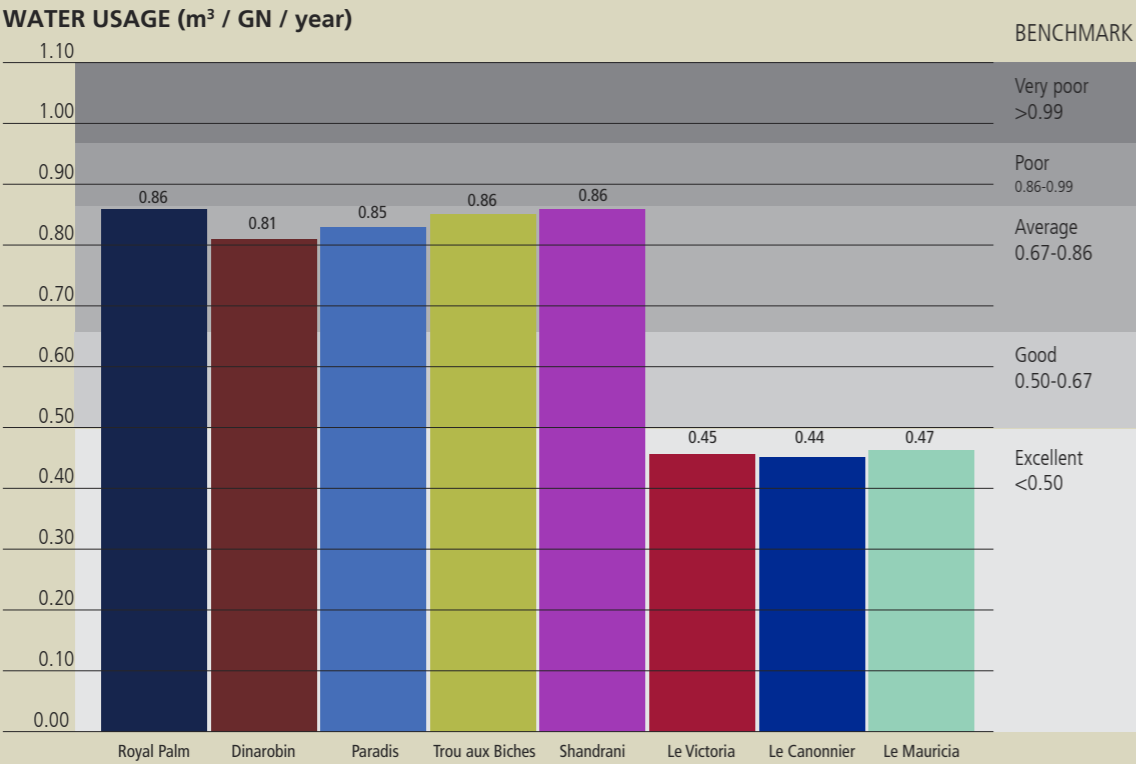


The benchmark used has been devised by Hotel Energy Solutions for Resort Hotels.

It is rewarding to note from the above that NMH commitment to energy reduction and optimization is bearing its fruits as all its hotels fall within the top categories.



ENVIRONMENT & SOCIAL RESPONSIBILITY



The benchmark also takes into account the number of Guest Nights as water usage is much more occupancy related and the specificities of each establishment such as the great number of pools at Trou aux Biches hotel.

The benchmark used is Water Efficiency Benchmark for Resorts of more than 150 bed spaces edited by the International Hotels Environmental Initiative. Here also, it is satisfying to note that all hotels fall within the acceptable to excellent categories.



Projects

Priority has been given this year to the major project in Marrakech and has necessitated the investment program for new and more efficient equipment to be spread over a longer period.

Projects completed in 2012

- The refurbishment of the 145 deluxe rooms at Le Shandrani was completed this year in this spirit. All the refurbished rooms were fitted with LED bulbs and an occupation based thermostat control system was installed in the refurbished rooms.
- Completion of the installation of the energy optimizing system of Le Shandrani. This system, by controlling the kVA demand of the hotel is generating an average saving of Rs. 300,000 per year while also preventing the application of any Demand Charge penalty from the CEB.
- Increase in the desalination capacity at Le Paradis Hotel from 800 m3/day to 1600 m3/day. This new increase in capacity has strengthened the Company's resilience against drought but has also allowed even more water to be diverted to villages around in a time of severe drought.
- The installation of variable speed drives and heat recovery systems on the central cold room compressors of Plaisance Catering (PCL). The production of hot water at PCL is now almost exclusively done via heat recovery leading to savings of +/- Rs. 500,000 per year in LPG.
- Conclusion of a used oil recovery agreement with a local SME to collect all the used kitchen oil from the Company's hotels. The oil is then shipped to the UK for retreatment and reuse.
- Completion of the transition from Diesel to LPG as preferred fuel for hot water production. LPG is cheaper and much less harmful to the environment than Diesel.

New and Ongoing Projects

- Installation of room occupancy sensors controlling HVAC and lighting in guest rooms. The technology has been successfully implemented in the newly refurbished rooms of Le Shandrani.
- Conversion of all the hotels of the group to a full LED policy. As it was clearly stated in last year's Sustainability Report, one of the remaining 'Low Hanging Fruits' in energy savings lies with the increase of LED bulbs and light fittings. In 2012, the Shandrani and Royal Palm have taken a considerable step in that direction and have joined the Paradis and Trou aux Biches in the LED equipped hotels category. An internal study has shown that the conversion of all the hotels of the Group to a full LED policy would be amortized within 2 years at the most making it a very interesting investment. We shall thus continue in that direction in 2013.
- Completion of the solar water heaters program at Shandrani and Victoria which, together with Le Cannonier, are the last three hotels without solar hot water heaters.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Funding

In January 2012 the tax base for computing the 2% CSR contribution of Companies changed from book profits to chargeable income, backdated to October 2011 for companies having a financial year from October to September. The statutory CSR budget allocated to FED would have decreased, as a result, from a scheduled Rs 12 million in October 2011 to Rs 5 million in February 2012. In order not to imperil FED's main projects, namely *Projet Employabilité Jeunes* and *Projet Artisanat* in the middle of the financial year, the budget was maintained exceptionally at Rs 10 million for 2011-12.

Projects

Projet Employabilité Jeunes (PEJ)

This project, which aims at integrating youths who have not completed normal schooling into mainstream employment, continues its successful track record. Some 200 youths started the program in August 2011 of which 124 completed the course in April 2012. In September 2012, 76 had been employed or sponsored for technical training by NMH or other enterprises.

The General Managers of NMH hotels have reaffirmed their support to this project which allows vulnerable youths to pursue successful careers within NMH or elsewhere.

FED has signed to implement PEJ within other hotel companies in Mauritius while Sainte Anne Resort & Spa in the Seychelles has expressed keen interest.

Projet Artisanat

This project is designed to support artisans who come mainly from vulnerable backgrounds by giving them access to the tourism market whilst allowing hotels and tourist boutiques to source authentic local handicraft and respond to a growing demand. The *Projet Artisanat* has launched its own brand, "Local Hands", and operates its own boutique within the socio-commercial centre situated at Trou-aux-Biches. It is fully in line with the decision to create a label "Mauritius made with care" as announced in the budget speech of November 2012. Sales in 2011-12 totalled Rs 1.6 million.

Regional committee projects

NMH employees involved in FED's regional CSR committees continued to recommend NGOs' activities to be partly financed by FED, although such amounts have decreased. Regional committees also continue to implement their own social projects such as organising sports tournaments in the North, working with primary schools in the South-West, donating in kind to deprived families in the South-East or financing sports and social clubs in Plaines Wilhems. Such activities enable NMH operating units and Head Office to keep in touch and interact with their neighbourhood.

## ROYAL PALM

★★★★★



*1985: Opening of the Royal Palm.*



## OUR HOTELS

THE MOST PRESTIGIOUS ADDRESS  
IN MAURITIUS.

A member of the “Leading Hotels of the World”, the Royal Palm is a tranquil tropical haven, an emblem of luxury and tradition.

- 83 Suites • 1 Royal Suite • 3 Restaurants
- A Spa by Clarins • Boutiques • A Mini-club
- A range of land and water sports
- Limousine service in Rolls Royce Phantom and BMW X5
- Helicopter service
- Complimentary WIFI/ADSL



## DINAROBIN HOTEL GOLF & SPA

★★★★★



*2001: Opening of the Dinarobin Hotel Golf & Spa.*

THE ICON OF HARMONY AND WELL-BEING.  
A spectacular location, luxury accommodation,  
sensational gastronomy and an amazing spa:  
welcome to a world of elegance and beauty.

- 172 Suites • 2 Villas • 4 Restaurants
- A Spa by Clarins • Boutiques • A Mini-club
- A range of land and water sports • Sports Centre
- Limousine service in BMW X5 • Helicopter service
- Complimentary WIFI/ADSL



## PARADIS HOTEL & GOLF CLUB ★★★★★



1962: Opening of Le Morne Plage.  
1967: Opening of Le Brabant.  
1972: Opening of Dinarobin Pierre Desmarais Hotel.  
1976: Opening of Paradis Hotel.  
2002: Reopening of the Paradis Hotel & Golf Club  
after ten months of renovation works.

THE MOST SCENIC SHORELINE IN MAURITIUS.  
Located on the south west coast, at the heart  
of a private 150-hectare peninsula,  
this heavenly resort lives up to its name.

- 100 Rooms • 186 Suites • 13 Villas • 4 Restaurants
- An international golf course • A Spa by Clarins
- A Conference room • Boutiques • A Mini-club
- A Sports centre • A range of land and water sports
- Limousine service in BMW X5 • Helicopter service
- Complimentary WIFI/ADSL



## TROU AUX BICHES RESORT & SPA ★★★★★



*1971: Opening of Trou aux Biches Village Hotel.  
2011: Reopening of Trou aux Biches Resort & Spa  
after two years of complete rebuilding.*

A LEGENDARY HOTEL.

Located along the shores of one of the most beautiful beaches of Mauritius, the Trou aux Biches welcomes you into a world of luxury and authenticity.

- 306 Suites • 27 Villas • 6 Restaurants
- A Spa by Clarins • A Conference room
- A Mini-club and a Teens club • Boutiques
- A range of land and water sports
- Limousine service in BMW X5
- Complimentary WIFI/ADSL



## SHANDRANI RESORT & SPA ★★★★★



1962: Opening of Le Chaland.  
1991: Opening of the Shandrani.

THE FIRST FULLY-INCLUSIVE 5-STAR RESORT  
IN MAURITIUS.

Located on a protected peninsula  
bordered by three beautiful beaches in  
the south east, Shandrani Resort & Spa  
is lapped by the clear waters of a unique  
marine park.

- 287 Rooms • 36 Family Apartments • 4 Suites
- 5 Restaurants • A Spa by Clarins • A Conference room
- A Mini-club • A range of land and water sports
- Boutiques • Limousine service in BMW X5
- Complimentary WIFI/ADSL



## LE VICTORIA

★★★★+



*1994: NMH buys the former Le Mariya Hotel  
Following extensive works  
the hotel is renamed Le Victoria.*

A SPECIAL PLACE FOR EVERYONE.  
Located on the northwest coast,  
Le Victoria is halfway between the lively  
village of Grand Baie and Port Louis the  
capital city.  
A warm welcome and a wealth of activities  
await guest at Le Victoria.

- 230 Rooms • 15 Family Apartments • 9 Suites
- 3 Restaurants • A Conference room • A Mini-club
- A Wellness centre • A range of land and water sports
- Boutiques • Complimentary WIFI/ADSL



## LE CANONNIER

★★★★



1997: NMH buys Le Canonnier.

### AUTHENTIC CHARM.

The natural of its historical site and many facilities make Le Canonnier a favourite among families.

- 216 Rooms • 44 Family Duplexes
- 20 Family Apartments • 4 Suites • 3 Restaurants
- A Wellness centre • A Conference room • A Mini-club
- A range of land and water sports • Boutiques
- Complimentary WIFI/ADSL



## LE MAURICIA ★★★★



*1992: NMH buys the former Pullman Hotel  
the hotel is renamed Le Mauricia.*

MEDITERRANEAN STYLE SETTING.  
Le Mauricia's trendy and modern accommodation, including a village of private apartments within the resort, attracts guests looking for casual atmosphere.

- 203 Rooms • 28 Family Apartments • 3 Suites
- 2 Lofts • 1 Villa • 2 Restaurants • A Discotheque
- A Wellness centre • A Conference room • A Mini-club
- A range of land and water sports • Boutiques
- Complimentary WIFI/ADSL



## SAINTE ANNE RESORT & SPA ★★★★★



2002: Opening of Sainte Anne Resort & Spa  
Seychelles.

ONE ISLAND ONE RESORT.  
Located on a 220-hectare island in the  
Seychelles, at the heart of a unique  
marine park and just 10 minutes by boat  
from Mahé, lies the spectacular natural  
haven of the Sainte Anne Resort & Spa.

