



Trou aux Biches Resort & Spa

Annual Report 2011



NEW MAURITIUS HOTELS LIMITED



Your Board of Directors is pleased to present the Annual report of New Mauritius Hotels Limited for the year ended September 30, 2011. This report was approved by the Board of Directors on December 14, 2011.

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GROUP STRUCTURE

as at september 30, 2011

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	Hervé DUBOSCQ
▶ 100% BEACHCOMBER HOTEL S.A Morocco	Xavier JOLIVET
▶ 100% DOMAINE PALM MARRAKECH S.A Morocco	Laurent E. PIAT
Training	
▶ 100% BEACHCOMBER TRAINING ACADEMY LIMITED	Iqbal BADULLA
Secretarial Services	
▶ 100% BEACHCOMBER LIMITED	
Tour Operating	
▶ 100% BEACHCOMBER TOURS SARL France	Carole PEYRE
▶ 100% BEACHCOMBER TOURS LIMITED England	Chris GILBERT
▶ 100% NEW MAURITIUS HOTELS - ITALIA SRL Italy	Sheila COLLET SERRET
▶ 75% HOLIDAY MARKETING (PTY) LTD Australia	Rod EATHER
▶ 51% BEACHCOMBER MARKETING (PTY) South Africa	Terry MUNRO
▶ 51% WHITE PALM LTD	Asraf KHODABUX
▶ 51% MAUTOURCO LTD	Richard ROBERT
▶ 51% TRANMAURICE CAR RENTAL LTD	Richard ROBERT

Non- Executive

Hector ESPITALIER-NOËL
Chairman
Member of the Corporate Governance Committee

Sunil BANYMANDHUB
Chairman of the Audit Committee

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

Michel PITOT
Member of the Corporate Governance Committee

Louis RIVALLAND
Member of the Audit Committee

Timothy TAYLOR

Executive

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

Robert DOGER DE SPÉVILLE
Commercial Director

Jean Marc LAGESSE
General Manager Paradis/Dinarobin Hotels

Marcel MASSON
Finance Director
Member of the Corporate Governance Committee

Secretary

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

Auditors

Ernst & Young
NexTeracom Tower,
Ebene, Mauritius.

Bankers

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

Legal Advisers

Local

Me. Guy RIVALLAND S.A.
Me Maxime SAUZIER
Me Michael KING FAT
Me Yves HEIN

International

Me Jean François COLIN

Notary

Me. Jean-Hugues MAIGROT

Registered Office

10, Robert Edward Hart Street, Curepipe, Mauritius.
Tel: + (230) 601 3232 - Fax: + (230) 675 3240
E-mail: beachcomber@bchot.com

Website

www.beachcomber-hotels.com

KEY FIGURES

september 30, 2011

Income statements

Revenue	
Profit before tax	
Income tax expense	
Profit for the year	
Non-controlling interests	
Profit attributable to equity holders of the parent	
Dividends	
Retained profit for the year	

THE GROUP

	2011	2010	2009
	Rs'm	Rs'm	Rs'm
	7,622	6,833	7,402
	803	810	1,368
	(51)	(108)	(158)
	752	702	1,210
	(26)	(42)	(34)
	726	660	1,176
	(323)	(404)	(646)
	403	256	530

Statement of financial position

Non-current assets	
Current assets	
Share capital	
Other reserves	
Retained earnings	
Shareholders funds	
Non-controlling interests	
Total equity	
Non-current liabilities	
Current liabilities	

	2011	2010	2009
	Rs'm	Rs'm	Rs'm
	22,842	21,495	18,572
	6,413	3,485	3,293
	1,724	1,724	1,724
	5,014	4,323	4,383
	5,448	5,008	4,714
	12,186	11,055	10,821
	47	45	51
	12,233	11,100	10,872
	10,803	7,857	5,626
	6,220	6,022	5,366

Key financial ratios

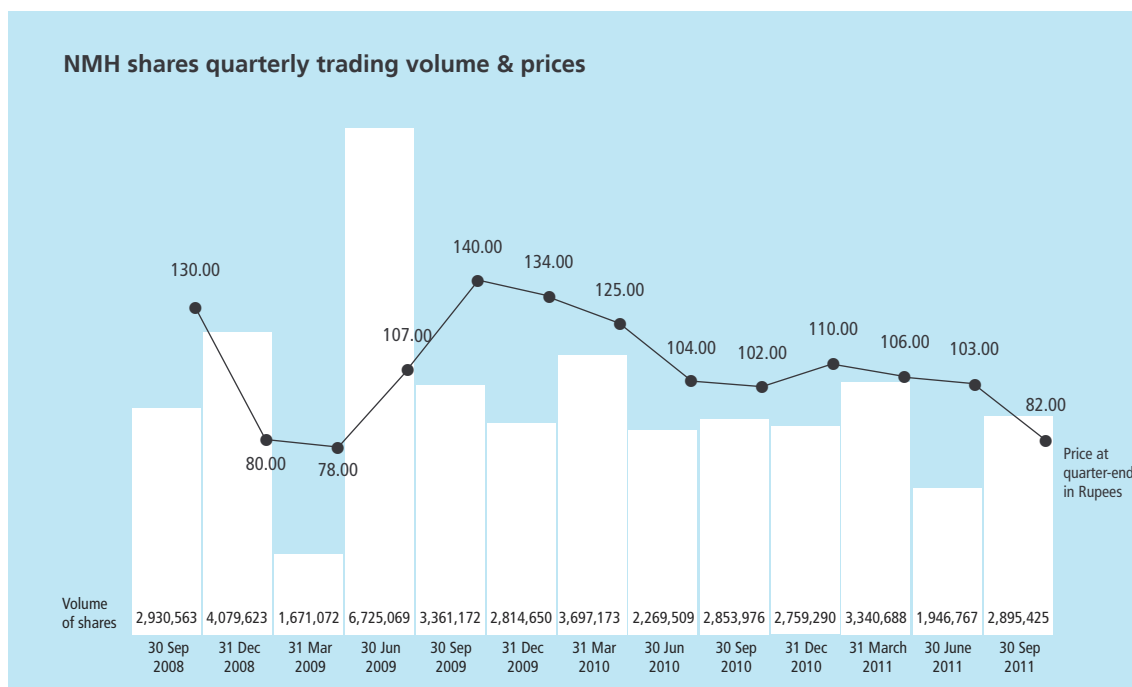
Number of room keys available as at 30.09	
Room nights available	
Number of guests nights	
Occupancy (%)	
RevPar (Rs)	
Earnings per share (Rs)	
Dividends per share (Rs)	
Interest cover (x)	
Dividend cover (x)	
Dividend payout (%)	
Net Asset value per share (Rs)	
Return on equity (%)	
Return on assets (%)	
Gearing (%)	

	2011	2010	2009
	2,024	1,744	1,744
	693,121	636,560	640,096
	902,295	850,417	842,573
	68	70	70
	9,018	8,708	9,588
	4.50	4.09	7.28
	2.00	2.50	4.00
	3.61	4.19	5.28
	2.25	1.63	1.82
	44.44	61.17	54.92
	75.78	68.76	67.36
	6.15	6.33	11.13
	2.57	2.81	5.53
	97	82	53

SHAREHOLDING

as at september 30, 2011

Size of holding			Shareholders			Shares held		
From		To	No.	%	Cumulative %	No.	%	Cumulative %
1	-	1,000	4,550	60.00	60.00	1,467,349	0.91	0.91
1,001	-	5,000	1,700	22.42	82.42	3,945,883	2.44	3.35
5,001	-	10,000	468	6.17	88.59	3,328,913	2.06	5.41
10,001	-	25,000	426	5.62	94.21	6,675,141	4.14	9.55
25,001	-	50,000	168	2.22	96.43	6,027,153	3.73	13.28
50,001	-	75,000	78	1.03	97.46	4,732,665	2.93	16.21
75,001	-	100,000	31	0.41	97.87	2,696,204	1.67	17.88
100,001	-	250,000	79	1.04	98.91	12,583,353	7.80	25.68
250,001	-	500,000	40	0.53	99.44	13,235,805	8.20	33.88
500,001	-	1,000,000	20	0.26	99.70	13,672,191	8.47	42.35
1,000,001	-	1,500,000	9	0.12	99.82	11,659,544	7.22	49.57
1,500,001	-	2,000,000	4	0.04	99.86	6,535,531	4.05	53.62
2,000,001	-	2,500,000	1	0.01	99.87	2,385,867	1.48	55.10
2,500,001	-	5,000,000	5	0.07	99.94	19,799,078	12.27	67.37
5,000,001	-	8,000,000	2	0.03	99.97	12,811,431	7.94	75.31
8,000,001	-	and above	2	0.03	100.00	39,867,428	24.69	100.00
			7,583			161,423,536		

