



NEW MAURITIUS HOTELS LIMITED

AUDITED ABRIDGED ANNUAL RESULTS FOR THE YEAR ENDED SEPTEMBER 30, 2010

INCOME STATEMENTS

	THE GROUP	
	2010 Rs.'000	2009 Rs.'000
Revenue	6,833,209	7,401,852
Cost of inventories expensed	(938,007)	(937,760)
Staff costs	(2,076,824)	(2,082,868)
Other expenses	(2,052,589)	(2,208,816)
Depreciation of property, plant and equipment	(385,202)	(393,645)
Amortisation of intangible assets	(3,541)	(1,943)
Loss on disposal of property, plant and equipment	(120)	(1,326)
Impairment of goodwill	(58,734)	-
Finance revenue	19,715	38,631
Finance costs	(394,856)	(412,083)
Closure costs	(194,078)	(151,831)
Other income	89,187	125,460
Share of results of associated companies	(27,671)	(7,169)
Profit before tax	810,489	1,368,502
Income tax expense	(108,264)	(158,463)
Profit for the year	702,225	1,210,039
Profit for the year attributable to:		
Owners of the parent	659,778	1,175,788
Non-controlling interests	42,447	34,251
	702,225	1,210,039
Basic earnings per share (Rs)	4.09	7.28

SEGMENTAL INFORMATION

	THE GROUP	
	2010 Rs.'000	2009 Rs.'000
Segment revenue:		
Hotel operations	5,543,246	6,135,721
Others	1,289,963	1,266,131
Total revenue	6,833,209	7,401,852
Segment results:		
Hotel operations	949,140	1,377,326
Others	174,974	246,337
	1,124,114	1,623,663
Finance revenue	19,715	38,631
Finance costs	(394,856)	(412,083)
Other income	89,187	125,460
Share of results of associated companies	(27,671)	(7,169)
Profit before tax	810,489	1,368,502

STATEMENTS OF COMPREHENSIVE INCOME

	THE GROUP	
	2010 Rs.'000	2009 Rs.'000
Profit for the year	702,225	1,210,039
Other comprehensive income, net of tax:		
Exchange differences on translating foreign operations	(174,277)	(253,171)
Available-for-sale financial assets	1,906	19,009
Cash flow hedges	(25,540)	(33,020)
Gains on revaluation of land and buildings	-	711,179
Share of other comprehensive income of associated companies	176,022	(29,452)
Other comprehensive income for the year, net of tax	(21,889)	414,545
Total comprehensive income for the year	680,336	1,624,584
Total comprehensive income for the year attributable to:		
Owners of the parent	637,217	1,583,291
Non-controlling interests	43,119	41,293
	680,336	1,624,584

STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Retained Earnings	Foreign Exchange Difference Reserves	Fair Value-Reserves	Revaluation Reserves	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
At October 1, 2008	1,724,361	4,153,226	(476,311)	11,625	3,027,301	1,443,455	9,883,657	73,698	9,957,355
Changes in equity for the year									
Dividends	-	(645,694)	-	-	-	-	(645,694)	(63,646)	(709,340)
Total comprehensive income for the year	-	1,170,708	(304,242)	19,009	711,179	(13,363)	1,583,291	41,293	1,624,584
Transfer to retained earnings	-	36,149	-	-	(36,149)	-	-	-	-
At September 30, 2009	1,724,361	4,714,389	(780,553)	30,634	3,702,331	1,430,092	10,821,254	51,345	10,872,599
At October 1, 2009	1,724,361	4,714,389	(780,553)	30,634	3,702,331	1,430,092	10,821,254	51,345	10,872,599
Changes in equity for the year									
Dividends	-	(403,559)	-	-	-	-	(403,559)	(49,250)	(452,809)
Total comprehensive income for the year	-	659,778	(199,392)	1,906	187,984	(13,059)	637,217	43,119	680,336
Transfer to retained earnings	-	36,671	-	-	(36,671)	-	-	-	-
At September 30, 2010	1,724,361	5,007,279	(979,945)	32,540	3,853,644	1,417,033	11,054,912	45,214	11,100,126

STATEMENTS OF FINANCIAL POSITION

	THE GROUP	
	2010 Rs.'000	2009 Rs.'000
ASSETS		
Non-current assets		
Property, plant and equipment	17,227,577	14,534,134
Investment properties	1,994,500	1,915,000
Intangible assets	1,684,705	1,696,735
Investment in associated companies	484,017	335,665
Available-for-sale financial assets	43,982	42,076
Employee benefit assets	60,436	48,228
Total non-current assets	21,495,217	18,571,838
Current assets		
Inventories	311,744	326,338
Trade and other receivables	2,675,848	2,200,980
Cash in hand and at bank	496,953	765,512
Total current assets	3,484,545	3,292,830
Total assets	24,979,762	21,864,668
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Stated capital	1,724,361	1,724,361
Retained earnings	5,007,279	4,714,389
Other components of equity	4,323,272	4,382,504
Total equity attributable to owners of the parent	11,054,912	10,821,254
Non-controlling interests	45,214	51,345
Total equity	11,100,126	10,872,599
Non-current liabilities		
Borrowings	6,422,717	4,171,621
Deferred tax liability	1,434,558	1,454,034
Total non-current liabilities	7,857,275	5,625,655
Current liabilities		
Trade and other payables	2,876,780	3,011,843
Borrowings	3,144,531	2,288,404
Income tax payable	1,050	66,167
Total current liabilities	6,022,361	5,366,414
Total liabilities	13,879,636	10,992,069
Total equity and liabilities	24,979,762	21,864,668