- 86 Villas • 1 Royal Villa • 5 Restaurants
- A Spa by Clarins • A sports and leisure centre
- A Conference room • A Mini-club • A Boutique
- Free boat shuttle linking Sainte Anne and Mahé
- A range of land and non-motorized water sports
- Helicopter service • Complimentary WIFI/ADSL



## DOMAINE ROYAL PALM

★★★★★



2013: Opening of Domaine Royal Palm

COMING SOON.  
Domaine Royal Palm in Morocco is NMH's new development, the first outside the Indian Ocean region. The Domaine covers a vast 231-hectare estate

- 123 Suites • The Prince Villas • The Royal Villa
- 4 Restaurants • 2 Conference rooms
- A Spa • A sports and leisure centre
- A Mini-club • Boutiques • A Country Club
- An international golf course



## 2012 NOVELTIES



### Dinarobin Hotel Golf & Spa

- Two new villas (400 m<sup>2</sup>)
- 4 bedrooms - 3 bathrooms (capacity of 8 guests)
  - TV (home video) and iPod dock
  - Kitchen
  - Outdoor bar and barbecue
  - Private pool
  - Gazebo

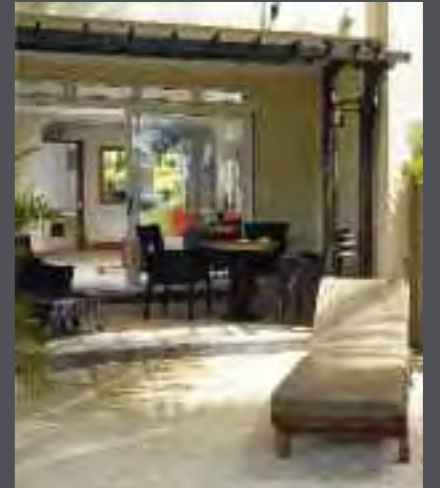


[www.dinarobin-hotel.com](http://www.dinarobin-hotel.com)

### Shandrani Resort & Spa

The renovation of 108 Deluxe rooms (60 m<sup>2</sup>)

[www.shandrani-resort.com](http://www.shandrani-resort.com)



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 18, 2012

Calendar 2012

Publication of Abridged 1 <sup>st</sup> Quarter Results	February
Annual General Meeting	February
Publication of Abridged Semi-annual Results	May
Publication of Abridged 3 <sup>rd</sup> Quarter Results	August
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 42 to 91 which comprise the statements of financial position as at September 30, 2012, 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 Companies Act 2001, and for such internal controls as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 42 to 91 give a true and fair view of the financial position of the Company and the Group as at September 30, 2012 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

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 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 capacities as auditors, tax advisors and dealings 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 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 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 18, 2012

## INCOME STATEMENTS

for the year ended september 30, 2012

	Notes	THE GROUP		THE COMPANY	
		2012 Rs.'000	2011 Rs.'000	2012 Rs.'000	2011 Rs.'000
<b>Revenue</b>	4	8,110,396	7,622,377	6,394,280	6,063,106
Cost of inventories expensed		(1,270,661)	(1,079,241)	(991,554)	(937,524)
Staff costs	5	(2,592,160)	(2,616,669)	(2,007,695)	(2,052,177)
Other expenses	6	(2,521,420)	(2,434,930)	(1,824,776)	(1,716,124)
Depreciation of property, plant and equipment	13	(506,899)	(420,740)	(438,547)	(363,906)
Amortisation of intangible assets	15	(3,831)	(3,912)	(2,336)	(2,332)
Profit/(loss) on disposal of property, plant and equipment		6,086	3,824	(2,089)	(2,191)
Finance revenue	7	42,151	92,168	34,281	71,162
Finance costs	8	(586,541)	(486,150)	(591,422)	(487,901)
Other income	10	30,630	143,033	17,300	124,233
Share of results of associates	17	(12,349)	24,398	-	-
Negative goodwill on consolidation	33(a)	-	5,895	-	-
Pre-operational expenses	9	(92,470)	(46,871)	-	-
<b>Profit before tax</b>		602,932	803,182	587,442	696,346
Income tax credit / (expense)	11	7,987	(50,718)	(11,346)	(973)
<b>Profit for the year</b>		610,919	752,464	576,096	695,373
Profit attributable to:					
Owners of the parent		581,634	726,552	576,096	695,373
Non-controlling interests		29,285	25,912	-	-
		610,919	752,464	576,096	695,373
<b>Basic earnings per share (Rs)</b>	12	3.60	4.50		

## STATEMENTS OF COMPREHENSIVE INCOME

for the year ended september 30, 2012

	THE GROUP		THE COMPANY	
	2012 Rs.'000	2011 Rs.'000	2012 Rs.'000	2011 Rs.'000
<b>Profit for the year</b>	610,919	752,464	576,096	695,373
<b>Other comprehensive income/(loss) :</b>				
Exchange differences on translating foreign operations	1,380	(75,670)	-	-
Loss on available-for-sale financial assets	(20,599)	(4,262)	(618)	(86)
(Loss)/gain on cash flow hedges	(231)	28,273	-	-
Gains on revaluation of property	-	876,318	-	805,501
Tax effect on gains on property revaluation	14,160	(110,735)	-	(96,366)
Share of other comprehensive income of associates	6,430	11,880	-	-
<b>Other comprehensive income/(loss) for the year, net of tax</b>	1,140	725,804	(618)	709,049
<b>Total comprehensive income for the year</b>	612,059	1,478,268	575,478	1,404,422
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	582,625	1,453,797	575,478	1,404,422
Non-controlling interests	29,434	24,471	-	-
	612,059	1,478,268	575,478	1,404,422

## STATEMENTS OF FINANCIAL POSITION

as at september 30, 2012

	Notes	THE GROUP		THE COMPANY	
		2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	20,839,342	20,196,683	17,838,268	17,502,733
Investment properties	14	378,330	347,700	115,000	97,700
Intangible assets	15	1,706,910	1,710,384	1,223,609	1,225,640
Investment in subsidiaries	16	-	-	3,181,875	2,963,391
Investment in associates	17	509,585	520,746	19,062	19,789
Available-for-sale financial assets	18	19,141	39,721	1,378	1,996
Employee benefit assets	19	25,327	26,721	32,544	34,792
		23,478,635	22,841,955	22,411,736	21,846,041
<b>Current assets</b>					
Inventories	20	3,458,486	3,089,708	1,379,101	1,353,042
Trade and other receivables	21	1,982,582	2,514,752	4,518,643	4,094,387
Other financial assets	34	10,737	15,903	10,737	15,903
Income tax prepaid	11	49,414	10,684	47,129	10,684
Cash in hand and at bank	22	680,696	782,004	144,079	86,330
		6,181,915	6,413,051	6,099,689	5,560,346
<b>Total assets</b>		29,660,550	29,255,006	28,511,425	27,406,387
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Stated capital	23	1,724,361	1,724,361	1,724,361	1,724,361
Retained earnings		6,076,131	5,447,655	4,344,893	3,729,737
Other components of equity	24	4,967,995	5,013,846	4,258,378	4,298,056
		12,768,487	12,185,862	10,327,632	9,752,154
		58,662	46,799	-	-
<b>Total equity</b>		12,827,149	12,232,661	10,327,632	9,752,154
<b>Non-current liabilities</b>					
Borrowings	25	8,263,293	9,315,370	8,121,368	9,167,050
Deferred tax liability	26	1,419,454	1,487,276	1,427,572	1,425,208
<b>Total non-current liabilities</b>		9,682,747	10,802,646	9,548,940	10,592,258
<b>Current liabilities</b>					
Trade and other payables	27	2,477,043	2,933,496	4,101,701	3,940,010
Borrowings	25	4,673,611	3,283,942	4,533,152	3,121,965
Income tax payable	11	-	2,261	-	-
<b>Total current liabilities</b>		7,150,654	6,219,699	8,634,853	7,061,975
<b>Total liabilities</b>		16,833,401	17,022,345	18,183,793	17,654,233
<b>Total equity and liabilities</b>		29,660,550	29,255,006	28,511,425	27,406,387

Approved by the Board of Directors on December 18, 2012 and signed on its behalf by:

Hector ESPITALIER-NOËL  
Chairman

Herbert COUACAUD C.M.G.  
Chief Executive Officer

STATEMENTS OF CHANGES IN EQUITY

for the year ended september 30, 2012

THE GROUP

	Attributable to owners of the parent								
	Stated Capital	Retained Earnings	Foreign Exchange Difference	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, 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
Changes in equity for the year									
Profit for the year	-	726,552	-	-	-	-	726,552	25,912	752,464
Other comprehensive income for the year	-	-	(45,956)	(4,262)	765,583	11,880	727,245	(1,441)	725,804
Total comprehensive income for the year	-	726,552	(45,956)	(4,262)	765,583	11,880	1,453,797	24,471	1,478,268
Depreciation transfer for buildings	-	43,167	-	-	(43,167)	-	-	-	-
Tax effect of depreciation transfer for buildings	-	(6,496)	-	-	6,496	-	-	-	-
Non-controlling interests arising on business combinations	-	-	-	-	-	-	-	3,868	3,868
Dividends (Note 28)	-	(322,847)	-	-	-	-	(322,847)	(26,754)	(349,601)
Balance at September 30, 2011	1,724,361	5,447,655	(1,025,901)	28,278	4,582,556	1,428,913	12,185,862	46,799	12,232,661
Balance at October 1, 2011	1,724,361	5,447,655	(1,025,901)	28,278	4,582,556	1,428,913	12,185,862	46,799	12,232,661
Changes in equity for the year									
Profit for the year	-	581,634	-	-	-	-	581,634	29,285	610,919
Other comprehensive income for the year	-	-	1,000	(20,599)	14,160	6,430	991	149	1,140
Total comprehensive income for the year	-	581,634	1,000	(20,599)	14,160	6,430	582,625	29,434	612,059
Depreciation transfer for buildings	-	55,108	-	-	(55,108)	-	-	-	-
Tax effect of depreciation transfer for buildings	-	(8,266)	-	-	8,266	-	-	-	-
Dividends (Note 28)	-	-	-	-	-	-	-	(17,571)	(17,571)
Balance at September 30, 2012	1,724,361	6,076,131	(1,024,901)	7,679	4,549,874	1,435,343	12,768,487	58,662	12,827,149

THE COMPANY

	Stated Capital	Retained Earnings	Available-for-sale financial assets	Revaluation Reserve	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at October 1, 2010	1,724,361	3,326,341	1,171	3,618,706	8,670,579
Changes in equity for the year					
Profit for the year	-	695,373	-	-	695,373
Other comprehensive income for the year	-	-	(86)	709,135	709,049
Total comprehensive income for the year	-	695,373	(86)	709,135	1,404,422
Depreciation transfer for buildings	-	36,318	-	(36,318)	-
Tax effect of depreciation transfer for buildings	-	(5,448)	-	5,448	-
Dividends (Note 28)	-	(322,847)	-	-	(322,847)
Balance at September 30, 2011	1,724,361	3,729,737	1,085	4,296,971	9,752,154
Balance at October 1, 2011	1,724,361	3,729,737	1,085	4,296,971	9,752,154
Changes in equity for the year					
Profit for the year	-	576,096	-	-	576,096
Other comprehensive income for the year	-	-	(618)	-	(618)
Total comprehensive income for the year	-	576,096	(618)	-	575,478
Depreciation transfer for buildings	-	45,953	-	(45,953)	-
Tax effect of depreciation transfer for buildings	-	(6,893)	-	6,893	-
Balance at September 30, 2012	1,724,361	4,344,893	467	4,257,911	10,327,632

STATEMENTS OF CASH FLOWS

for the year ended september 30, 2012

Notes	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Operating activities				
Profit before tax	602,932	803,182	587,442	696,346
Adjustments to reconcile profit before tax to net cash flows				
Non-cash:				
Depreciation on property, plant and equipment	13 517,494	420,740	438,547	363,906
Amortisation of intangible assets	15 3,831	3,912	2,336	2,332
(Profit)/loss on disposal of property, plant and equipment	(6,086)	(3,824)	2,089	2,191
Fair value gain on investment properties	14 (30,630)	(143,033)	(17,300)	(124,233)
Dividend income	7 (5)	(5)	(10,347)	(4,084)
Interest income	7 (24,871)	(25,142)	(6,659)	(52)
Interest expense	8 581,375	486,150	586,256	487,901
Loss/(gain) on other financial assets	8 5,166	(15,903)	5,166	(15,903)
Exchange gain on retranslation of loans	7 (17,275)	(51,118)	(17,275)	(51,118)
Share of loss/(profit) of associates	17 12,349	(24,398)	-	-
Decrease in employee benefit liability	19 1,394	27,346	2,248	26,792
Working capital adjustments:				
Increase in inventories	(342,866)	(136,548)	(26,059)	(86,573)
Decrease/(increase) in trade and other receivables	553,962	852,810	(636,913)	127,550
(Decrease)/increase in trade and other payables	(493,160)	(1,886,777)	217,403	(263,246)
Income tax paid	11 (86,666)	(91,989)	(45,427)	(51,739)
Net cash flows generated from operating activities	1,276,944	215,403	1,081,507	1,110,070
Investing activities				
Purchase of property, plant and equipment	(1,070,453)	(1,697,014)	(735,911)	(1,655,682)
Purchase of intangible assets	(305)	(27,643)	(305)	-
Proceeds from sale of property, plant and equipment	24,306	16,794	7,242	7,765
Proceeds from sale of investment properties	-	1,500	-	1,500
Acquisition of new subsidiaries, net of cash acquired	-	(301,314)	-	(258,460)
Dividend received	5,247	5	5,247	4,084
Interest received	24,871	25,142	6,659	52
Net cash flows used in investing activities	(1,016,334)	(1,982,530)	(717,068)	(1,900,741)
Financing activities				
Proceeds from borrowings	4,738,997	4,895,005	4,738,997	4,918,522
Repayment of term loans	(4,191,512)	(2,338,071)	(4,191,512)	(2,308,168)
Repayment of finance lease liabilities	(61,660)	(9,953)	(20,975)	(492)
Advances to subsidiaries	-	-	-	(1,212,290)
Interest paid	(581,375)	(486,150)	(586,256)	(487,901)
Dividends paid to owners of the parent	(80,712)	(322,847)	(80,712)	(322,847)
Dividends paid to non-controlling interests	(17,571)	(26,754)	-	-
Net cash flows from financing activities	(193,833)	1,711,230	(140,458)	586,824
Net increase/(decrease) in cash and cash equivalents	66,777	(55,897)	223,981	(203,847)
Cash and cash equivalents at October 1,	(1,066,671)	(981,308)	(1,624,962)	(1,421,115)
Net foreign exchange difference	28,097	(29,466)	-	-
Cash and cash equivalents at September 30,	(971,797)	(1,066,671)	(1,400,981)	(1,624,962)