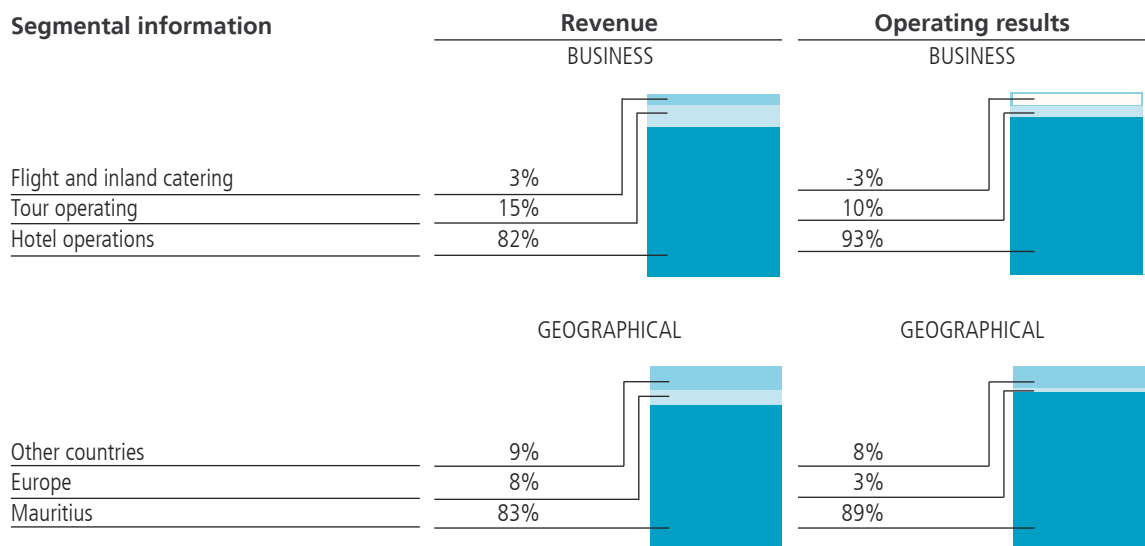


SEGMENTAL INFORMATION

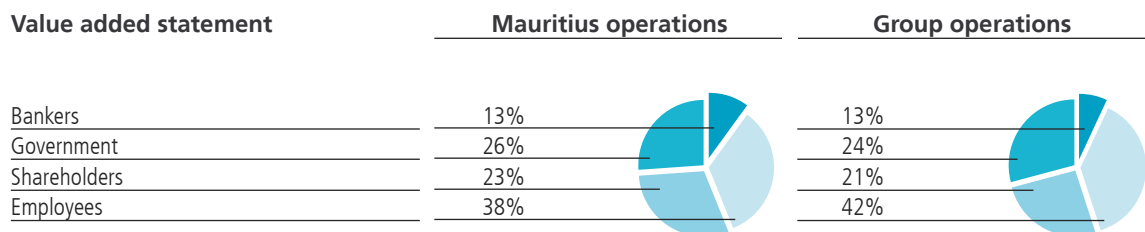
for the year ended september 30, 2011

	Revenue		Operating Results	
	2011 Rs'm	2010 Rs'm	2011 Rs'm	2010 Rs'm
Business:				
Hotel operations	6,250	5,543	993	949
Tour operating	1,153	889	111	118
Flight and inland catering	219	401	(33)	57
	7,622	6,833	1,071	1,124
Geographical:				
Mauritius	6,289	5,505	948	949
Europe	648	577	29	7
Other countries	685	751	94	168
	7,622	6,833	1,071	1,124

Segmental information



Value added statement



VALUE ADDED STATEMENT

for the year ended september 30, 2011

	Mauritius Operations		Group Operations	
	Rs'm	%	Rs'm	%
Revenue	6,063		7,622	
Value Added tax	853		895	
Total revenue	6,916		8,517	
Payment to suppliers for material and services	(2,396)		(3,193)	
Value added by operations	4,520		5,324	
Investment and other income	195		235	
Total wealth created	4,715	100	5,559	100
Distributed as follows:				
Employees				
Salaries and wages	1,811	38	2,330	42
Government				
Value added tax	853		860	
Environment fees	49		49	
Corporate tax	1		51	
Licences, leases and campement site tax	86		95	
Social security charges	237		286	
	1,226	26	1,341	24
Reinvested to maintain/develop operations				
Depreciation and amortisation	366		425	
Retained earnings	372		429	
	738	16	854	15
Providers of capital				
Dividends to shareholders	323	7	323	6
Interest on borrowings	617	13	711	13
	940	20	1,034	19
Total wealth distributed	4,715	100	5,559	100

CHAIRMAN'S ADDRESS

Dear Shareholder,

Again, trading conditions proved to be difficult during the year under review. After an encouraging first semester with the Group results improving by some 15% on last year's, the unfavourable business environment that prevailed in the second semester which extends over the low season, impacted on our overall performance.

The imbalance between air access and hotel capacities was more pronounced during the low season and this, coupled with unfavourable exchange rates, affected the whole of the industry. Many hotel operators had recourse to heavy discounting in an attempt to boost occupancy. Demand for accommodation in Mauritius is being more and more price sensitive and the destination is losing the high profile reputation which made its success. Our Group, however, managed to maintain its rates and its strategy of high standards of products and services to guests. With the contribution of Trou aux Biches hotel, total revenue from hotel operations for the year thus improved by Rs 707m (12.8%) which more than compensated the shortfall in the airline catering business. Management, with the support of the staff, continues to monitor and exercise close control over operating costs. Earnings attributable to shareholders amounted to Rs 727m as compared to Rs 660m last year, reflecting a commendable 10.2% growth in spite of the prevailing difficult trading conditions.

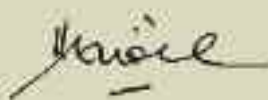
The Trou aux Biches hotel could not be completed on schedule. Phase two became operational as from April 2011 with 240 keys and the whole of the associated public areas whereas the third and final stage comprising the remaining 93 keys was completed in November 2011. Hence, the hotel will be operating at full capacity for the greatest part of the current financial year.

On 15th April 2011, our Company acquired the 50% share held by its former partners in Domaine Palm Marrakech for the sum of € 10m financed by a bank loan. A new management team was immediately put in place to relaunch the project. The initial strategy and calendar were reviewed which necessitated an amendment to the investment agreement with the Moroccan authorities. The first phase now comprises 88 villas, a golf course, a country club and the Royal Palm Marrakech hotel which is still due to open in September 2013.

An application for a high level property development at Les Salines has been deposited with the relevant authorities. Given the actual surplus in room capacity, the development of the hotel site has been postponed.

Should trading conditions not deteriorate further, results for the current financial year are expected to improve on this year's. A growth between 5% and 10% in earnings is likely to be realised in the first semester. However, the present difficult and uncertain economic conditions in our main source markets, coupled with the lack of visibility on the local air access capacity make it difficult to forecast the possible impacts on arrivals and consequently on our annual results. Nonetheless, I remain optimistic in the future performance of our Group.

To conclude, I express my sincere appreciation to our Chief Executive, the Board of Directors, the General Managers and all the personnel for their remarkable efforts in producing these results in such a difficult period. I thank our shareholders for their continued trust and confidence.