STATEMENTS OF CASH FLOWS

	THE GROUP	
	2010 Rs.'000	2009 Rs.'000
Net cash flows from operating activities	1,013,690	2,091,939
Investing activities		
Purchase of property, plant and equipment	(3,175,334)	(1,965,304)
Purchase of intangible assets	(61,551)	-
Purchase of investment properties	(8,710)	(375,000)
Proceeds from sale of property, plant and equipment	12,787	12,700
Subscription of shares in associated companies	-	(86,700)
Dividend received	4,800	5,531
Interest received	14,915	33,100
Net cash flows used in investing activities	(3,213,093)	(2,375,673)
Financing activities		
Proceeds from borrowings	4,527,240	2,680,000
Repayment of term loans	(1,894,251)	(910,648)
Repayment of finance lease liabilities	(672)	(11,335)
Interest paid	(394,856)	(396,333)
Dividends paid to equity holders of the parent	(645,694)	(807,118)
Dividends paid to non-controlling interests	(49,250)	(63,646)
Net cash flows from financing activities	1,542,517	490,920
Net (decrease)/increase in cash and cash equivalents	(656,886)	207,186
Cash and cash equivalents at October 1,	(244,674)	(461,428)
Net foreign exchange difference	(79,747)	9,568
Cash and cash equivalents at September 30,	(981,307)	(244,674)

COMMENTS

Consolidation and Accounting Standards

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

Overview

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

Results

Total Revenue declined by 7.7% to Rs6,833m from Rs7,402m in 2009 although NMH did not engage in systematic price discounting. The strength of the Rupee impacted negatively on the Group's foreign currency receipts and earnings by some Rs390m whereas the reduced room availability associated with the reconstruction of Trou aux Biches hotel resulted in a shortfall of Rs176m in turnover.

Expenses were tightly controlled across all operations with the objective of containing costs while maintaining high standards of service to guests. Other expenses which include sales and marketing, maintenance and general administration were Rs135m less than last year excluding CSR contribution, Rs21.2m (2009: Rs 19.5m), now classified as income tax expense.

Depreciation charges and finance costs were Rs385.2m and Rs 394.8m respectively compared to Rs393.6m and Rs412.1m respectively last year. Finance costs of Rs171m in respect of Trou aux Biches hotel and Rs62m in respect of Marrakech project were capitalized.

Two major airlines having ended their contract with our catering unit, the future revenues and profitability of that division will be significantly impacted. The impairment test carried out has necessitated the writing off of the attributable goodwill amounting to Rs58.7m which arose on the merger of this operation with NMH in 2002.

The drop in profitability is mainly due to the shortfall in revenue mentioned above. Hence, Group earnings attributable to shareholders amounted to Rs 659.8m as against Rs 1,175.8m last year.

Dividends

In line with its distribution policy, total dividends declared were reduced this year to Rs403.6m, representing Rs2.50 per share as against Rs4.00 last year.

Projects

The partial re-opening of the Trou aux Biches hotel took place on the 5th November with some 115 rooms and 100 additional rooms were made available as from 20th December. The hotel should be fully operational by May next year with 333keys/417 rooms. The hotel was originally scheduled to re-open in April 2010 but was delayed on account of various stop orders obtained by neighbours who objected mainly to the deviation of the coastal road. These stop orders were subsequently set-aside by the Court. This impacted both revenue and construction costs. The final cost of the project will now be in the region of Rs4.5 billion.

The Marrakech project which involves the construction of the Royal Palm Marrakech hotel – 135 suites/villas - and the adjacent real estate development – 239 villas - has had to be slowed down on account of the weak demand for villas from prospective buyers. Unlike NMH, its strategic partner did not come up with additional funds required to pursue the initial construction program. NMH is considering various options to bring the project to a satisfactory conclusion. It should, however, be noted that the value of the land acquired and paid for during the year has significantly increased given its uniqueness in size and situation.

In October 2010, NMH acquired for the sum of Rs30m the trademark and logo "White Sand Tours" together with the Destination Management Business of White Sand Tours Limited.

Outlook

At the time of writing, earnings for the first quarter are expected to be around 10% more than last year's and, based on the present positive trend in bookings in the high season, the second quarter is also likely to produce better results than those realised last year. These anticipated positive results are, however, dependant on the present exchange rates not deteriorating and the economic conditions in our main source markets remaining stable.

The Audited Abridged Financial Statements are issued pursuant to Listing Rule 12.20 and the Securities Act 2005. The Board of Directors of New Mauritius Hotels Limited accepts full responsibility for the accuracy of the information contained therein.

Copies of the Statement of direct and indirect interests of Officers pursuant to rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 and the Financial Statements are available free of charge at the head office of the Company, 10, Robert Edward Hart Street, Curepipe.

By Order of the Board

December 21, 2010



beachcomber
HOTELS

DREAM IS A SERIOUS THING

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

WWW.BEACHCOMBER-HOTELS.COM