## NOTES TO THE FINANCIAL STATEMENTS CONTENTS

1. CORPORATE INFORMATION	18. AVAILABLE-FOR-SALE FINANCIAL ASSETS
2. BASIS OF PREPARATION	19. EMPLOYEE BENEFIT ASSETS
2.1 CHANGES IN ACCOUNTING POLICIES	20. INVENTORIES
2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE	21. TRADE AND OTHER RECEIVABLES
2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES	22. CASH AND CASH EQUIVALENTS
3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	23. STATED CAPITAL
4. SEGMENTAL REPORTING	24. OTHER COMPONENTS OF EQUITY
5. STAFF COSTS	25. BORROWINGS
6. OTHER EXPENSES	26. DEFERRED TAX LIABILITY
7. FINANCE REVENUE	27. TRADE AND OTHER PAYABLES
8. FINANCE COSTS	28. DIVIDENDS PAID AND PROPOSED
9. PRE-OPERATIONAL EXPENSES	29. COMMITMENTS
10. OTHER INCOME	30. RELATED PARTY DISCLOSURES
11. INCOME TAX	31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
12. BASIC EARNINGS PER SHARE	32. FAIR VALUE OF FINANCIAL INSTRUMENTS
13. PROPERTY, PLANT AND EQUIPMENT	33. BUSINESS COMBINATIONS
14. INVESTMENT PROPERTIES	34. OTHER FINANCIAL ASSETS
15. INTANGIBLE ASSETS	35. FAIR VALUES
16. INVESTMENT IN SUBSIDIARIES	36. PARTICULARS OF DIRECTORATE IN SUBSIDIARIES
17. INVESTMENT IN ASSOCIATES	

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

### 1. CORPORATE INFORMATION

The financial statements of New Mauritius Hotels Limited (the 'Company') and consolidated with its subsidiaries (the 'Group') for the year ended September 30, 2012 were authorised for issue in accordance with a resolution of the Directors on December 18, 2012. New Mauritius Hotels Limited is a public limited company incorporated in Mauritius and is listed on The Stock Exchange of Mauritius. Its registered office is situated at Beachcomber House, Botanical Garden Street, Curepipe, Mauritius.

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

### 2. BASIS OF PREPARATION

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

#### Statement of compliance

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

#### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2012.

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.

### 2.1 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 2011:

- IAS 24 Related Party Disclosures (amendment) effective 1 January 2011
- IFRIC 14 Prepayments of a Minimum Funding Requirement (amendment) effective 1 January 2011
- IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements
- IFRS 1 First-time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Improvements to IFRSs (May 2010) effective 1 January 2011

#### IAS 24 Related Party Transactions (Amendment)

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect the related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

#### IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as pension asset. The amendment of the interpretation has had no effect on the financial position or performance of the Group.

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

### *IFRS 7 Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements*

The amendment requires additional disclosure about financial assets that have been transferred but not derecognised to enable the user of the financial statements to understand the relationship with those assets that have not been derecognised and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognised assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

### *IFRS 1 First-time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*

The amendment provides that, when an entity's date of transition to IFRS is on, or after, the date its functional currency ceases to be subject to hyperinflation, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date that were subject to severe hyperinflation, at fair value, on the date of transition to IFRS. This fair value may be deemed cost of those assets and liabilities in the opening IFRS statement of financial position. A further amendment to the Standard is the removal of the legacy fixed dates in IFRS 1 relating to derecognition and day one gain or loss transactions have also been removed. The standard now has these dates coinciding with the date of transition to IFRS. The amendment becomes effective for annual periods beginning on or after 1 July 2011. This standard has no impact on the Group's financial position or performance.

### *Improvements to IFRSs*

In May 2010, the IASB issued its third 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 presentation and disclosure and to accounting policies but no impact on the financial position or performance of the Group.

**IFRS 3 Business Combinations:** The measurement options available for non-controlling interest (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.

The amendments to IFRS 3 are effective for annual periods beginning on or after 1 July 2011. The Group, however, adopted

these as of 1 January 2011 and changed its accounting policy accordingly as the amendment was issued to eliminate unintended consequences that may arise from the adoption of IFRS 3.

**IFRS 7 Financial Instruments - Disclosures:** The amendment was intended to simplify the disclosures provided, by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context.

**IAS 1 Presentation of Financial Statements:** The amendment clarifies that an entity may present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity or in the notes to the financial statements.

Other amendments resulting from Improvements to IFRSs to the following standards and interpretations did not have any impact on the accounting policies, financial position or performance of the Group:

- IFRS 3 Business Combinations (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008))
- IFRS 3 Business Combinations (Un-replaced and voluntarily replaced share-based payment awards)
- IAS 27 Consolidated and Separate Financial Statements
- IAS 34 Interim Financial Statements

### 2.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt applicable standards when they become effective.

### *IAS 1 Financial Statement Presentation - Presentation of Items of Other Comprehensive Income - Amendments to IAS 1*

The amendments to IAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings) would be presented separately from items that will never be reclassified (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets). The amendment affects presentation only and therefore has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

### *IAS 19 Employee Benefits (Revised)*

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The amendment becomes

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

effective for annual periods beginning on or after 1 January 2013. These amendments will not have any significant impact on the Group.

### *IAS 27 Separate Financial Statements (as revised in 2011)*

As a consequence of the new IFRS 10 and IFRS 12, what remains in IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Group does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

### *IAS 28 Investments in Associates and Joint Ventures (as revised in 2011)*

As a consequence of the new IFRS 11 Joint Arrangements, and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. This amendment has no impact on the Group's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

### *IFRS 9 Financial Instruments: Classification and Measurement*

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial asset. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurements of financial liabilities.

### *IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements*

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013. This amendment has no impact on the Group's financial position or performance.

### *IFRS 11 Joint Arrangements*

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard will not impact the financial position of the Group. This standard becomes effective for annual periods beginning on or after 1 January 2013.

### *IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine*

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The interpretation is effective for annual periods beginning on or after 1 January 2013. The new interpretation will not have an impact on the Group.

### *IAS 12 Deferred taxes: Recovery of underlying assets - amendment to IAS 12.*

The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012. This amendment is not applicable to the Group.

### *IAS 32 Offsetting Financial Assets and Financial Liabilities*

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendment becomes effective for annual periods beginning on or after 1 January 2014. The Group is currently assessing the impact of the amendment on the Group's financial position and performance.

### *IFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

agreement, irrespective of whether they are set off in accordance with IAS 32.

The amendment becomes effective for annual periods beginning on or after 1 January 2013. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

### **IFRS 1 Government Loans – Amendments to IFRS 1**

These amendments require first-time adopters to apply the requirements of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to government loans existing at the date of transition to IFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and IAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with a below-market rate of interest. The amendment is effective for annual periods on or after 1 January 2013. The amendment has no impact on the Group.

### **IFRS 12 Disclosure of Interests in Other Entities**

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

A number of new disclosures are also required, but has no impact on the Group's financial position or performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

### **IFRS 13 Fair Value Measurement**

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance, but based on the preliminary analyses, no material impact is expected. This standard becomes effective for annual periods beginning on or after 1 January 2013.

### **Annual Improvements May 2012**

These improvements will not have an impact on the Group, but include:

### **IFRS 1 First-time Adoption of International Financial Reporting Standards**

This improvement clarifies that an entity that stopped applying IFRS in the past and chooses, or is required, to apply IFRS, has the option to re-apply IFRS 1. If IFRS 1 is not re-applied, an entity must retrospectively restate its financial statements as if it had never stopped applying IFRS.

### **IAS 1 Presentation of Financial Statements**

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

### **IAS 16 Property Plant and Equipment**

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

### **IAS 32 Financial Instruments, Presentation**

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

### **IAS 34 Interim Financial Reporting**

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These improvements are effective for annual periods beginning on or after 1 January 2013.

## **2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

### **Judgements**

In the process of applying the Group's accounting policies, management has made the following 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 Group and each of its foreign subsidiaries has been made based on factors such as the primary economic environment in which each entity operates, the currency that mainly influences sales prices for goods and services, costs of providing goods and services and labour costs.

#### **Going concern**

The 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

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

### **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.

### **Fair value of financial instruments**

Where the fair values of financial instruments recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to those models are derived from observable market data where possible, but where observable market data are not available, a degree of judgment is required to establish fair values. The judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Further details in respect of the fair valuation of financial instruments are included in Note 32 of the financial statements.

### **Impairment of non-financial assets**

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

The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 15.

### **Employee benefit assets**

The cost of the defined benefit pension plan and other post employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

### **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**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

# NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Business combinations and goodwill

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

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

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

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

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

### Foreign currency translation

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

### i) Transactions and balances

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

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

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that

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

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

### 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.

### Property, plant and equipment

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

circumstances indicate that the carrying value may not be recoverable. An annual transfer from the revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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

Hotel buildings	35 years
Office buildings	50 years
Plant and equipment	Between 6 to 8 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 residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end, and adjusted prospectively if appropriate.

### Investment properties

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

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

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

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

In 2011, part of the investment properties was reclassified to inventories and property, plant and equipment respectively following the approval of the Board of Directors in August 2011 for a property development project in Les Salines. Land for sale was reclassified to inventories whereas land retained for golf project was reclassified to property, plant and equipment.

### Investments in subsidiaries

#### Financial statements of the Company

Investments in subsidiary companies are carried at cost which is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is taken to 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 associates

Associates are entities in which the Company or the Group has significant influence but which are neither a subsidiary nor a joint venture of the Company or the Group.

#### Financial statements of the Company

Investments in associates are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is taken to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

## Consolidated financial statements

Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group’s share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group’s share of profit or loss of an associate is shown on the face of the income statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as ‘Share of losses of an associate’ in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

## 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 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.

# NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

## Leasehold rights

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

## Trademarks

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

## 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.

## Goodwill

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

## Intangible assets

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

## 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 recognized on the trade date, i.e., the date the Group commits to purchase or sell the asset. The Group’s financial assets include cash in hand and at bank, trade and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

### Subsequent measurement

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

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

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

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

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

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

### *Loans and receivables*

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

### *Available-for-sale financial assets*

Available-for-sale financial assets include equity investments. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method. The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these

financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

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

### *Impairment 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

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

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.

### *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.

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

### *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.

### *Derecognition of financial assets and liabilities*

#### *Financial assets*

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

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

# NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

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. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

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

## Financial liabilities

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

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

## 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. Cash and cash equivalents are measured at amortised cost.

## 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.

- Stock of villas are valued at cost.

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

## Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any 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.

## Defined benefit schemes

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.

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

The employee benefit asset is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

# NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

## 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 in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred income tax

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

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

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

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

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

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

Deferred income tax assets and liabilities are measured at the tax rates 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 other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

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

### Value Added Tax

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

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

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

### Environment fees and solidarity levy

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

### 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.

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even of that right is not explicitly specified in the arrangement.

Group as a lessee

Finance leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the income statement.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease

Operating lease payments are recognised as an expense in 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.

Borrowing costs consist of interests and other costs that the Group incurs in connection with borrowing of funds.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and value added taxes or other taxes. The following specific criteria must also be met before revenue is recognised:

(i) Revenue from hotel operations

Revenue is recognised upon consumption and acceptance by customers.

(ii) Revenue from airline and inland catering

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

(iii) Revenue from tour operating

Commissions are recognised on completion of the services performed.

(iv) Interest income

As it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

(v) Dividend income

When the shareholder's right to receive payment is established.

Segmental reporting

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

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

- Hotel operations - carried out in Mauritius, Seychelles and Morocco (under construction).

- Tour operating- carried out in France, United Kingdom, Italia, South Africa and Australia.

- Airline and inland catering- carried out in Mauritius.

- Property development- construction of villas in Morocco and property development in Mauritius.

Property development has been identified as a new reportable segment in the current period in accordance with the quantitative thresholds as set by IFRS 8 Operating Segments. As a result, segment data for the prior period has been restated for comparative purposes to reflect the newly reportable segment separately.