Hector ESPITALIER-NOËL
CHAIRMAN

December 14, 2011

The Directors are pleased to present their Annual Report for the year ended September 30, 2011.

Consolidation and Accounting Standards

The audited Financial Statements for the year ended September 30, 2011 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

Total revenue for the year under review increased over the previous year's by 11.5% to Rs 7,622m in spite of the unfavourable trading conditions that prevailed particularly during the second semester. The new Trou aux Biches hotel came into operation on the 5th of November 2010 with 115 rooms and with a further 125 additional rooms on 4th of April 2011 generating Rs 486m in revenue. The local tour operators, which are consolidated for the first time, contributed a further Rs 265m. These, together with an increase of 5.3% in the average guest night spending, more than compensated the slightly lower average rate of occupancy and the shortfall in the revenue of the airline catering business whose activity was reduced in November 2010.

Cost of operations

Trou aux Biches hotel together with Domaine Palm Marrakech, which became a fully owned subsidiary on 15th April 2011, and the local tour operators referred to above, accounted for 70% of the increase of Rs 870m in total operating costs. Except for unavoidable increases due to the annual salary review, higher charges in respect of leases and energy and the provision for the decrease in pension assets, all other expenses were well contained at last year's level.

Depreciation, finance costs and revenue and other income

The increase in depreciation charges and finance costs to Rs 421m and Rs 486m respectively is attributable to Trou aux Biches hotel and the newly acquired subsidiaries. Finance costs capitalised this year amounted to Rs 225m as compared to Rs 241m last year.

Finance revenue this year includes a realisable profit of Rs 16m on forward currency contracts and a surplus of Rs 51m on the conversion of euro loans into rupees whereas other income represents fair value gain on the investment property at Les Salines.

Preliminary expenses

The preliminary expenses written-off relate to Domaine Palm Marrakech which became a fully owned subsidiary during the year.

Income tax

The lower income tax expense is attributable to a reversal of deferred tax liability as the depreciation charge for the year exceeded the capital allowances utilised in computing the taxation charge.

Earnings

Profit for the year rose to Rs 752m whereas Group earnings attributable to shareholders amounted to Rs 727m representing an increase of 10.1% on last year's Rs 660m. Earnings per share for the year were Rs 4.50 against Rs 4.09 last year.

Dividends

Total dividends declared during the year amounted to Rs 323m, i.e. Rs 2.00 per share, which is slightly less than last year's Rs 2.50 per share.

Cash flow and capital expenditure

The major projects amounting to Rs 2,060m were mainly financed by borrowings. These include works at Trou aux Biches Hotel, acquisition of the brand name and portfolio of White Sand Tours and the shares in Domaine Palm Marrakech. Net borrowings thus increased from Rs 9,070m to Rs 11,817m, total asset per share from Rs 154.75 to Rs 181.23 and net asset value per share from Rs 68.76 to Rs 75.78.

Inventories

Inventories include Rs 1,004m of land for sale at Les Salines which was previously recognised in investment property and Rs 1,690m representing the cost of the villas under development at Marrakech.

Projects

Trou aux Biches hotel

The new Trou aux Biches hotel became fully operational in November 2011 and works on the site are now totally completed. The total capital outlay, including borrowing costs, amounted to Rs 5.3 billion. The initial budget was thus exceeded owing to:

- (a) unexpected constraints occasioned by various stop orders issued by the Court with regard to the road deviation and which delayed construction works by nearly one year with consequential effects on capitalised interest and other contingencies; and
 - (b) heavier investment in new technologies in accordance with the Group's commitment towards a more eco-friendly development.
- It is gratifying to note that feedback on the accommodation, amenities and services are unanimously excellent. The hotel is consequently expected to bring a significant contribution to the Group's earnings during the current year and still more as from next year when it will have reached its cruising speed.

Marrakech

Following the acquisition of the shares held by its former partners in Domaine Palm Marrakech on the 15th of April 2011, the new management team, in agreement with the Moroccan authorities, reviewed the initial program and calendar. The marketing strategy was consequently revised and led to the elaboration of a new master plan with innovative selling propositions. Fact sheets are now available for the various types of villas and a new website

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has recently been launched to give maximum details on the property development and associated features.

Construction works have resumed since October 2011 and this has contributed greatly in restoring confidence on the part of all those who had been showing interest in the project. Promotional campaigns were subsequently organised with real estate agents newly appointed in several European countries. All these measures are reasonably expected to trigger additional sales in the short future.

As of date, NMH has invested € 90m in the project and is negotiating with Moroccan lending institutions to obtain loan and bridging finance facilities of some € 40m to complete phase one of the project by September 2013.

Feedback is very positive and all visitors are unanimous to say that the project is by far the best to be found in the Marrakech region. There is consequently every reason to believe that the project will bring significant added value to the Group in the medium term. After completion of phase one comprising the construction of 88 villas which are expected to generate some euros 20 million profit ultimately, an all suite hotel of 135 keys, an 18-hole golf course and a country club, there will remain some 100 hectares of freehold land available for further development and whose value is now substantially higher than the concessionary price paid for their acquisition.

Domaine de l'Harmonie

An application has been lodged with the Authorities concerned to carry out an up-market property development at Domaine de l'Harmonie - Les Salines Black River. It will consist in the division of some 160 Arpents into 220 plots of various sizes to be used solely for residential purpose by the purchasers. Suitable infrastructure will be constructed as from early next year whereas the land preparation for the associated 18-hole golf course extending on some 150 Arpents has already started. The disposal of the plots referred to above will bring sources of funds that will contribute to the quicker reduction of the Group's indebtedness. The hotel development on the remaining 27 Arpents of freehold land and 15 Arpents of leasehold land has been postponed given:

- (i) that there is at present a surplus in room capacity in Mauritius, and
- (ii) that the extension of the access road to the hotel sites identified in the Government's master plan for the region is still a matter that remains to be finalised.

Outlook

The lack of information on air seats availability and the challenging trading environment make reliable forecasts difficult. However, bookings in hand at the date of writing are encouraging and should prevailing conditions not deteriorate, earnings for the first semester, which correspond to the high season, should improve over those of the previous 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 are outlined below:

NON-EXECUTIVE

Hector ESPITALIER-NOËL

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

Other directorship in listed companies:

Rogers & Co. Ltd, ENL Commercial Ltd and ENL Land Limited

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:

Omnican 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, Rogers & Co. Ltd, and ENL Land Limited

Michel PITOT

Former Project and Development Director of the Company, he was closely involved in the creation and development of the Company until his retirement in 2001. He was a founder member

of the Veranda Group of hotels and played an important role in the development of the travel agency, inbound ground handling and local tour operating activities within the Rogers Group between the years 1956 and 2000.

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

Other 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

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 Group in March 2007. 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 COUCAUD

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 SPÉVILLE

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 2012;
- appraisal of the Board's effectiveness. The Committee was satisfied that the number of Board meetings held during the year was adequate and that the Directors contributed constructively to the deliberations and decisions of the Board.

The Audit Committee comprising three non-executive Directors met on a quarterly basis mainly to:

- approve the internal annual audit plan ensuring that the audit 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.

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Internal Audit

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

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

Risk management

Executive Directors and General Managers are accountable to the Board for the design, implementation and detailed monitoring of the risk management process. General Managers submit periodical reports to the Corporate Risk Management Officer highlighting, if any, critical risks identified at operational level and the way they are eliminated or at least reduced to a minimum. Critical risks reported by all business units are consolidated and viewed at Group level.

A Risk Committee was set up during the year comprising 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. The Committee which is due to meet at least once every quarter held its first meetings and dealt with

- a) best practices in the field of food safety,
- b) health surveillance on the personnel,
- c) requirements of Tour Operators, and
- d) safety objectives in boat houses and diving centers.

Whereas the responsibility for setting risk management strategy remains with the Board, the role of the Audit Committee encompasses the monitoring of the risk management process with a view to assessing and assuring its quality, integrity and reliability.

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

Reputation

To maintain its reputation, the Group constantly upgrades its products and adheres to high quality standards in all areas of operation. The Group has built prestigious resorts and invests constantly to maximise its market share. Each hotel has developed its own personality whilst holding to the group's philosophy of providing the best of Mauritian hospitality.

At the operational level, the Group ensures that key management positions are held by suitably qualified and trained staff with the required experience in the hotel industry. Ongoing attention is given to environment, health and safety issues and,

in that respect, the Group thrives to adhere to the best practices aimed at ensuring sustainable development.

Events that impact international travel

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

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

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 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.

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

Financial

The Group is exposed to a variety of financial risks which may impact on the Group's reported results and its business value. Financial risks and strategies are described fully in note 31 to the Financial Statements.

Directors' attendance to committee meetings

Directors	Board	Corporate Governance	Audit
Hector ESPITALIER-NOEL	8/8	2/2	
Sunil BANYMANDHUB	6/8		2/4
Herbert COUACAUD	7/8	2/2	
Robert DOGER DE SPEVILLE	6/8		
Jean- Marc LAGESSE	5/8		
Marcel MASSON	7/8	2/2	4/4
Jean- Pierre MONTOCCHIO	6/8	2/2	4/4
Michel PITOT	5/8	2/2	
Louis RIVALLAND	8/8		3/4
Timothy TAYLOR	8/8		

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, 2011 to:

	2011 Rs'000	2010 Rs'000
Executive Directors of the Company	50,438	48,181
Non-Executive Directors of the Company	3,091	3,088

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

Emoluments and benefits paid by subsidiaries for the year ended September 30, 2011 to:

	2011 Rs'000	2010 Rs'000
Executive Directors of:		
Beachcomber Tours Limited	26,697	27,779
Beachcomber Marketing (Pty) Ltd	17,345	23,173

ANNUAL REPORT

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

	Direct %
Hector ESPITALIER-NOEL (Chairman)	0.03
Sunil BANYMANDHUB	-
Herbert COUACAUD C.M.G	7.05
Robert DOGER de SPÉVILLE	0.24
Jean Marc LAGESSE	-
Marcel MASSON	-
Jean-Pierre MONTOCCHIO	-
Michel PITOT	0.03
Louis RIVALLAND	0.01
Timothy TAYLOR	0.19

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

Substantial shareholders

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

	Effective %
Rogers & Co. Ltd	17.65

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 12m (2010: Rs 21m) to the fund.

Political donations are dealt with by the Board. For the year under review, no such donation has been made (2010: Rs 6m).

Auditors

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

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
(a) Lead Auditors				
Audit services	6,974	5,395	6,488	4,896
Other services	495	625	475	625
Total	7,469	6,020	6,963	5,521
(b) Overseas Auditors				
Audit services	3,301	3,377	-	-
Other services	94	297	-	-
Total	3,395	3,674	-	-

Directors' responsibilities statement

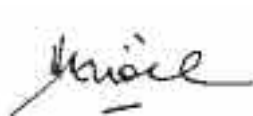
The Company's Directors were responsible for the preparation and fair presentation of the financial statements, comprising the Company's and Group's statements of financial position at 30 September 2011, and the statements of comprehensive income, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and Companies Act 2001.

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

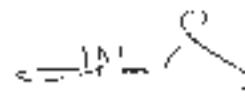
The Directors have made an assessment of the Company as a going concern and have every reason to believe it will continue to operate for the foreseeable future.

Note of appreciation

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



Hector ESPITALIER-NOËL
CHAIRMAN



Herbert COUACAUD C.M.G.
CHIEF EXECUTIVE OFFICER

December 14, 2011

ENVIRONMENT REPORT

NMH has implemented a number of environmental initiatives across the hotels of the Group over the years and recognises that it is both an opportunity and a necessity to manage its properties in such a way as to gradually minimise its environmental footprint, increase energy and water efficiency, improve indoor air quality and reduce resource consumption and waste generation.

In the furtherance of its commitment towards a more ecological friendly development, the Group is in the process of adopting sustainable building design and construction guidelines for new construction and development projects. The new head quarters have been built according to these guidelines.

At the beginning of 2011, an assessment of the pilot projects developed, mainly on energy efficiency, lighting, water usage and renewable energies, was carried out. Those having produced good results will be replicated in all the hotels of the group and a timetable of investment spanning over the next financial years has been devised. In 2012, investments will be pursued in such areas as the retrofitting of high efficiency chillers, solar water heaters, heat recovery systems, energy efficient lighting and advanced control systems with the aim of reducing the Group's global energy usage in a relatively short time span.

Energy consumption

In 2011, strong emphasis was laid on the control and reduction of the use of energy throughout the hotels. In 2012, the objective will be to further reduce the intensity of energy use and this will require the following:

- Increase the awareness of the personnel at large on how their behaviour regarding energy affects the bottom line;
- Increase the penetration of LED bulbs and light fittings;
- Install room occupancy sensors controlling HVAC and lighting in guest rooms with a potential overall saving of around 25% on chiller operating costs which account for 45% of total hotel energy cost;
- Continue the installation of variable speed drives and heat recovery systems on the central cold room compressors;
- Complete the program of solar water heaters. Experience has shown that the installation of these heaters have generated huge savings in terms of fuel used for water heating;
- Continue to install new, water cooled energy efficient chillers and generate savings due to their much higher efficiencies associated with a proper cooling system by means of cooling towers;
- Continue the installation of energy optimisers in the kitchens and ultimately in the hotels at large. This equipment limits the usage of electricity at any time to a predetermined

setpoint thereby preventing onerous peaks to be reached. The energy optimiser brings the peak energy usage at anytime at its lowest possible level without penalising the operation.

Fuel

In 2011, all hot water boilers operating with Diesel have been converted to LPG since the latter is cheaper on a per kWh basis but also because LPG is much less harmful to the environment than Diesel.

AFD Loans and Grants

In 2011, all the projects submitted to the AFD for refinancing under their Green Loan have been approved. In 2012, documents relating to the sustainable investments made in the new offices as well as for a couple of other projects such as the new chiller at Le Victoria and the extension of the desalination plant at Le Paradis will be submitted for consideration.

New Head Office

Since the end of November 2011, the staff at head office moved into the new buildings which are mostly fully completed. The project has incorporated a large number of sustainable features which makes it quite unique in Mauritius. The main features worth noting are as follows:

- Located in a luxurious environment where none of the existing trees has been removed and particular care taken in the orientation of the building so as to maximise natural lighting.
- Recovery on rainwater in an underground reservoir and reuse of that water after UV sterilization and filtration to feed the WC cisterns and urinals.
- Exclusive utilisation of LED's and low energy fluorescent light fittings throughout the premises.





New Head Office (continued)

- Installation of a lighting management system that automatically switches on and off as well as adjusting the intensity of the light flux as per the available natural lighting.
- Installation of an innovative heat recovery fresh air system whereby in winter, the air removed from the offices passes through a heat exchanger and preheats the fresh air being injected from the outside to the inside of the offices. In summer, the reverse happens whereby the cold, air conditioned, air being removed from inside the office is used to cool the hot air being injected from the outside to the inside. This allows a substantial saving on heating and cooling costs while ensuring a good level of air renewal in the offices.
- Installation of a high efficiency, direct expansion variable refrigerant volume (VRV) air conditioning system with the possibility of reversing to heating mode during the winter months.
- Utilisation of special heat and light reflective glass for all openings. The glass panels allow only 37% of light and 35% of solar energy to get into the offices thereby hugely

reducing the heating load and generating substantial savings on the air conditioning side.

The only sustainable feature left to be done is the installation of photovoltaic panels on the flat parts of the roofs to generate up to 50 kW of electricity to be used internally and the excess sold to the CEB in line with their Small Scale Decentralised Generation Scheme (SSDG). A license has already been granted by the CEB.