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

4. SEGMENTAL REPORTING

	Hotel Operations Rs'000	Tour Operating Rs'000	Flight & Inland Catering Rs'000	Property & Others Rs'000	Group Rs'000
Business segments for the year ended September 30, 2012					
Revenue	6,524,484	1,343,963	241,949	-	8,110,396
Profit /(loss) after tax	590,777	72,438	(16,837)	(35,459)	610,919
Segment assets	24,047,572	1,333,965	405,491	3,363,937	29,150,965
Share of net assets of associates	-	-	-	509,585	509,585
Total assets					29,660,550
Segment liabilities	14,688,271	1,098,903	50,084	996,143	16,833,401
Other segment information:					
Capital expenditure	916,364	53,475	10,115	178,618	1,158,572
Depreciation on property, plant and equipment	454,054	43,177	11,350	8,913	517,494
Amortisation of intangible assets	3,831	-	-	-	3,831

Business segments for the year ended September 30,2011					
Revenue	6,250,258	1,152,802	219,317	-	7,622,377
Profit/(loss) after tax	699,913	82,300	(32,770)	3,021	752,464
Segment assets	24,045,256	1,451,707	407,415	2,829,882	28,734,260
Share of net assets of associates	-	-	-	520,746	520,746
Total assets					29,255,006
Segment liabilities	13,332,780	1,374,836	42,868	2,271,861	17,022,345
Other segment information:					
Capital expenditure	1,996,847	152,139	21,502	7,020	2,177,508
Depreciation on property, plant and equipment	377,358	28,046	11,616	3,720	420,740
Amortisation of intangible assets	3,912	-	-	-	3,912

	Mauritius Rs'000	Europe Rs'000	Other countries Rs'000	Total Rs'000
Geographical segments for the year ended September 30, 2012				
Segment revenue	6,832,408	650,646	627,342	8,110,396
Segment assets	22,816,084	953,744	5,890,722	29,660,550
Capital expenditure	821,279	12,748	324,545	1,158,572

Geographical segments for the year ended September 30, 2011				
Segment revenue	6,289,480	648,220	684,677	7,622,377
Segment assets	22,522,821	990,997	5,741,188	29,255,006
Capital expenditure	1,964,532	7,342	205,634	2,177,508

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

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

5. STAFF COSTS

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Wages, salaries, fees and bonuses	1,928,759	1,919,379	1,463,890	1,467,159
Social security costs	286,173	286,313	211,584	236,468
Employee benefits and related expenses	377,228	410,977	332,221	348,550
	2,592,160	2,616,669	2,007,695	2,052,177

6. OTHER EXPENSES

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Operating supplies and cleaning expenses	366,045	341,210	342,897	320,437
Repairs and maintenance	210,113	222,455	168,323	152,024
Utility costs	490,402	419,372	411,292	359,869
Marketing expenses	808,004	785,613	433,346	464,739
Guest entertainment	85,627	86,438	83,601	84,427
Administrative expenses	294,426	378,675	152,448	148,464
Operating lease rentals	135,166	96,228	124,247	85,895
Licences, patents, insurance and taxes	131,637	104,939	108,622	100,269
	2,521,420	2,434,930	1,824,776	1,716,124

7. FINANCE REVENUE

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Investment income: Quoted	5	5	5	5
Unquoted	-	-	10,342	4,084
Fair value gain on other financial assets	-	15,903	-	15,903
Exchange gain on retranslation of loans	17,275	51,118	17,275	51,118
Interest income	24,871	25,142	6,659	52
	42,151	92,168	34,281	71,162

8. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Fair value loss on financial assets	5,166	-	5,166	-
Interest costs on:				
Bank overdrafts	83,018	85,467	82,281	79,006
Loans	728,279	622,117	571,927	539,298
Finance leases	14,218	3,889	9,882	135
Call account with subsidiaries (Note 30)	-	-	15,520	19,721
Others	1,772	-	15,994	-
Capitalised cost in property, plant and equipment (Note 13 (c))	(152,250)	(164,956)	(49,470)	(150,259)
Capitalised cost in inventories (Note 20 (b))	(93,662)	(60,367)	(59,878)	-
	586,541	486,150	591,422	487,901

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

9. PRE-OPERATIONAL EXPENSES

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Pre-operational costs incurred	92,470	46,871	-	-

These relate to expenses incurred in relation to staff and administrative costs, operating land lease rental and marketing expenses by Domaine Palm Marrakech S.A. and Beachcomber Marrakech S.A.

10. OTHER INCOME

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Fair value gain on investment properties (Note 14)	30,630	143,033	17,300	124,233

11. INCOME TAX

The major components of income tax expense for the years ended September 30, 2012 and 2011 are:

Income statements

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Income tax on the adjusted profit				
for the year at 15% to 30% (2011: 15% to 30%)	(35,697)	(72,275)	-	(32,285)
Corporate Social Responsibility (CSR) charge	(9,888)	(11,869)	(8,958)	(11,869)
(Under) / overprovision of income tax in previous year	(90)	248	(24)	(32)
Deferred tax (Note 26)	59,353	39,295	3,327	49,330
Overprovision in deferred tax in previous year	(5,691)	(6,117)	(5,691)	(6,117)
Income tax expense reported in income statements	7,987	(50,718)	(11,346)	(973)

Statements of financial position

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
At October 1,	8,423	(1,050)	10,684	3,130
Acquisition of subsidiaries	-	1,514	-	-
Over/(under) provision of income tax in previous year	(90)	248	(24)	(32)
Income tax on the adjusted profit				
for the year at 15% to 30% (2011: 15% to 30%)	(45,892)	(84,144)	(8,958)	(44,153)
Exchange differences	307	(134)	-	-
Less: Payment during the year	86,666	91,989	45,427	51,739
At September 30,	49,414	8,423	47,129	10,684

Analysis of tax position at year end:

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Income tax prepaid	49,414	10,684	47,129	10,684
Income tax payable	-	(2,261)	-	-
	49,414	8,423	47,129	10,684

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

11. INCOME TAX (cont'd)

A reconciliation between tax expense and the product of accounting profit multiplied by the Mauritian's tax rate for the years ended September 30, 2012 and 2011 is as follows:

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Profit before tax	602,932	803,182	587,442	696,346
Tax calculated at a tax rate of 15% (2011: 15%)	(90,440)	(113,379)	(88,116)	(104,452)
Expenses not deductible for tax purposes	(6,267)	(121,878)	(3,755)	(2,089)
Expenses qualifying for double deduction	78,600	54,619	78,600	54,619
Corporate Social Responsibility (CSR) charge	(9,888)	(11,869)	(8,958)	(11,869)
Rate differential	(6,781)	(44,429)	-	-
Deferred tax asset not recognised	1,910	(8,338)	-	-
Borrowing cost expensed for tax purposes	-	31,339	-	30,000
Consolidation adjustment	2,519	1,945	-	-
Overprovision in deferred tax in previous year	5,691	6,117	5,691	6,117
Underprovision of tax in previous year	(2,813)	-	-	-
Fair value gain on investment properties not subject to tax	4,412	18,635	4,412	18,635
Income not subject to tax	31,044	136,520	780	8,066
Tax charge	7,987	(50,718)	(11,346)	(973)

12. BASIC EARNINGS PER SHARE

	THE GROUP	
	2012 Rs'000	2011 Rs'000
Profit for the year attributable to owners of the parent	581,634	726,552
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 owners of the parent by the number of ordinary shares in issue during the year. There were no instruments that would have a dilutive effect on the earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

13. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

Cost and valuation

At October 1, 2010	689,326	11,110,412	2,909,404	207,348	4,740,181	19,656,671
Additions	23,125	380,950	583,789	62,383	824,881	1,875,128
Transfer	13,556	2,824,230	475,530	-	(3,313,316)	-
Acquisition of subsidiaries	9,700	18,376	11,438	75,802	159,421	274,737
Disposals	-	-	(22,545)	(29,683)	-	(52,228)
Scrapped	-	-	(15,798)	-	-	(15,798)
Reclassification (Note 14)	784,000	-	-	-	(223,665)	560,335
Revaluation	163,234	602,831	-	-	-	766,065
Exchange differences	(1,140)	(54,212)	(14,448)	(1,457)	(112,135)	(183,392)
At September 30, 2011	1,681,801	14,882,587	3,927,370	314,393	2,075,367	22,881,518

Depreciation

At October 1, 2010	-	406,712	1,933,991	88,391	-	2,429,094
Charge for the year	-	71,101	298,742	50,897	-	420,740
Disposals	-	-	(20,853)	(16,821)	-	(37,674)
Scrapped	-	-	(14,643)	-	-	(14,643)
Revaluation	-	(103,136)	-	-	-	(103,136)
Exchange differences	-	(724)	(7,970)	(852)	-	(9,546)
At September 30, 2011	-	373,953	2,189,267	121,615	-	2,684,835

Net Book Values

At September 30, 2011	1,681,801	14,508,634	1,738,103	192,778	2,075,367	20,196,683
At September 30, 2010	689,326	10,703,700	975,413	118,957	4,740,181	17,227,577

Cost and valuation

At October 1, 2011	1,681,801	14,882,587	3,927,370	314,393	2,075,367	22,881,518
Additions	4,360	339,178	402,880	75,846	336,003	1,158,267
Transfer	-	824,407	3,007	-	(827,414)	-
Disposals	-	-	(49,829)	(31,833)	-	(81,662)
Scrapped	-	-	(10,409)	(3,053)	-	(13,462)
Exchange differences	(20,065)	20,947	161,025	460	42,007	204,374
At September 30, 2012	1,666,096	16,067,119	4,434,044	355,813	1,625,963	24,149,035

Depreciation

At October 1, 2011	-	373,953	2,189,267	121,615	-	2,684,835
Charge for the year	-	84,468	365,696	67,330	-	517,494
Disposals	-	-	(45,004)	(22,807)	-	(67,811)
Scrapped	-	-	(7,574)	(1,519)	-	(9,093)
Exchange differences	-	12,888	163,058	8,322	-	184,268
At September 30, 2012	-	471,309	2,665,443	172,941	-	3,309,693

Net Book Values

At September 30, 2012	1,666,096	15,595,810	1,768,601	182,872	1,625,963	20,839,342
At September 30, 2011	1,681,801	14,508,634	1,738,103	192,778	2,075,367	20,196,683

Included in depreciation charged for the year is an amount of Rs 10,595,000 which has been reclassified in the Income Statements as pre-operational expenses in respect of Domaine Palm Marrakech S.A. and Beachcomber Marrakech SA.

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

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

	Freehold Land Rs'000	Buildings Rs'000	Other Fixed Assets Rs'000	Motor Vehicles Rs'000	Work in Progress Rs'000	Total Rs'000
<b>THE COMPANY</b>						
<b>Cost and valuation</b>						
At October 1, 2010	641,335	9,990,226	2,776,582	187,789	3,476,938	17,072,870
Additions	23,125	378,358	562,783	25,193	803,284	1,792,743
Transfer	13,556	2,824,230	475,530	-	(3,313,316)	-
Reclassification (Note 14)	784,000	-	-	-	(164,328)	619,672
Disposals	-	-	(21,732)	(23,067)	-	(44,799)
Scrapped	-	-	(15,798)	-	-	(15,798)
Revaluation	162,984	547,787	-	-	-	710,771
<b>At September 30, 2011</b>	<b>1,625,000</b>	<b>13,740,601</b>	<b>3,777,365</b>	<b>189,915</b>	<b>802,578</b>	<b>20,135,459</b>
<b>Depreciation</b>						
At October 1, 2010	-	402,080	1,933,067	78,877	-	2,414,024
Charge for the year	-	65,257	266,501	32,148	-	363,906
Disposals	-	-	(20,084)	(15,822)	-	(35,906)
Scrapped	-	-	(14,568)	-	-	(14,568)
Revaluation	-	(94,730)	-	-	-	(94,730)
<b>At September 30, 2011</b>	<b>-</b>	<b>372,607</b>	<b>2,164,916</b>	<b>95,203</b>	<b>-</b>	<b>2,632,726</b>
<b>Net Book Values</b>						
<b>At September 30, 2011</b>	<b>1,625,000</b>	<b>13,367,994</b>	<b>1,612,449</b>	<b>94,712</b>	<b>802,578</b>	<b>17,502,733</b>
At September 30, 2010	641,335	9,588,146	843,515	108,912	3,476,938	14,658,846
<b>Cost and valuation</b>						
At October 1, 2011	1,625,000	13,740,601	3,777,365	189,915	802,578	20,135,459
Additions	4,360	338,417	356,912	22,255	61,468	783,412
Transfer	-	790,903	3,007	-	(793,910)	-
Disposals	-	-	(21,651)	(7,038)	-	(28,689)
Scrapped	-	-	(10,409)	(3,053)	-	(13,462)
<b>At September 30, 2012</b>	<b>1,629,360</b>	<b>14,869,921</b>	<b>4,105,224</b>	<b>202,079</b>	<b>70,136</b>	<b>20,876,720</b>
<b>Depreciation</b>						
At October 1, 2011	-	372,607	2,164,916	95,203	-	2,632,726
Charge for the year	-	78,120	332,176	28,251	-	438,547
Disposals	-	-	(18,536)	(5,191)	-	(23,727)
Scrapped	-	-	(7,575)	(1,519)	-	(9,094)
<b>At September 30, 2012</b>	<b>-</b>	<b>450,727</b>	<b>2,470,981</b>	<b>116,744</b>	<b>-</b>	<b>3,038,452</b>
<b>Net Book Values</b>						
<b>At September 30, 2012</b>	<b>1,676,360</b>	<b>14,419,194</b>	<b>1,634,243</b>	<b>85,335</b>	<b>70,136</b>	<b>17,838,268</b>
At September 30, 2011	1,625,000	13,367,994	1,612,449	94,712	802,578	17,502,733

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

The freehold land and buildings of the Group and the Company were revalued on September 30, 2011 by Mr. Noor Dilmohamed, Bsc (Appl) Val, Dip L.S. FAPI, Certified Practising Valuer and Tinkler & Ramackhan, Chartered Valuation Surveyors, based on open market value. It is the Group's policy to revalue its land and buildings every two years.