SOCIAL ACTIONS

Fondation Espoir et Développement (FED), the CSR arm of NMH, received an allocation of Rs 12 million during the year representing 2% of the Company's preceding year's profit before tax. Even though this allocation was down from Rs 21 million the year before, FED maintained and reinforced the social projects of the Company in Mauritius. Its policy is now to focus more on its own long standing projects – Projet Employabilité Jeunes, Craftsmanship and Sport, while continuing to support those NGO social development projects within the regions where NMH business units operate.



Projet Employabilité Jeunes

This project, which aims at integrating into mainstream employment youths who have not been able to complete their normal schooling, celebrated its 10th anniversary yet retaining all its vitality. Of the 210 youths who enrolled onto the program in August 2010, 140 went on to follow practical on-the-job training in NMH hotels or with other companies and 30 were employed or pursued technical courses of study. 200 youths started the program in August 2011.

Craftsmanship - Projet Artisanat

The Projet Artisanat – now in its 5th year - provides marketing, design and production facilities to artisans with difficult social backgrounds so that they may target the hotel and tourism markets. Sales reached Rs 1.7 million during the year. A craft shop located in the socio-commercial centre constructed by NMH at Trou-aux-Biches opened in July 2011. Artisans themselves run this business where they sell their own products. Sales for August and September 2011 were encouraging.

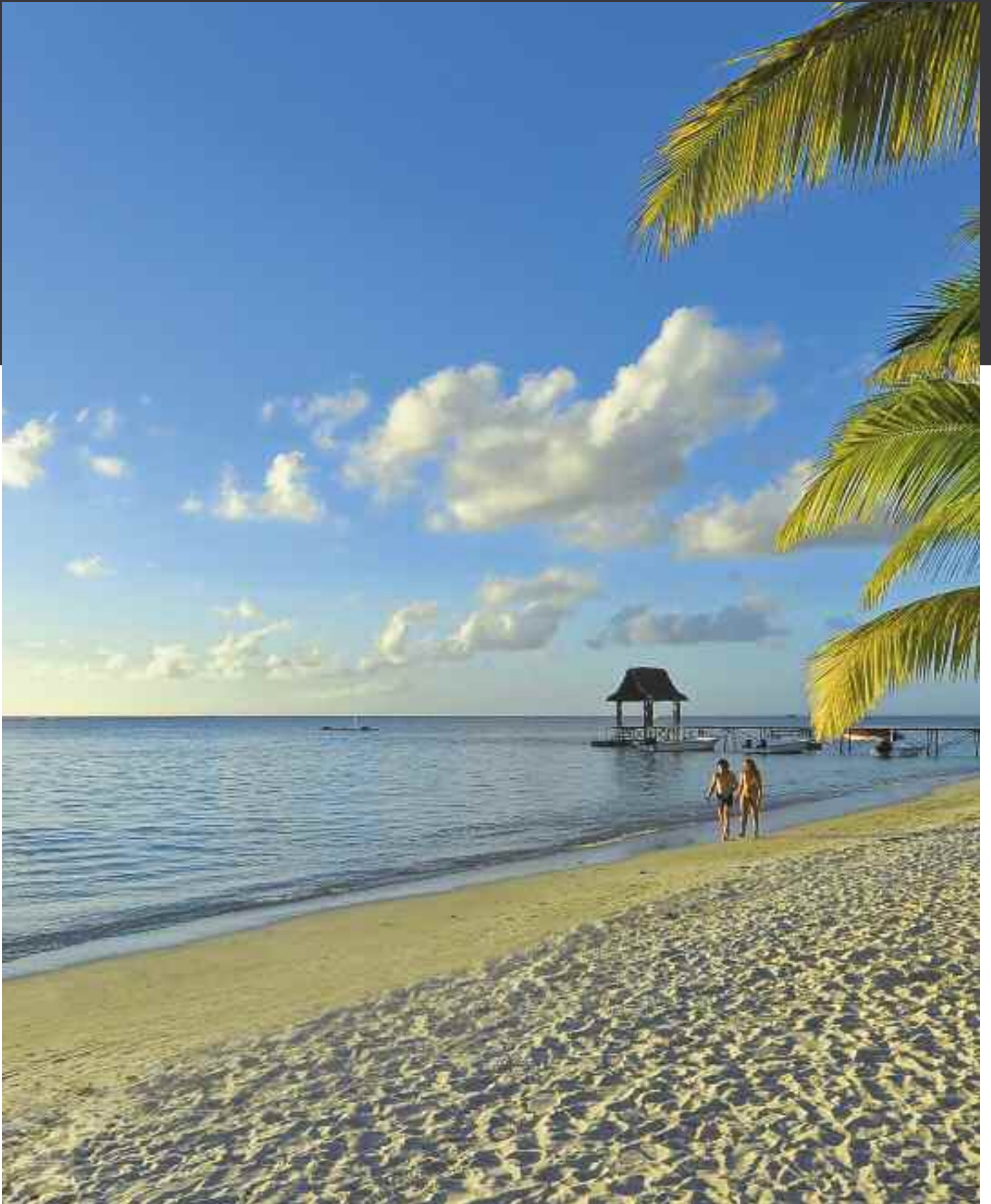
Projet Sport

FED collaboration with Ecoles de Foot de Curepipe for the social integration of some 120 underprivileged youths is now well established. Projects on the same model have started in the North. Those projects now concern some 200 youths who, through sport, are given the opportunity to develop determination, resilience, fair play and a healthy life style. The best gifted sports wise proceed to national competition while others are able to integrate Projet Employabilité Jeunes.

Projects by NGOs – through FED Regional Committees

Rs 2.1m (18% of total budget) were spent supporting NGO projects, mostly through the five Regional Committees composed of dedicated NMH employees, which propose and implement projects in their respective regions. The major themes of these projects are: the fight against substance abuse in South-east, collaboration with and donations to pre-primary and primary schools in the South-west and in the North in view of improving the well-being and academic performance of pupils, the running of a neighborhood library in Curepipe, ad hoc financial contribution to sports and social clubs, and direct assistance to hardship cases for medical care, education and housing.





2011 novelties



■ Trou aux Biches Resort & Spa

A magnificent eco-friendly resort

The new Trou aux Biches hotel became fully operational in November 2011 and works on the site are now totally completed.

www.trouauxbiches-resort.com





A 231-hectare eco-friendly estate

- A convenient location between Marrakech and the Atlas mountain range
- 9 categories of ground-level villas inspired by Berber architecture
- Contemporary design combining space, light and style
- Spacious gardens planted with age-old olive trees
- A spectacular 18-hole golf course designed by Cabell B. Robinson
- Access to the Royal Palm Country Club
- 7/7 concierge service and exclusive facilities

■ Domaine Royal Palm (Marrakech)

Domaine Royal Palm is conveniently located 12 km south of the historical centre of Marrakech, a few hours only from the main European hubs. The vast 231-hectare estate planted with age-old trees faces the Atlas mountains. It features 88 luxury villas, an elegant country club (Royal Palm Golf & Country Club), a superb golf course designed by Cabell B. Robinson as well as a prestigious hotel named Royal Palm Marrakech. At a time when environmental issues are greatly considered worldwide, Domaine Royal Palm was created in harmony with both the cultural heritage of Morocco and its environment.



■ Royal Palm

The Royal Suite provides quite simply as elegant a setting as you can find. It was beautifully refurbished in November 2010, to the greater joy of its habitués. More modern touches have been included with added light and sophistication, whilst retaining the special ambience which is at the heart of the hotel's charm and reputation.

www.royalpalm-hotel.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 14, 2011

Calendar 2012

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

INDEPENDENT AUDITORS' REPORT

to the members of new mauritius hotels limited

Report on the Financial Statements

We have audited the financial statements of New Mauritius Hotels Limited (the "Company") and its subsidiaries (together referred as the "Group") on pages 24 to 69 which comprise the statements of financial position as at September 30, 2011, 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 24 to 69 give a true and fair view of the financial positions of the Company and the Group as at September 30, 2011 and of their financial performances 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 and the Group as far as it appears from our examination of those records.

Financial Reporting Act 2004

The Directors are responsible for preparing the Corporate Governance Report and making the disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius (the 'Code'). Our responsibility is to report on these disclosures. In our opinion, the disclosures in the Corporate Governance report are consistent with the requirements of the Code.

ERNST & YOUNG
Ebene, Mauritius

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

December 14, 2011

INCOME STATEMENTS

for the year ended september 30, 2011

	Notes	THE GROUP		THE COMPANY	
		2011 Rs.'000	2010 Rs.'000	2011 Rs.'000	2010 Rs.'000
Revenue	4	7,622,377	6,833,209	6,063,106	5,518,963
Cost of inventories expensed		(1,079,241)	(938,007)	(937,524)	(891,980)
Staff costs	5	(2,616,669)	(2,256,434)	(2,052,177)	(1,789,154)
Other expenses	6	(2,434,930)	(2,067,057)	(1,716,124)	(1,471,591)
Depreciation of property, plant and equipment	13	(420,740)	(385,202)	(363,906)	(343,477)
Amortisation of intangible assets	15	(3,912)	(3,541)	(2,332)	(1,862)
Profit/(loss) on disposal of property, plant and equipment		3,824	(120)	(2,191)	(1,469)
Impairment of goodwill	15	-	(58,734)	-	(58,734)
Finance revenue	7	92,168	19,715	71,162	4,800
Finance costs	8	(486,150)	(394,856)	(487,901)	(429,629)
Other income	10	143,033	89,187	124,233	58,000
Share of results of associates	17	24,398	(27,671)	-	-
Negative goodwill on consolidation	33 (a)	5,895	-	-	-
Preliminary expenses written-off	9	(46,871)	-	-	-
Profit before tax		803,182	810,489	696,346	593,867
Income tax expense	11	(50,718)	(108,264)	(973)	(51,327)
Profit for the year		752,464	702,225	695,373	542,540
Profit attributable to:					
Owners of the parent		726,552	659,778	695,373	542,540
Non-controlling interests		25,912	42,447	-	-
		752,464	702,225	695,373	542,540
Basic earnings per share (Rs)	12	4.50	4.09		

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended september 30, 2011

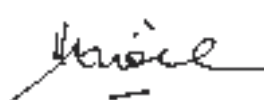
	THE GROUP		THE COMPANY	
	2011 Rs.'000	2010 Rs.'000	2011 Rs.'000	2010 Rs.'000
Profit for the year	752,464	702,225	695,373	542,540
Other comprehensive income/(loss):				
Exchange differences on translating foreign operations	(75,670)	(174,277)	-	-
(Loss)/gain on available-for-sale financial assets	(4,262)	1,906	(86)	96
Gain/(loss) on cash flow hedges	28,273	(25,540)	-	-
Gains on revaluation of property	876,318	-	805,501	-
Tax effect on gains on property revaluation	(110,735)	-	(96,366)	-
Share of other comprehensive income of associates	11,880	176,022	-	-
Other comprehensive income/(loss) for the year, net of tax	725,804	(21,889)	709,049	96
Total comprehensive income for the year	1,478,268	680,336	1,404,422	542,636
Total comprehensive income attributable to:				
Owners of the parent	1,453,797	637,217	1,404,422	542,636
Non-controlling interests	24,471	43,119	-	-
	1,478,268	680,336	1,404,422	542,636

STATEMENTS OF FINANCIAL POSITION

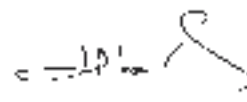
as at september 30, 2011

	Notes	THE GROUP		THE COMPANY	
		2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	20,196,683	17,227,577	17,502,733	14,658,846
Investment properties	14	347,700	1,994,500	97,700	1,763,300
Intangible assets	15	1,710,384	1,684,706	1,225,640	1,227,972
Investment in subsidiaries	16	-	-	2,963,391	2,532,847
Investment in associates	17	520,746	484,017	19,789	191,873
Available-for-sale financial assets	18	39,721	43,982	1,996	2,082
Employee benefit assets	19	26,721	60,435	34,792	61,584
		<u>22,841,955</u>	<u>21,495,217</u>	<u>21,846,041</u>	<u>20,438,504</u>
Current assets					
Inventories	20	3,089,708	311,744	1,353,042	261,969
Trade and other receivables	21	2,514,752	2,675,848	4,094,387	2,845,319
Other financial assets	34	15,903	-	15,903	-
Income tax prepaid	11	10,684	-	10,684	3,130
Cash in hand and at bank	22	782,004	496,953	86,330	56,393
		<u>6,413,051</u>	<u>3,484,545</u>	<u>5,560,346</u>	<u>3,166,811</u>
Total assets		<u>29,255,006</u>	<u>24,979,762</u>	<u>27,406,387</u>	<u>23,605,315</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Stated capital	23	1,724,361	1,724,361	1,724,361	1,724,361
Retained earnings		5,447,655	5,007,279	3,729,737	3,326,341
Other components of equity	24	5,013,846	4,323,272	4,298,056	3,619,877
		<u>12,185,862</u>	<u>11,054,912</u>	<u>9,752,154</u>	<u>8,670,579</u>
Non-controlling interests		46,799	45,214	-	-
Total equity		<u>12,232,661</u>	<u>11,100,126</u>	<u>9,752,154</u>	<u>8,670,579</u>
Non-current liabilities					
Borrowings	25	9,315,370	6,422,717	9,167,050	6,279,462
Deferred tax liability	26	1,487,276	1,434,558	1,425,208	1,372,055
Total non-current liabilities		<u>10,802,646</u>	<u>7,857,275</u>	<u>10,592,258</u>	<u>7,651,517</u>
Current liabilities					
Trade and other payables	27	2,933,496	2,876,780	3,940,010	4,175,256
Borrowings	25	3,283,942	3,144,531	3,121,965	3,107,963
Income tax payable	11	2,261	1,050	-	-
Total current liabilities		<u>6,219,699</u>	<u>6,022,361</u>	<u>7,061,975</u>	<u>7,283,219</u>
Total liabilities		<u>17,022,345</u>	<u>13,879,636</u>	<u>17,654,233</u>	<u>14,934,736</u>
Total equity and liabilities		<u>29,255,006</u>	<u>24,979,762</u>	<u>27,406,387</u>	<u>23,605,315</u>

Approved by the Board of Directors on December 14, 2011 and signed on its behalf by:



Hector ESPALIER-NOËL
Chairman



Herbert COUACAUD C.M.G.
Chief Executive Officer

STATEMENTS OF CHANGES IN EQUITY

for the year ended september 30, 2011

THE GROUP

	Attributable to equity holders of the parent								
	Stated Capital	Retained Earnings	Foreign Exchange Difference Reserves	Available-for-sale financial assets	Revaluation Reserve	Other Reserves	Total	Non-controlling Interests	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance at October 1, 2009	1,724,361	4,714,389	(780,553)	30,634	3,702,331	1,430,092	10,821,254	51,345	10,872,599
Changes in equity for the year									
Profit for the year	-	659,778	-	-	-	-	659,778	42,447	702,225
Other comprehensive income for the year	-	-	(199,392)	1,906	187,984	(13,059)	(22,561)	672	(21,889)
Total comprehensive income for the year	-	659,778	(199,392)	1,906	187,984	(13,059)	637,217	43,119	680,336
Depreciation transfer for buildings	-	43,142	-	-	(43,142)	-	-	-	-
Tax effect of depreciation transfer for buildings	-	(6,471)	-	-	6,471	-	-	-	-
Dividends (Note 28)	-	(403,559)	-	-	-	-	(403,559)	(49,250)	(452,809)
Balance at September 30, 2010	1,724,361	5,007,279	(979,945)	32,540	3,853,644	1,417,033	11,054,912	45,214	11,100,126
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

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, 2009	1,724,361	3,152,941	1,075	3,653,125
Changes in equity for the year					
Profit for the year	-	542,540	-	-	542,540
Other comprehensive income for the year	-	-	96	-	96
Total comprehensive income for the year	-	542,540	96	-	542,636
Depreciation transfer for buildings	-	40,493	-	(40,493)	-
Tax effect of depreciation transfer for buildings	-	(6,074)	-	6,074	-
Dividends (Note 28)	-	(403,559)	-	-	(403,559)
Balance at September 30, 2010	1,724,361	3,326,341	1,171	3,618,706	8,670,579
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