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

### 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	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Cost	13,018,342	11,849,544	12,083,603	10,950,623
Accumulated depreciation	(695,309)	(660,381)	(581,293)	(549,126)
Net carrying amount	12,323,033	11,189,163	11,502,310	10,401,497
<b>(c) Borrowing costs</b>				
Total interest costs incurred during renovation of Shandrani Hotel, les Salines and Marrakech project for the financial year and capitalised in property, plant and equipment	152,250	164,956	49,470	150,259
<b>(d) Assets held under finance leases</b>				
The carrying amount of property, plant and equipment held under finance leases was:				
<i>Plant and equipment included in other fixed assets</i>				
Cost	156,835	139,777	153,042	139,777
Accumulated depreciation	(25,585)	(7,854)	(23,516)	(7,854)
Net book values	131,250	131,923	129,526	131,923
<i>Motor vehicles</i>				
Cost	161,571	126,728	22,697	2,736
Accumulated depreciation	(75,766)	(65,446)	(1,746)	(89)
Net book values	85,805	61,282	20,951	2,647

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

(f) Part of the acquisition of property, plant and equipment was financed by leases amounting to Rs 62.8m for the Group (2011: Rs 150.1m) and Rs 22.5 m (2011: Rs 109.1m) for the Company.

### 14. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
At October 1,	347,700	1,994,500	97,700	1,763,300
Additions	-	-	-	-
Disposal	-	(1,333)	-	(1,333)
Fair value gain (Note 10)	30,630	143,033	17,300	124,233
Reclassified to inventories (Note 20)	-	(1,004,500)	-	(1,004,500)
Reclassified to property, plant and equipment (Note 13)	-	(784,000)	-	(784,000)
At September 30,	378,330	347,700	115,000	97,700
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	8,865	3,497	6,837	3,497

As at 30 September 2012, investments properties are stated at fair value, which has been determined based on valuations performed by Noor Dilmohamed & Associates, an independent certified practising valuer, Bsc (Appl) Val, Dip L.S. FAPI, Certified Practising Valuer. The fair value of the properties has been determined using transactions observable in the market.

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

15. INTANGIBLE ASSETS

THE GROUP

Cost

At October 1, 2010

Additions

Exchange differences

At September 30, 2011

Amortisation

At October 1, 2010

Amortisation charge

Exchange differences

At September 30, 2011

Net book values

At September 30, 2011

At September 30, 2010

Cost

At October 1, 2011

Additions

Exchange differences

At September 30, 2012

Amortisation

At October 1, 2011

Amortisation charge

Exchange differences

At September 30, 2012

Net book values

At September 30, 2012

At September 30, 2011

THE COMPANY

Cost

At October 1, 2010 and September 30, 2011

Amortisation

At October 1, 2010

Amortisation charge

At September 30, 2011

Net book values

At September 30, 2011

At September 30, 2010

Goodwill arising on Acquisition Rs'000	Leasehold Rights Rs'000	Trademarks Rs'000	Total Rs'000
--	-------------------------------	----------------------	-----------------

1,253,117	442,583	-	1,695,700
5,883	-	27,643	33,526
-	(4,762)	-	(4,762)
1,259,000	437,821	27,643	1,724,464

-	10,994	-	10,994
-	3,912	-	3,912
-	(826)	-	(826)
-	14,080	-	14,080

1,259,000	423,741	27,643	1,710,384
1,253,117	431,589	-	1,684,706

1,259,000	437,821	27,643	1,724,464
-	305	-	305
-	201	-	201
1,259,000	438,327	27,643	1,724,970

-	14,080	-	14,080
-	3,831	-	3,831
-	149	-	149
-	18,060	-	18,060

1,259,000	420,267	27,643	1,706,910
1,259,000	423,741	27,643	1,710,384

Goodwill arising on Acquisition Rs'000	Leasehold Rights Rs'000	Total Rs'000
--	-------------------------------	-----------------

1,089,892	139,942	1,229,834
-----------	---------	-----------

-	1,862	1,862
-	2,332	2,332
-	4,194	4,194

1,089,892	135,748	1,225,640
1,089,892	138,080	1,227,972

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

15. INTANGIBLE ASSETS (cont'd)

THE COMPANY (continued)

Cost

At October 1, 2011

Additions

At September 30, 2012

Amortisation

At October 1, 2011

Amortisation charge

At September 30, 2012

Net book values

At September 30, 2012

At September 30, 2011

(a) Impairment testing of Goodwill

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

Cash-generating units

Tour operating cash-generating units

Beachcomber Limited and its tour operating subsidiaries

Hotels operations cash-generating units

Beachcomber Boutiques Limited (Hotel boutiques)

Grand Baie Hotel Limited (Royal Palm hotel)

Maunex (Mauritius) Limited (Le Canonnier hotel)

The Company

Hotels operations cash-generating units

Ste Anne Resort Limited

Tour operating cash-generating units

Beachcomber Tours SARL

Beachcomber Tours Limited

Property development cash generating unit:

Domaine Palm Marrakech S.A

The Group

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.

Domaine Palm Marrakech S.A

The recoverable amount for Domaine Palm Marrakech S.A 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 the sale of villas.

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 at 12%. Since the sales of villas are expected to be finalised over the next four years, no growth rates have been applied to the forecasts.

All other Cash Generating Units

For the other CGUs apart from Domaine Palm Marrakech S.A, the recoverable amount has been determined based on a price-to-earnings ratio basis using quoted prices of identical units in Mauritius. Where necessary, discounts from 20% to 50% have been applied to reflect the difference in size, risks and geographical markets.

Goodwill arising on acquisition Rs'000	Leasehold Rights Rs'000	Total Rs'000
--	-------------------------------	-----------------

1,089,892	139,942	1,229,834
-	305	305
1,089,892	140,247	1,230,139

-	4,194	4,194
-	2,336	2,336
-	6,530	6,530

1,089,892	133,717	1,223,609
1,089,892	135,748	1,225,640

Allocation of goodwill	
2012 Rs'000	2011 Rs'000
818,221	818,221
4,101	4,101
168,685	168,685
98,885	98,885
1,089,892	1,089,892
89,745	89,745
1,184	1,184
72,296	72,296
5,883	5,883
1,259,000	1,259,000

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

15. INTANGIBLE ASSETS (cont'd)

(b) Leasehold rights

The leasehold rights comprise cost of leases acquired for part of Ste Anne Island and Côte d'Or 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 diversion at Trou aux Biches. The leasehold rights are amortised over the respective lease period which ranges from 25 to 60 years.

16. INVESTMENT IN SUBSIDIARIES

(a) Cost (Unquoted)

At October 1,  
Reclassified from associates (Note 17)  
Additions during the year  
At September 30,

The additions in investment in subsidiaries were made through a transfer of intercompany account in Beachcomber Marrakech in previous years.

THE COMPANY	
2012	2011
Rs'000	Rs'000
2,963,391	2,532,847
-	172,090
218,484	258,454
3,181,875	2,963,391

(b) List of Subsidiaries

Name of Corporation	Main business activity	Country of incorporation	Effective % holding	
			2012 %	2011 %
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
New Mauritius Hotel - Italia Srl	Tour operating	Italy	100	100
Wild Africa Safari Ltd	Dormant	England	100	100
Beachcomber Holidays Limited	Dormant	England	100	100
Beachcomber Hotel Marrakech S.A.	Investment	Morocco	100	100
Beachcomber Hotel S.A.	Hotel operations	Morocco	100	100
Domaine Palm Marrakech S.A.	Property development	Morocco	100	100
White Palm Ltd	Tour operating	Mauritius	51	51
Mautourco Ltd	Tour operating	Mauritius	51	51
Transmaurice Car Rental Ltd	Car rental	Mauritius	51	51
Societe Pur Blanca	Investment	Mauritius	51	51

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.

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

17. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
At October 1,	520,746	484,017	19,789	191,873
Reclassified to subsidiary (Note 16)	-	(172,090)	-	(172,090)
Share of associate at date of transfer	-	108,872	-	-
Additions/(disposals) during the year	-	70,025	(727)	6
Share of reserves of associates	6,430	11,880	-	-
Dividends from associates	(5,242)	(6,356)	-	-
Share of results of associates	(12,349)	24,398	-	-
At September 30,	509,585	520,746	19,062	19,789

The disposal of associates relate to transfer of investment from New Mauritius Hotels Limited to Beachcomber Limited.  
The reclassification to subsidiary relates to Domaine Palm Marrakech S.A. which became a fully owned subsidiary in April 2011 (see note 33 (b)).

Summarised financial information of associates on an aggregated basis:

	THE GROUP	
	2012	2011
	Rs'000	Rs'000
Total assets	5,629,044	5,409,538
Total liabilities	(2,660,616)	(2,154,010)
Net assets	2,968,428	3,255,528
Revenue	1,389,754	1,969,244
(Loss)/profit for the year	(26,517)	129,881
Share of results of associates	(12,349)	24,398

Investment in associates consist of investments in unquoted shares.

List of associates

Year-end	Class of shares	Percentage held	
		2012 %	2011 %
September 30,	Ordinary shares	31	31
June 30,	Ordinary shares	50	50
June 30,	Ordinary shares	27	27
June 30,	Parts	50	50
December 31,	Ordinary shares	35	35

Marguerite Morocco Hospitality is incorporated in Morocco while all the other companies listed above are unquoted and are incorporated in the Republic of Mauritius. The Group has assessed that no material adjustment will arise should the same reporting date of September 30, be used for all associates.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
At October 1,	39,721	43,982	1,996	2,082
Fair value loss	(20,580)	(4,261)	(618)	(86)
At September 30,	19,141	39,721	1,378	1,996
Analysed into:				
Quoted	15,182	36,976	1,330	1,948
Unquoted	3,959	2,745	48	48
	19,141	39,721	1,378	1,996

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

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

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	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
(ii) The amounts recognised in the statements of financial position are as follows:				
Defined benefit obligation	2,568,916	2,540,574	2,550,905	2,522,032
Fair value of plan assets	(1,982,816)	(1,854,326)	(1,970,557)	(1,843,051)
	586,100	686,248	580,348	678,981
Unrecognised actuarial loss	(611,427)	(712,969)	(612,892)	(713,773)
Employee benefit asset	(25,327)	(26,721)	(32,544)	(34,792)
(iii) The amounts recognised in the income statements are as follows:				
Current service cost	73,191	83,413	71,384	81,263
Scheme expenses	1,353	652	1,345	651
Interest cost on defined benefit obligation	199,133	213,048	197,584	211,564
Expected return on plan assets	(182,454)	(186,465)	(181,104)	(185,468)
Actuarial loss	7,377	11,366	7,335	11,474
Net benefit expense	98,600	122,014	96,544	119,484
The actual return on the plan assets was Rs 98m for the current financial year.				
(iv) Movement in the asset recognised in the statements of financial position :				
At October 1,	(26,721)	(60,435)	(34,792)	(61,584)
Acquisition of subsidiaries	-	6,312	-	-
Total expense as above	98,600	122,014	96,544	119,484
Contributions paid	(97,206)	(94,612)	(94,296)	(92,692)
At September 30,	(25,327)	(26,721)	(32,544)	(34,792)
(v) Changes in the present value of the defined benefit obligation are as follows:				
At October 1,	2,540,574	2,088,891	2,522,032	2,078,525
Effects of change in assumptions	(394,761)	-	(391,402)	-
Adjusted amount at October1,	2,145,813	2,088,891	2,130,630	2,078,525
Current service cost	73,191	83,413	71,384	81,263
Interest cost	199,133	213,048	197,584	211,564
Employees' contribution	32,312	31,379	31,432	30,777
Actuarial loss	215,326	194,731	215,888	190,547
Benefits paid	(96,859)	(70,888)	(96,013)	(70,644)
At September 30,	2,568,916	2,540,574	2,550,905	2,522,032
(vi) Changes in the fair value of plan assets are as follows:				
At October 1,	1,854,326	1,749,140	1,843,051	1,740,460
Expected return	182,454	186,465	181,104	185,469
Contribution by employer	97,206	94,612	94,296	92,692
Scheme expenses	(1,353)	(652)	(1,345)	(651)
Employees' contribution	32,312	31,379	31,432	30,777
Actuarial losses	(85,270)	(135,730)	(81,968)	(135,052)
Benefits paid	(96,859)	(70,888)	(96,013)	(70,644)
At September 30,	1,982,816	1,854,326	1,970,557	1,843,051

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

19. EMPLOYEE BENEFIT ASSETS (cont'd)

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

	THE GROUP		THE COMPANY	
	2012 %	2011 %	2012 %	2011 %
Local equities	41	41	41	41
Overseas bond and equities	34	34	34	34
Fixed interest	4	4	4	4
Property and other	21	21	21	21
	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 are as follows:				
Discount rate	8.50	9.34	8.50	9.25
Rate of return on assets	8.50	9.74	8.50	9.75
Future salary increase	6.25	7.94	6.25	8.00
Future pension increase	2.25	0.00	2.25	0.00

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

THE GROUP	2012 Rs'000	2011 Rs'000	2010 Rs'000	2009 Rs'000	2008 Rs'000
	(2,568,916)	(2,540,574)	(2,088,891)	(1,898,663)	(1,737,995)
Defined benefit obligation	1,982,816	1,854,326	1,749,140	1,777,950	1,682,298
Plan assets	(586,100)	(686,248)	(339,751)	(120,713)	(55,697)
Deficit	(611,427)	(712,969)	(400,186)	(168,941)	(91,540)
Unrecognised portion of actuarial gains	(215,326)	(194,731)	27,624	50,184	(130,229)
Experience adjustments on plan liabilities	85,270	135,730	(258,326)	123,072	(340,905)
Experience adjustments on plan assets					
THE COMPANY					
Defined benefit obligation	(2,550,905)	(2,522,032)	(2,078,525)	(1,877,386)	(1,728,357)
Plan assets	1,970,557	1,843,051	1,740,460	1,758,026	1,673,371
Deficit	(580,348)	(678,981)	(338,065)	(119,360)	(54,986)
Unrecognised portion of actuarial gains	(612,892)	(713,773)	(399,649)	(168,522)	(92,061)
Experience adjustments on plan liabilities	(215,888)	(190,547)	13,280	51,197	(129,319)
Experience adjustments on plan assets	81,968	135,052	(244,406)	114,541	(339,035)

(x) A one percentage point change in the assumed discount rate would have the following effect:

	2012		2011	
	Increase in discount rate Rs' 000	Decrease in discount rate Rs' 000	Increase in discount rate Rs' 000	Decrease in discount rate Rs' 000
Effect on liabilities	(241)	284	(392)	503
Effect on current service cost	(13)	17	(30)	40

(xi) Expected contribution for next year  
The Group is expected to contribute Rs 135m including employee's contribution to its defined benefit pension plan in the next financial year.

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

### 20. INVENTORIES

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Food and beverages (cost)	85,010	91,235	79,935	81,979
Operating equipment (net realisable value)	121,015	142,738	106,974	131,473
Operating supplies and others (net realisable value)	49,487	57,864	44,793	52,684
Spare parts (cost)	48,707	53,048	29,885	33,142
Fabrics and garments (cost)	47,436	52,291	44,935	49,264
Stock of land for sale (cost) (note (a))	3,106,831	2,692,532	1,072,579	1,004,500
	<b>3,458,486</b>	<b>3,089,708</b>	<b>1,379,101</b>	<b>1,353,042</b>
(a): Stock of land for sale is made up of:				
Land for sale at Les Salines, Mauritius	1,072,579	1,004,500	1,072,579	1,004,500
Villas under construction in Marrakech, Morocco - to be sold	2,034,252	1,688,032	-	-
	<b>3,106,831</b>	<b>2,692,532</b>	<b>1,072,579</b>	<b>1,004,500</b>

(b) Inventories are included in assets given as collateral for bank borrowings.

(c) Included in stock of land for sale is an amount of Rs. 93.7m for the Group (2011: Rs. 60.4 m) and an amount of Rs 59.9m for the Company (2011: nil) pertaining to interest costs capitalised during the year. The rate used to determine the amount of borrowing costs eligible for capitalisation varied between 7% to 8.5%, which is the effective rate of interest on the specific borrowings.

### 21. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Trade receivables	763,255	891,334	518,292	576,909
Other receivables	1,206,884	1,611,557	184,630	335,879
Amounts due from associates (Note 30)	12,443	11,861	12,443	11,861
Amounts due from subsidiaries (Note 30)	-	-	3,803,278	3,169,738
	<b>1,982,582</b>	<b>2,514,752</b>	<b>4,518,643</b>	<b>4,094,387</b>

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

At September 30, 2012, trade receivables at nominal value of Rs 10.5m (2011: Rs 30.4m) for the Group and Rs 5m (2011: Rs 23.3m) for the Company were impaired and fully provided for.

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

At October 1,	30,372	16,969	23,310	12,700
Acquisition of subsidiaries	-	2,600	-	-
Utilised during the year	(26,314)	-	(23,310)	-
Charge for the year	6,413	10,803	5,000	10,610
At September 30,	<b>10,471</b>	<b>30,372</b>	<b>5,000</b>	<b>23,310</b>

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

	Total	Neither past due nor impaired	< 30 days	Past due but not impaired		
	Rs'000	Rs'000	Rs'000	30 - 60 days	61 - 90 days	> 90 days
GROUP						
2012	763,255	565,631	119,926	37,528	11,887	28,283
2011	891,334	615,811	163,565	20,902	13,219	77,837
COMPANY						
2012	518,292	325,152	129,733	40,678	5,316	17,413
2011	576,909	343,333	136,228	15,289	9,525	72,534

(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 30.

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

### 22. CASH AND CASH EQUIVALENTS

(a) For the purposes of the statements of cash flows, the cash and cash equivalents comprise the following:

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Cash in hand and at bank	680,696	782,004	144,079	86,330
Bank overdrafts	(1,652,493)	(1,848,675)	(1,545,060)	(1,711,292)
	<b>(971,797)</b>	<b>(1,066,671)</b>	<b>(1,400,981)</b>	<b>(1,624,962)</b>

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

The fair value of cash is Rs 681m (2011: Rs 782m) for the Group and Rs 144m (2011: Rs 86m) for the company respectively.

(b) Non-cash transactions

The principal non-cash transaction consists of amount due on renovations of Shandrani and Dinarobin hotels totalling Rs 25 million (2011: Rs 28 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.

(c) There was no undrawn loan facilities at year end (2011: nil)

### 23. STATED CAPITAL

	THE GROUP AND THE COMPANY	
	2012 Rs'000	2011 Rs'000
<b>Authorised</b>		
500,000,000 Ordinary shares at no par value	5,000,000	5,000,000
<b>Issued and fully paid</b>		
161,423,536 Ordinary shares at no par value	<b>1,724,361</b>	<b>1,724,361</b>

### 24. OTHER COMPONENTS OF EQUITY

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
<b>Nature and purpose of reserves</b>				
<i>Other reserves</i>	1,435,343	1,428,913	-	-
These reserves are principally used to record the fair value adjustments relating to shares issued by the Company to acquire all non-controlling interests in local subsidiaries and the movement in the reserves of the associates.				
<i>Available-for-sale financial assets reserve</i>	7,679	28,278	467	1,085
The fair value reserve is principally used to record the fair value adjustment relating to available-for-sale financial assets.				
<i>Revaluation reserve</i>	4,549,874	4,582,556	4,257,911	4,296,971
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.				
<i>Foreign exchange difference reserves</i>	(1,024,901)	(1,025,901)	-	-
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	<b>4,967,995</b>	<b>5,013,846</b>	<b>4,258,378</b>	<b>4,298,056</b>

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

### 25. BORROWINGS

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
<b>Current portion</b>				
Bank overdrafts (note (a))	1,652,493	1,848,675	1,545,060	1,711,292
Term loans (note (b))	2,970,260	1,390,249	2,959,399	1,390,249
Obligations under finance leases (note (c))	50,858	45,018	28,693	20,424
	4,673,611	3,283,942	4,533,152	3,121,965
<b>Non-current portion</b>				
Term loans (note (b))	8,159,284	9,206,675	8,039,827	9,078,769
Obligations under finance leases (note (c))	104,009	108,695	81,541	88,281
	8,263,293	9,315,370	8,121,368	9,167,050
<b>Total borrowings</b>	12,936,904	12,599,312	12,654,520	12,289,015
<b>(a) Bank overdrafts</b>				
The bank overdrafts are secured by floating charges on the assets of the individual companies of the Group.				
The rates of interest vary between 6.25% and 9.00% per annum.				
<b>(b) Term loans</b>				
Term loans can be analysed as follows:				
<i>Current</i>				
- Within one year	2,970,260	1,390,249	2,959,399	1,390,249
<i>Non-current</i>				
- After one year and before two years	1,722,540	1,104,073	1,700,820	1,093,414
- After two years and before five years	4,599,362	5,161,829	4,534,208	5,097,876
- After five years	1,837,382	2,940,773	1,804,799	2,887,479
	8,159,284	9,206,675	8,039,827	9,078,769
	11,129,544	10,596,924	10,999,226	10,469,018

Terms loans are denominated as follows:

	Effective interest rate %	Maturity	THE GROUP		THE COMPANY	
			2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
<i>Denominated in:</i>						
Mauritian rupees	6.30% to 6.75%	On demand	540,879	244,103	540,879	244,103
Mauritian rupees	5.75% to 8.4%	2012-2019	8,002,196	7,396,026	8,002,196	7,396,026
Euro	EURO LIBOR + 2.50%	On demand	1,273,920	-	1,273,920	-
Euro	EURO LIBOR +2.50% to 4%	2017-2021	1,312,549	2,685,069	1,182,231	2,557,163
Euro	EURIBOR +3.7%	2015	-	271,726	-	271,726
			11,129,544	10,596,924	10,999,226	10,469,018

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

The term loans include a loan of Rs 24m (2011: Rs 27.1 m) repayable on demand to New Mauritius Hotels Group Superannuation Fund, loans totalling EUR 1.8m (2011: EUR 1.8M) to Ste Anne Resorts Limited and loans amounting to Rs 400m (2011: nil) to Beachcomber Limited - see note 30.

At the end of the financial year September 30, 2011, various loans were rescheduled with capital moratorium of 2 years and an extension of due date by 2 years.

The Company has breached some covenants with one bank resulting in a reclassification of Rs 1.5b of loan amount as current liability. However, the Bank has not signified its intention to recall back the entire loan in the short term. The Company will honour the refund of the current portion of the loan as per its term of repayment and will amount to Rs 0.3b.

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

### 25. BORROWINGS (cont'd)

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
<b>(c) Obligations under finance leases</b>				
<i>Minimum lease payments:</i>				
- Within one year	62,899	57,370	37,984	29,429
- After one year and before two years	95,468	43,504	75,938	29,432
- After two years and before five years	18,523	79,442	13,127	70,959
	176,890	180,316	127,049	129,820
Less: Future finance charges on obligations under finance leases	(22,023)	(26,603)	(16,815)	(21,115)
Present value of obligations under finance leases	154,867	153,713	110,234	108,705
Present value analysed as follows:				
<i>Current</i>				
- Within one year	50,858	45,018	28,693	20,424
<i>Non-current</i>				
- After one year and before two years	87,356	35,144	69,834	22,363
- After two years and before five years	16,653	73,551	11,707	65,918
	104,009	108,695	81,541	88,281
	154,867	153,713	110,234	108,705

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	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
<i>Deferred tax liabilities</i>						
Accelerated capital allowances	932,641	862,507	70,134	(32,247)	-	-
Assets revaluation	717,779	731,939	-	-	(14,160)	110,735
Employee benefit asset	4,641	4,978	(337)	(3,716)	-	-
Exchange differences	(44,559)	(44,559)	-	-	-	(13,954)
	1,610,502	1,554,865				
<i>Deferred income tax assets</i>						
Losses available for offsetting against future taxable income	(194,642)	(71,183)	(123,459)	2,785	-	-
Exchange differences	3,594	3,594	-	-	-	(10,885)
	(191,048)	(67,589)				
<b>Deferred tax liabilities</b>	1,419,454	1,487,276				
<b>Deferred income tax release (Note 11)</b>			(53,662)	(33,178)		
<b>Deferred income tax charged/(credited) directly to equity</b>					(14,160)	85,896

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

## 26. DEFERRED 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	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
<i>Deferred tax liabilities</i>						
Accelerated capital allowances	834,376	753,934	80,442	(39,194)	-	-
Assets revaluation	666,056	666,056	-	-	-	96,366
Losses available for offsetting against future taxable income	(62,671)	-	(62,671)	-	-	-
Provision	(15,071)	-	(15,071)	-	-	-
Employee benefit asset	4,882	5,218	(336)	(4,019)	-	-
<b>Deferred tax liabilities</b>	<b>1,427,572</b>	<b>1,425,208</b>				
<b>Deferred income tax release (Note 11)</b>			<b>2,364</b>	<b>(43,213)</b>		
<b>Deferred income tax charged directly to equity</b>					<b>-</b>	<b>96,366</b>

## **27. TRADE AND OTHER PAYABLES**

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Trade payables	742,812	726,513	86,234	95,004
Other payables	1,734,231	2,126,271	819,867	713,664
Dividends payable (Note 28)	-	80,712	-	80,712
Loan at call payable to subsidiaries (Note 30)	-	-	269,623	160,939
Amount due to subsidiaries (Note 30)	-	-	2,925,977	2,889,691
	2,477,043	2,933,496	4,101,701	3,940,010

(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 30.