STATEMENTS OF CASH FLOWS

for the year ended september 30, 2011

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Operating activities				
Profit before tax	803,182	810,489	696,346	593,867
<i>Adjustments to reconcile profit before tax to net cash flows</i>				
<i>Non-cash:</i>				
Depreciation on property, plant and equipment	420,740	385,202	363,906	343,477
Amortisation of intangible assets	3,912	3,541	2,332	1,862
Impairment of goodwill	-	58,734	-	58,734
(Profit)/loss on disposal of property, plant and equipment	(3,824)	120	2,191	1,469
Fair value gain on investment properties	(143,033)	(65,187)	(124,233)	(58,000)
Loan in subsidiary written back	-	(24,000)	-	-
Dividend income	(5)	(4,800)	(4,084)	(4,800)
Interest income	(25,142)	(14,915)	(52)	-
Interest expense	486,150	394,856	485,422	405,393
Gain on other financial assets	(15,903)	-	(15,903)	-
Exchange gain on retranslation of loans	(51,118)	-	(51,118)	-
Share of (profit)/loss of associates	(24,398)	27,671	-	-
Decrease/(increase) in employee benefit liability	27,346	(12,269)	26,792	(12,422)
<i>Working capital adjustments:</i>				
(Increase)/decrease in inventories	(136,548)	6,382	(86,573)	10,037
Decrease/(increase) in trade and other receivables	852,810	(501,640)	127,550	126,520
(Decrease)/increase in trade and other payables	(1,886,777)	130,258	(263,246)	22,281
Income tax paid	(91,989)	(180,751)	(51,739)	(95,790)
Net cash flows generated from operating activities	215,403	1,013,691	1,107,591	1,392,628
Investing activities				
Purchase of property, plant and equipment	(1,697,014)	(3,175,334)	(1,655,682)	(2,468,388)
Purchase of intangible assets	(27,643)	(61,551)	-	(61,442)
Purchase of investment properties	-	(8,710)	-	-
Proceeds from sale of property, plant and equipment	16,794	12,787	7,765	7,963
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	4,800	4,084	4,800
Interest received	25,142	14,915	52	-
Net cash flows used in investing activities	(1,982,530)	(3,213,093)	(1,900,741)	(2,517,067)
Financing activities				
Proceeds from borrowings	4,895,005	4,527,240	4,918,522	4,527,240
Repayment of term loans	(2,338,071)	(1,894,251)	(2,308,168)	(1,879,431)
Repayment of finance lease liabilities	(9,953)	(672)	(492)	(672)
Advances to subsidiaries	-	-	(1,212,290)	(972,178)
Interest paid	(486,150)	(394,856)	(485,422)	(405,393)
Dividends paid to equity holders of the parent	(322,847)	(645,694)	(322,847)	(645,694)
Dividends paid to non-controlling interests	(26,754)	(49,250)	-	-
Net cash flows from financing activities	1,711,230	1,542,517	589,303	623,872
Net decrease in cash and cash equivalents	(55,897)	(656,884)	(203,847)	(500,567)
Cash and cash equivalents at October 1,	(981,308)	(244,674)	(1,421,115)	(920,548)
Net foreign exchange difference	(29,466)	(79,750)	-	-
Cash and cash equivalents at September 30, (Note 22)	(1,066,671)	(981,308)	(1,624,962)	(1,421,115)

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NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

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, 2011 were authorised for issue in accordance with a resolution of the Directors on December 14, 2011. New Mauritius Hotels Limited is a public limited company incorporated in Mauritius and is listed on The Stock Exchange of Mauritius. Its registered office is situated at 10, Robert Edward Hart Street, Curepipe, Mauritius.

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

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis as modified by the revaluation of land and buildings, investment properties, available-for-sale investments and other financial assets 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 financial statements of New Mauritius Hotels Limited (the 'Company') and consolidated with its subsidiaries (the 'Group') have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB).

Basis of consolidation

Basis of consolidation from 1 October 2009

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 September 2011.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full. Losses in a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;

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

Basis of consolidation prior to 1 October 2009

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

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

2.1 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 2010:

- IFRS 1 (Revised 2008) First-time Adoption of International Financial Reporting Standards;
- IFRS 1 First-time Adoption of International Financial Reporting Standards - Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters;
- IFRS 2 Share-Based Payment - Group Cash-settled Share-based Payment Transactions;
- IAS 32 Financial Instruments: Presentation - Classification of Rights Issues (Amendments);
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments;
- Improvements to IFRSs in April 2009.

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

The principal effect of these changes is as follows but were not relevant to the Group:

IFRS 1 (Revised 2008) First-time Adoption of International Financial Reporting Standards

IFRS 1 has been amended to provide additional exemptions from full retrospective application of IFRS for the measurement of oil and gas assets and leases. The amendments will provide relief to entities that are first-time adopters with oil and gas assets or leases by reducing the cost of transition to IFRS. The amendment will be effective for financial years beginning on or after 1 January 2010.

IFRS 1 First-time Adoption of International Financial Reporting Standards - Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters

The Standard has been amended to allow first-time adopters to utilise the transitional provisions of IFRS 7 Financial Instruments: Disclosures. The amendments provide relief to first-time adopters, by reducing the costs and resources required to provide certain comparative disclosures. The amendments may be applied earlier than the effective date.

IFRS 2 Share-Based Payment - Group Cash-settled Share-based Payment Transactions

The amendments clarify the accounting for group cash-settled share-based payment transactions. The amendments clarify how an individual subsidiary in a group should account for some share-based payment arrangements in its own financial statements. In these arrangements, the subsidiary receives goods or services from employees or suppliers but its parent or another entity in the group must pay those suppliers. The amendments make clear that:

- An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.
- In IFRS 2 a 'group' has the same meaning as in IAS 27 Consolidated and Separate Financial Statements, that is, it includes only a parent and its subsidiaries.

The amendments to IFRS 2 also incorporate guidance previously included in IFRIC 8 Scope of IFRS 2 and IFRIC 11 IFRS 2 – Group and Treasury Share Transactions. As a result, the IASB has withdrawn IFRIC 8 and IFRIC 11.

IAS 32 Financial Instruments: Presentation - Classification of Rights Issues (Amendments)

The amendment to IAS 32 is effective for annual periods beginning on or after February 1 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments,

or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
IFRIC 19 addresses the accounting by the entity that issues equity instruments in order to settle, in full or in part, a financial liability.

Improvements to IFRSs in April 2009

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

Effective on or after

- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operation* 1 January 2010
- *IFRS 8 Operating Segments: Disclosure of information about segment assets* 1 January 2010
- *IAS 1 Presentation of Financial Statements: Current/non-current classification of convertible instruments* 1 January 2010
- *IAS 7 Statement of Cash Flows: Classification of expenditures on unrecognised assets* 1 January 2010
- *IAS 17 Leases: Classification of leases of land and buildings* 1 January 2010
- *IAS 18 Revenue: Determining whether an entity is acting as principal or agent* 1 January 2010
- *IAS 36 Impairment of Assets: Unit of accounting for goodwill impairment test* 1 January 2010
- *IAS 39 Financial Instruments: Recognition and Measurement: Cash flow hedge accounting* 1 January 2010
- *IAS 39 Financial Instruments: Recognition and Measurement: Treating loan prepayment penalties as closely related embedded derivatives* 1 January 2010
- *IAS 39 Financial Instruments: Recognition and Measurement: Scope exemption for business combination contracts* 1 January 2010
- *IFRS 3 Business Combinations* 1 July 2010
- *IAS 27 Consolidated and Separate Financial Statements* 1 July 2010

2.2 ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective, and the Group intends to comply with the standards and interpretations from their effective dates:

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New and revised IFRS and IFRICs