## 28. DIVIDENDS PAID AND PROPOSED

	THE GROUP AND THE COMPANY	
	2012 Rs'000	2011 Rs'000
Interim dividend paid - Nil per share (2011 - Rs 1.50)	-	242,135
Final dividend payable - Nil per share (2011 - Rs 0.50)	-	80,712
	-	322,847

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

## 29. COMMITMENTS

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
<b>Capital Commitments</b>				
Les Salines project	1,000,000	1,000,000	1,000,000	1,000,000
Marrakech Hotel and villa project (Morocco)	3,000,000	3,500,000	-	-
	<b>4,000,000</b>	<b>4,500,000</b>	<b>1,000,000</b>	<b>1,100,000</b>
Les Salines project will consist of a property development of some 160 acres to be sold for residential purpose and the construction of a 18-hole golf course. The amount of Rs 3.0 b represents the estimated costs to complete phase 1 of Marrakech project as at 30 September 2012. For recall, the project consists of the construction of some 92 villas for sale, a golf course and a five star hotel.				
<b>Operating lease commitments</b>				
The Group has various land leases on which the hotel buildings are constructed. Future minimum rentals payable under operating leases as at September 30, are as follows:				
Within one year	88,323	87,080	77,546	77,546
After one year but not more than five years	354,686	349,409	310,184	310,184
More than five years	4,533,762	4,599,550	4,109,944	4,187,490
	<b>4,976,771</b>	<b>5,036,039</b>	<b>4,497,674</b>	<b>4,575,220</b>

## **30. RELATED PARTY DISCLOSURES**

## Compensation of key management personnel

The Group considers only the executive directors as its key management personnel as defined by IAS 24 - Related Party Disclosures.

Their emoluments are disclosed in the Annual report.

There were no share-based payment, short-term, post-employment, other long-term, and termination benefits paid to key management personnel during the year (2011:nil)

The following transactions have been entered into with related parties:

		THE GROUP		THE COMPANY	
		2012	2011	2012	2011
		Rs'000	Rs'000	Rs'000	Rs'000
<b>(i) Included in revenue are:</b>	<b>Nature of goods or services</b>				
<i>Subsidiaries:</i>					
Beachcomber Marketing (Pty) Ltd	Hotel packages	-	-	673,610	575,321
Beachcomber Tours SARL	Hotel packages	-	-	623,117	582,123
Holiday Marketing (Pty) Ltd	Hotel packages	-	-	28,852	22,147
Beachcomber Tours Limited	Hotel packages	-	-	379,466	547,658
Ste Anne Resorts Limited	Management fees	-	-	12,259	16,024
Mautourco Ltd	Management fees	-	-	1,980	-
White Palm Ltd	Management fees	-	-	5,136	-
White Palm Ltd	Rental income	-	-	310	-
Beachcomber Hotel Marrakech S.A.	Promoter's fees	-	-	4,789	2,799
Domaine Palm Marrakech S.A.	Promoter's fees	-	-	1,942	673
		-	-	1,731,461	1,746,745
<i>Associate:</i>					
Parure Limtee	Space rental	110	97	110	97

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

### 30. RELATED PARTY DISCLOSURES (cont'd)

		THE GROUP		THE COMPANY	
		2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
<b>(ii) Included in other expenses are:</b>					
<i>Subsidiaries:</i>					
Beachcomber Limited	Rent	-	-	-	3,000
New Mauritius Hotel - Italia Srl	Marketing costs	-	-	15,000	14,998
Beachcomber Training Academy Limited	Training courses	-	-	4,814	9,876
		-	-	19,814	27,874
<i>Associate:</i>					
Launderers (Hotels & Restaurants) Ltd	Laundry services	112,000	110,540	112,000	110,540
<i>Other related parties:</i>					
New Mauritius Hotels Superannuation Fund	Rent	24,000	-	24,000	-
<b>(iii) Included in finance costs are:</b>					
<i>Interest on call account with subsidiaries:</i>					
Beachcomber Marketing (Pty) Ltd	Interest on call a/c	-	-	14,006	18,130
Beachcomber Tours SARL	Interest on call a/c	-	-	1,514	1,591
		-	-	15,520	19,721
<i>Included in interest on loans:</i>					
<i>Subsidiaries:</i>					
Beachcomber Limited	Interest on loans	-	-	14,209	-
Ste Anne Resorts Limited	Interest on loans	-	-	3,566	174
		-	-	17,775	174
<i>Other related party:</i>					
New Mauritius Hotels Superannuation Fund	Interest on loan	1,922	2,364	1,922	2,364
<b>(iv) Included in the trade receivables balance are:</b>					
<i>Subsidiaries:</i>					
Holiday Marketing (Pty) Ltd		-	-	7,398	3,271
Beachcomber Tours SARL		-	-	78,756	63,974
Beachcomber Tours Limited		-	-	28,828	35,529
Beachcomber Marketing (Pty) Ltd		-	-	45,248	43,074
White Palm Ltd		-	-	7,382	528
Mautourco Ltd		-	-	2,355	2,291
		-	-	169,967	148,667
<b>(v) Year-end balances receivables from associates:</b>					
<i>Associates:</i>					
Societe Cajeva		12,443	11,771	12,443	11,771
Parure Limitee		-	90	-	90
		12,443	11,861	12,443	11,861

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

### 30. RELATED PARTY DISCLOSURES (cont'd)

		THE GROUP		THE COMPANY	
		2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
<b>(vi) Year-end balances receivable from related parties:</b>					
<i>Subsidiaries:</i>					
Ste Anne Resorts Limited		-	-	451,873	457,566
Beachcomber Gold Coast Limited		-	-	107,357	107,357
Kingfisher Ltd		-	-	2,342	2,340
Beachcomber Hotel Marrakech S.A.		-	-	30,483	112,401
Beachcomber Hotel S.A.		-	-	1,247,372	1,136,885
Domaine Palm Marrakech S.A.		-	-	1,882,477	1,286,531
New Mauritius Hotel - Italia Srl		-	-	32,543	32,543
Les Salines Development Ltd		-	-	10	8
Les Salines Golf and Resort Limited		-	-	29,429	19,524
Beachcomber Training Academy Limited		-	-	19,369	14,583
Mautourco Ltd		-	-	19	-
Trans-Maurice Car Rental Ltd		-	-	4	-
		-	-	3,803,278	3,169,738
<i>Other related party:</i>					
Fondation Espoir et Développement		4,064	1,682	4,064	1,682
New Mauritius Hotels Superannuation Fund		-	-	3,000	-
		4,064	1,682	7,064	1,682
<b>(vii) Included in the loan at call payable to subsidiaries balance are:</b>					
<i>Subsidiaries:</i>					
Loan at call payable to Beachcomber Tours SARL		-	-	39,754	-
Loan at call payable to Beachcomber Marketing (Pty) Ltd		-	-	229,869	160,939
		-	-	269,623	160,939
<b>(viii) Included in the other payables balance are:</b>					
<i>Subsidiaries:</i>					
Ste Anne Resorts Limited		-	-	11	-
Beachcomber Tours SARL		-	-	1,756	26,253
Beachcomber Marketing (Pty) Ltd		-	-	3,600	4,094
Holiday Marketing (Pty) Ltd		-	-	4	22
Beachcomber Tours Limited		-	-	100	8,558
Mautourco Ltd		-	-	6,740	2,417
White Palm Ltd		-	-	1,035	95
		-	-	13,246	41,439
<i>Associate:</i>					
Launderers (Hotels & Restaurants) Ltd		12,801	7,369	12,801	7,369

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

30. RELATED PARTY DISCLOSURES (cont'd)

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
(ix) Year-end balances payable to related parties:				
Subsidiaries:				
Grand Baie Hotel Limited	-	-	439,549	440,266
Société Immobilière et Touristique de Grand Baie	-	-	25,575	25,575
Royal Gardens Ltd	-	-	139,269	139,312
Société Royal Gardens	-	-	299,559	299,599
Maunex (Mauritius) Limited	-	-	447,515	447,552
Imperial Ltd	-	-	246,320	247,031
White Palm Ltd	-	-	6,514	-
Plaisance Catering Limited	-	-	100,947	100,956
Beachcomber Limited	-	-	1,185,957	1,154,597
Beachcomber Boutiques Limited	-	-	34,772	34,803
	-	-	2,925,977	2,889,691
(x) Interest bearing loans and borrowings from related parties included in "term loans":				
Loans payable to Beachcomber Limited	-	-	400,000	-
Loan payable to New Mauritius Hotels Superannuation Fund	23,879	27,103	23,879	27,103
Loans payable to Ste Anne Resorts Limited	-	-	72,984	73,443
	23,879	27,103	496,863	100,546

-Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured and settlement occurs in cash. New Mauritius Hotels Limited has acted as guarantor for a EUR 1.5 M loan granted to Ste Anne Resorts Limited. For the financial year ended September 30, 2012 and 2011, the Group has assessed that no provision for impairment losses relating to amounts owed by related parties is necessary. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

-Loans from related parties

Loans payable to Beachcomber Limited bear an interest rate of PLR+ 1% p.a.  
Loan payable to New Mauritius Hotels Superannuation Fund bears an interest rate of 6.5% p.a.  
Loans payable to Ste Anne Resorts Limited comprise of two loans of EUR 333,000 and EUR 1.5M. The loans bear an interest rate of LIBOR 1 month+3% and LIBOR 1 month+4% respectively.

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group's activities, therefore, expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(i) Credit risk

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

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

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

	THE GROUP		THE COMPANY	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Cash and cash equivalents	680,696	782,004	144,079	86,330
Available-for-sale financial assets	19,141	39,721	1,378	1,996
Trade and other receivables	1,540,183	1,806,390	4,350,938	3,759,382
Foreign exchange forward contracts	10,737	15,093	10,737	15,093
	2,250,757	2,643,208	4,507,132	3,862,801

Trade and other receivables exclude prepayments.

(ii) Market risk

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

The sensitivity analysis in the following sections relates to the position as at September 30, 2012 and 2011. The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial statements in foreign currencies are all constant. The analysis excludes the impact of movements in market variables on the carrying value of pension and other post retirement obligations, provisions and on the non-financial assets and liabilities of the Group.

The following assumption has been made in calculating the sensitivity analysis: 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, 2012 and 2011.

(a) Foreign currency risk

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

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

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

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

	THE GROUP			THE COMPANY	
	Increase in rates	Effect on profit before tax	Effect on equity	Effect on profit before tax	Effect on equity
	%	Rs'000	Rs'000	Rs'000	Rs'000
2012					
Euros	5%	(129,866)	-	25,402	-
Pound Sterling	5%	6,668	-	2,802	-
Rands	5%	(7,502)	-	187	-
United States Dollars	5%	945	-	684	-
Australian Dollars	5%	1,286	-	148	-
Seychelles Rupees	5%	(1,393)	-	-	-
Moroccan Dirham	5%	(5,965)	-	-	-
Swiss Francs	5%	84	-	84	-
2011					
Euros	5%	(149,432)	-	(18,517)	-
Pound Sterling	5%	4,028	-	1,669	-
Rands	5%	(5,293)	-	36	-
United States Dollars	5%	531	-	400	-
Australian Dollars	5%	43	-	(8)	-
Seychelles Rupees	5%	6,124	-	-	-
Moroccan Dirham	5%	(10,944)	-	-	-
Swiss Francs	5%	-	-	-	-

A decrease in the rates have an equal and opposite effect on profit before tax and equity. In practice, actual results may differ from estimates and the difference could be material.

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	
	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000	2012 Rs'000	2011 Rs'000
Euros	871,948	1,030,002	3,469,265	4,018,643	3,574,756	3,006,233	3,066,710	3,376,575
Pound Sterling	285,764	269,448	152,401	188,879	56,310	36,710	274	3,333
Rands	112,679	227,548	262,714	333,407	3,732	726	2	-
United States Dollars	18,909	12,751	-	2,126	18,909	10,117	5,231	2,125
Australian Dollars	26,309	17,996	596	17,137	2,957	-	-	160
Seychelles Rupees	37,712	163,638	65,575	41,156	-	-	-	-
Mauritian Rupees	408,938	388,919	10,857,502	10,178,860	848,789	809,826	13,684,003	12,846,832
Moroccan Dirhams	486,819	533,715	606,116	752,600	-	-	-	-
Swiss Francs	1,679	-	-	-	1,679	-	-	-
	2,250,757	2,644,017	15,414,169	15,532,808	4,507,132	3,863,612	16,756,220	16,229,025

(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.

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

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

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 1% and EUR 0.25%.

	Increase in rates  %	THE GROUP	THE COMPANY
		Effect on profit before tax Rs'000	Effect on profit before tax Rs'000
2012			
Interest-bearing loans and borrowings in MUR	1.00%	76,072	76,072
Interest-bearing loans and borrowings in EUR	0.25%	6,466	6,140
2011			
Interest-bearing loans and borrowings in MUR	1.00%	66,569	66,569
Interest-bearing loans and borrowings in EUR	0.25%	7,392	7,072

A decrease in the rates have an equal and opposite effect on profit before tax. In practice, actual results may differ from estimates and the difference could be material.

(iii) Liquidity risk

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

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

THE GROUP	On demand Rs'000	Less than 3 months Rs'000	3 to 12 months Rs'000	1 to 5 years Rs'000	> 5 years Rs'000	Total Rs'000
2012						
Trade and other payables	-	2,477,043	-	-	-	2,477,043
Borrowings	3,467,292	322,046	1,363,087	8,015,726	1,965,263	15,133,414
	3,467,292	2,799,089	1,363,087	8,015,726	1,965,263	17,610,457
2011						
Trade and other payables	-	2,933,496	-	-	-	2,933,496
Borrowings	2,092,778	479,514	1,184,849	8,866,315	2,944,201	15,567,657
	2,092,778	3,413,010	1,184,849	8,866,315	2,944,201	18,501,153

THE COMPANY	On demand Rs'000	Less than 3 months Rs'000	3 to 12 months Rs'000	1 to 5 years Rs'000	> 5 years Rs'000	Total Rs'000
2012						
Trade and other payables	-	4,101,701	-	-	-	4,101,701
Borrowings	3,359,859	315,716	1,330,005	7,893,929	1,931,685	14,831,194
	3,359,859	4,417,417	1,330,005	7,893,929	1,931,685	18,932,895
2011						
Trade and other payables	-	3,940,010	-	-	-	3,940,010
Borrowings	1,955,393	454,922	849,995	8,769,148	3,198,911	15,228,369
	1,955,393	4,394,932	849,995	8,769,148	3,198,911	19,168,379

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

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

(iv) Capital Management

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

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

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Group's policy is to keep the gearing ratio between 60% - 80%. The actual gearing is higher as anticipated by management and is principally due to the financing of projects as part of the Group's strategy. The gearing ratio will improve once cash is generated from the projects. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents. Total capital is based on 'equity attributable to owners of the parent' as shown in the statement of financial position. The gearing ratios at September 30, 2012 and September 30, 2011 were as follows:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing loans and borrowings	15,133,414	15,567,657	14,831,194	15,228,369
Less interests costs included above	(2,196,510)	(2,968,346)	(2,176,674)	(2,939,354)
Less cash in hand and at bank	(680,696)	(782,004)	(144,079)	(86,330)
Net Debt	12,256,208	11,817,307	12,510,441	12,202,685
Equity	12,768,487	12,185,862	10,327,632	9,752,154
Net realised gains reserve	-	-	-	-
Total capital	12,768,487	12,185,862	10,327,632	9,752,154
Equity attributable to owners of the parent	12,768,487	12,185,862	10,327,632	9,752,154
Gearing Ratio	96%	97%	121%	125%

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

As at 30 September 2012, the Group held the following financial instruments carried at fair value in the Statement of financial position:

	THE GROUP				THE COMPANY			
Assets measured at fair value	30 September 2012 Rs'000	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	30 September 2012 Rs'000	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000
Other financial assets at fair value through profit or loss (Note 34):								
Foreign exchange forward contracts	2,911	-	2,911	-	2,911	-	2,911	-
Currency options	7,826	-	7,826	-	7,826	-	7,826	-
Available-for-sale financial assets (Note 18)	15,182	15,182	-	-	1,330	1,330	-	-
	25,919	15,182	10,737	-	12,067	1,330	10,737	-

Unquoted available-for-sale financial assets represent investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured. Available-for-sale financial assets are therefore measured at cost. During the reporting period ended 30 September 2012, there were no transfers between Level 1 and Level 2 fair value measurements.

As at 30 September 2011, the Group held the following financial instruments measured at fair value in the Statement of financial position:

	THE GROUP				THE COMPANY			
Assets measured at fair value	30 September 2011 Rs'000	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	30 September 2011 Rs'000	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000
Other financial assets at fair value through profit or loss								
Foreign exchange forward contracts	3,077	-	3,077	-	3,077	-	3,077	-
Currency options	12,826	-	12,826	-	12,826	-	12,826	-
Available-for-sale financial assets (Note 18)	36,976	36,976	-	-	1,948	1,948	-	-
	52,879	36,976	15,903	-	17,851	1,948	15,903	-

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

33. BUSINESS COMBINATIONS

Acquisition in 2011

(a) Acquisition of White Palm Ltd and Mautourco Ltd

In October 2010, the Group acquired the "White Sand Tours" trademark for Rs 27.6m. The management of New Mauritius Hotels Limited is confident that White Sand Tours has a portfolio of reliable and loyal customers and with this acquisition, it intends to benefit from synergies and hence create values for its shareholders. A newly formed company, White Palm Ltd, was set up and operations started on January 1, 2011. The trademark was recognised as an intangible asset in the subsidiary's books.

On April 1, 2011, New Mauritius Hotels Limited acquired control of 51% of Mautourco Ltd in exchange for relishing 49% of its stake in White Palm Ltd. Mautourco Ltd and White Palm Ltd are now 100% subsidiaries of Societe Pur Blanca, itself a 51% subsidiary of New Mauritius Hotels Limited, with Rogers & Co. Ltd as the other shareholder.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Mautourco Ltd as at the date of acquisition were:

	Carrying amount on acquisition Rs'000	Fair value recognised on acquisition Rs'000
<b>Assets</b>		
Property, plant and equipment	103,080	103,080
Inventories	1,766	1,766
Trade and other receivables	74,103	74,103
Cash and bank	25,575	25,575
	204,524	204,524
<b>Liabilities</b>		
Trade and other payables	140,259	140,259
Finance lease obligations	15,672	15,672
Deferred taxation	1,276	1,276
Employee benefit liabilities	6,313	6,313
	163,520	163,520
Total identifiable net assets at fair value		41,004
Non-controlling interest at their proportion of the fair value of the net assets		(20,092)
Negative goodwill arising on acquisition		(5,895)
Net assets of White Palm Ltd transferred, as consideration		15,017

Mautourco Ltd has contributed to Rs 4.9 million from the date of acquisition April 1, 2011 to September 30, 2011 to the profit for the year. If the business combination has taken place at the beginning of the financial year 2011, revenue would have been Rs 7.7 b and profit for the year for the Group would have been Rs 761 million.

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

33. BUSINESS COMBINATIONS (cont'd)

Acquisition in 2011

(b) Acquisition of Domain Palm Marrakech S.A.

Domaine Palm Marrakech S.A. was an associate of NMH (50% holding) until April 2011. The Company bought the remaining 50% from the other shareholder and as a result, Domaine Palm Marrakech S.A. became a fully owned subsidiary.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Domain Palm Marrakech S.A. as at the date of acquisition were:

	Carrying amount on acquisition Rs'000	Fair value recognised on acquisition Rs'000
<b>Assets</b>		
Property, plant and equipment	174,222	174,222
Investments	104,072	104,072
Inventories	1,441,143	1,637,544
Trade and other receivables	543,558	543,558
Cash and bank	55,444	55,444
	2,318,439	2,514,840
<b>Liabilities</b>		
Trade and other payables	2,065,316	2,065,316
Bank overdraft	132,474	132,474
	2,197,790	2,197,790
Total identifiable net assets at fair value		317,050
Equity Fair value		(98,649)
Goodwill arising on acquisition		5,883
Purchase price		224,284

The fair value of the inventories was based on management estimates.

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

### **34. OTHER FINANCIAL ASSETS**

	THE GROUP AND THE COMPANY	
	2012	2011
	Rs'000	Rs'000
<b>Other financial assets at fair value through profit or loss</b>		
Derivatives not designated as hedges:		
Foreign exchange forward contracts	2,911	3,077
Currency options	7,826	12,826
<b>Total other financial assets at fair value</b>	<b>10,737</b>	<b>15,903</b>
Disclosed as follows:		
<b>Total current</b>	<b>10,737</b>	<b>15,903</b>
<b>Total non-current</b>	<b>-</b>	<b>-</b>

Other financial assets through profit or loss represent foreign exchange forward contracts and currency options that are not designated in hedge relationships as they are intended to reduce the level of foreign currency risk arising over operations.

These foreign exchange forward contracts and currency options are not designated as cash flow, fair value or net investment hedges and are entered into for periods consistent with currency transaction exposures, generally from one to 12 months.

The Group enters into derivative financial instruments with various counterparties, principally financial institution with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are the foreign exchange forward contracts, currency options and currency swaps. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporates various inputs including foreign exchange spot and forward rates, interest rate curves and forward rate curves of the underlying commodity.

### 35. FAIR VALUES

The carrying amounts of financial assets and liabilities approximate their value.

## NOTES TO THE FINANCIAL STATEMENTS

september 30, 2012

### **36. PARTICULARS OF DIRECTORATE IN SUBSIDIARIES**

	HOTEL & PROPERTY OPERATIONS														TOUR OPERATING										TRAINING				SECRETARIAL INVESTMENT				DORMANT			
DIRECTORS	LES SAINES GOLF AND RESORTS LIMITED	STE ANNE RESORTS LIMITED	BEACHCOMBER GOLD COAST LIMITED	DOMAINE PALM MARRAKECH S.A.	BEACHCOMBER HOTEL S.A.	BEACHCOMBER MARKETING (PTY) LTD	HOLIDAY TOURS SARL	BEACHCOMBER TOURS (PTY) LTD	WILD AFRICA SAFARI LTD	BEACHCOMBER HOLIDAYS LIMITED	TRANSMAURICE HOTELS - ITALIA SRL	MAITOURCO LTD	WHITE PALM LTD	BEACHCOMBER TRAINING ACADEMY LIMITED	BEACHCOMBER LIMITED	KINGFISHER LTD	LES SAINES DEVELOPMENT LTD	GRAND BAIE HOTEL MARRAKECH S.A.	ROYAL GARDENS LTD	MAJINEX (MAURITIUS) LIMITED	IMPERIAL LTD	PLAISANCE CATERING LIMITED	BEACHCOMBER BOUTIQUES LIMITED													
Jean-Paul ADAM																																				
Sunil BANYMANDHUB																																				
Sheila COLLET SERRET																																				
Herbert COUCAUD																																				
Michel DARUTY DE GRANDPRE																																				
Jacques DOGER DE SPÉVILLE																																				
Robert DOGER DE SPÉVILLE																																				
Odile DE COMMARMOND																																				
Robert DE FROBERVILLE																																				
Annabelle DUPONT																																				
Rodney EATHER																																				
Mike EDWARDS																																				
Hector ESPITALIER-NOËL																																				
Maurice ESPITALIER-NOËL																																				
Philippe ESPITALIER-NOËL																																				
Alexandre FAYD'HERBE																																				
Chris GILBERT																																				
Asraf KHODABUX																																				
Jean-Marc LAGESSE																																				
René LAVIOLETTE																																				
Mikael LE LURON																																				
Jean-Hugues MAIGROT																																				
Marcel MASSON																																				
Frantz MERVEN																																				
Francis MONTOCCHIO																																				
Terry MUNRO																																				
Soopaya PARIANEN																																				
Bertrand E. PIAT																																				
Laurent E. PIAT																																				
Jean-Louis PISMONT																																				
Michel PITOT																																				
Tiburce PLISSONNEAU DUQUESNE																																				
Cedric POONISAMI																																				
Jean-Paul POUSSIN																																				
Louis RIVALLAND																																				
Richard ROBERT																																				
Jacques SILVANT																																				
Peter TAYLOR																																				
Timothy TAYLOR																																				
François VENIN																																				

NOTICE OF ANNUAL MEETING

NEW MAURITIUS HOTELS LIMITED

Notice is hereby given that the Annual Meeting of the shareholders of New Mauritius Hotels Limited will be held at Labourdonnais Waterfront Hotel, Caudan, Port-Louis, on Friday, February 15, 2013 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, 2012 including the Annual Report and the Auditors' Report.
- 2. To reappoint, in accordance with Section 23.6 of the Company's Constitution, Messrs Sunil Banymandhub and Louis Rivalland, who are the two Directors due for retirement, as Director of the Company.
- 3. To confirm, in accordance with Section 23.4 of the Company's Constitution, the appointment of Messrs Gilbert Espitalier Noel and Colin Taylor, nominated by the Board to replace Messrs Michel Pitot and Timothy Taylor respectively who had resigned.
- 4. To confirm, in accordance with Section 23.4 of the Company's Constitution, the appointment of Mr Jacques Silvant, nominated by the Board as Executive Director, in replacement, by rotation, of Mr Jean Marc Lagesse whose tenure had expired.
- 5. To reappoint Messrs Ernst & Young as auditors for the financial year ending September 30, 2013 and authorise the Board of Directors to fix their remuneration.
- 6. 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, Beachcomber House, Botanical Garden Street, Curepipe, not less than twenty-four hours before the meeting.

By order of the Board  
BEACHCOMBER LIMITED  
Secretary



(Per Francis MONTOCCHIO)  
January 28, 2013

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 or

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 15, 2013 at 10.30 a.m and at any adjournment thereof.

Signed this ..... day of ..... 2013.

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, 2012 including the Annual Report and the Auditors' Report.		
2. To reappoint, in accordance with Section 23.6 of the Company's Constitution, Messrs Sunil Banymandhub and Louis Rivalland, who are the two Directors due for retirement, as Director of the Company.		
3. To confirm, in accordance with Section 23.4 of the Company's Constitution, the appointment of Messrs Gilbert Espitalier Noel and Colin Taylor, nominated by the Board to replace Messrs Michel Pitot and Timothy Taylor respectively who had resigned.		
4. To confirm, in accordance with Section 23.4 of the Company's Constitution, the appointment of Mr Jacques Silvant, nominated by the Board as Executive Director, in replacement, by rotation, of Mr Jean Marc Lagesse whose tenure had expired.		
5. To reappoint Messrs Ernst & Young as auditors for the financial year ending September 30, 2013 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.



The pioneer and leader in the tourism industry in Mauritius, New Mauritius Hotels, operating under the Beachcomber Hotels brand name, this year celebrates its 60<sup>th</sup> anniversary.



1952: Park Hotel in Curepipe



beachcomber  
HOTELS

DREAM IS A SERIOUS THING  
MAURITIUS • Royal Palm • Dinarobin • Paradis • Trou aux  
Biches • Shandrani • Le Victoria • Le Canonier • Le Mauricia  
Domaine de l'Harmonie • SEYCHELLES • Sainte Anne  
Resort • MOROCCO • Domaine Royal Palm Marrakech  
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ANNUAL REPORT 2012  
NEW MAURITIUS HOTELS LIMITED