	<i>Effective on or after</i>
• <i>IFRS 1 First-time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>	1 July 2011
• <i>IFRS 7 Financial Instruments: Disclosures (Amendment)</i>	1 July 2011
• <i>IFRS 9 Financial Instruments</i>	1 January 2013
• <i>IFRS 10 Consolidated Financial Statements</i>	1 January 2013
• <i>IFRS 11 Joint Arrangements</i>	1 January 2013
• <i>IFRS 12 Disclosure of Interests in Other Entities</i>	1 January 2013
• <i>IFRS 13 Fair Value Measurement</i>	1 January 2013
• <i>IAS 12 Income Taxes (Amendments) - Deferred Taxes: Recovery of Underlying Assets</i>	1 January 2012
• <i>IAS 24 Related Party Disclosures (Revised)</i>	1 January 2011
• <i>IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)</i>	1 January 2011

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

Improvements to IFRSs in May 2010

	<i>Effective on or after</i>
• <i>IFRS 1 First-time Adoption of International Financial Reporting Standards</i>	1 January 2011
• <i>IFRS 7 Financial Instruments: Disclosures</i>	1 January 2011
• <i>IAS 1 Presentation of Financial Statements</i>	1 January 2011
• <i>IAS 34 Interim Financial Reporting</i>	1 January 2011
• <i>IFRIC 13 Customer Loyalty Programmes</i>	1 January 2011

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

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

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

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

Functional currency

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

Going concern

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

Fair value of financial instruments

Where the fair values of financial assets recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to those models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. Further details in respect of the fair valuation of financial instruments are included in Note 35 of the financial statements.

Estimates and assumptions

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

Revaluation of freehold land, hotel buildings and investment properties.

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the 'value in use' of the cash generating units to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine any impairment of goodwill, are further explained in Note 15.

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

Employee benefit assets

The cost of the defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Further details about the principal actuarial assumptions used are given in Note 19.

Property, plant and equipment:

Estimations of the useful lives and residual value of the assets

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

Other items of property, plant and equipment are depreciated using the norms applicable in the industry. The carrying amount of property, plant and equipment is disclosed in Note 13.

Taxes

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations from 1 October 2009

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

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

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

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

Business combinations prior to 1 October 2009

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

Foreign currency translation

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

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Prior to 1 January 2005 the Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition, as assets and liabilities of the parent. Therefore, those assets and liabilities are already expressed in the reporting currency or are non-monetary items and hence no further translation differences occur.

Group companies

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

Any goodwill arising on the acquisition of a foreign operation subsequent to 1 January 2005 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Property, plant and equipment

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

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

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

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date or when events or changes in circumstances indicate that the carrying value may not be recoverable. An annual transfer from the revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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

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

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

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

Investment properties

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

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Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

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

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

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

Investments in 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

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

Financial statements of the Company

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

Consolidated financial statements

The Group's investments in associated companies are accounted for using the equity method of accounting. The investment in associated companies is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associated companies. Goodwill relating to an associated company is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The profit or loss reflects the share of the results of the operations of the associated companies. Where there has been a change recognised directly in the equity of the associated companies, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associated companies are eliminated to the extent of the interest in the associated companies.

When the financial statements of associated companies, used in applying the equity method, are prepared as of reporting date that is different from that of the Group, the difference is no greater than three months. Where necessary, adjustments are made to bring the accounting policies of the associated companies in line with those of the Group.

After the application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss of the Group's investment in its associated companies. The Group determines at each reporting date whether there is any objective evidence that the investment in associated companies is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

Intangible assets

Goodwill

Goodwill is initially measured at cost being the excess of the cost of the business combination over the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities. If the cost of acquisition is less than the fair value of the net assets of the subsidiary company acquired, the difference is recognised directly in profit or loss.

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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.

Leasehold rights

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

Patents

The trademark, "White Sand Tours" was acquired in October 2010 by the subsidiary White Palm 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

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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

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 'net trading income or loss'.

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

Loan and receivables

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

Available-for-sale financial assets

Available-for-sale financial assets include equity. 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 assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recycled through other comprehensive income into other operating income, or determined to be impaired, at which time the cumulative loss is recognised in profit or loss and removed from the available-for-sale reserve.

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.

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.

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

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

Subsequent measurement

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

Interest-bearing loans and borrowings

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

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

Offsetting of financial instruments

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

Fair value of financial instruments

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

Amortised cost of financial instruments

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

Impairment of financial assets

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

enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

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

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

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

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

Available-for-sale financial investments

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

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged'

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against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

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

Derecognition of financial assets and liabilities

Financial assets

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

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

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

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

Financial liabilities

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

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

Cash and cash equivalents

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

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.

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.

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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.

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.

Current 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

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

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

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

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

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

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

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

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

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

Value Added Tax

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

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

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.

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Corporate Social Responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within the Statement of Comprehensive Income and the income tax liability on the Statement of Financial Position.

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

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Finance leases

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

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

Operating lease

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

Borrowing costs

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

All other borrowing costs are recognised as an expense when incurred.

Revenue recognition

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

Revenue from hotel operations

Revenue is recognised upon consumption and acceptance by customers.

Revenue from airline catering

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

Revenue from tour operating

Commissions are recognised on completion of the services performed.

Interest income

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

Dividend income

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

Segmental reporting

The Group presents segmental information using business segments and also 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 for its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

The Group is composed of three business segments namely hotel and property operations, tour operating and flight and inland catering. Each business segment provides products and services that are subject to risks and returns that are different from those of other business segments. The hotel and property operations are carried out in Mauritius, Morocco (under construction) and Seychelles (hotel operations only), tour operating activities in France, United Kingdom, Italia, South Africa, Australia and Mauritius, and flight and inland catering in Mauritius.

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4. SEGMENTAL REPORTING

	Hotel & Property Operations Rs'000	Tour Operating Rs'000	Flight & Inland Catering Rs'000	Other Rs'000	Group Rs'000
Business segments for the year ended September 30, 2011					
Revenue	6,250,258	1,152,802	219,317	-	7,622,377
Profit after tax	702,934	82,300	(32,770)	-	752,464
Segment assets	26,875,138	1,451,707	407,415	-	28,734,260
Share of net assets of associates	-	-	-	520,746	520,746
Total assets					29,255,006
Segment liabilities	15,604,641	1,374,836	42,868	-	17,022,345
<i>Other segment information:</i>					
Capital expenditure	2,003,867	152,139	21,502	-	2,177,508
Depreciation on property, plant and equipment	381,078	28,046	11,616	-	420,740
Amortisation of intangible assets	3,912	-	-	-	3,912
Impairment loss	-	-	-	-	-
Business segments for the year ended September 30, 2010					
Revenue	5,543,245	889,404	400,560	-	6,833,209
Profit after tax	554,118	91,274	56,833	-	702,225
Segment assets	23,022,461	1,033,721	439,563	-	24,495,745
Share of net assets of associates	-	-	-	484,017	484,017
Total assets					24,979,762
Segment liabilities	12,706,790	1,143,013	29,833	-	13,879,636
<i>Other segment information:</i>					
Capital expenditure	3,296,109	9,053	13,301	-	3,318,463
Depreciation on property, plant and equipment	361,649	12,934	10,619	-	385,202
Amortisation of intangible assets	3,541	-	-	-	3,541
Impairment loss	-	-	58,734	-	58,734
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
Geographical segments for the year ended September 30, 2010					
Segment revenue	5,505,160	577,487	750,562		6,833,209
Segment assets	20,419,956	929,623	3,630,183		24,979,762
Capital expenditure	2,616,606	8,241	693,616		3,318,463

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, 2011

5. STAFF COSTS

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Wages, salaries, fees and bonuses	1,919,379	1,687,268	1,467,159	1,317,175
Social security costs	286,313	225,746	236,468	174,205
Employee benefits and related expenses	410,977	343,420	348,550	297,774
	<u>2,616,669</u>	<u>2,256,434</u>	<u>2,052,177</u>	<u>1,789,154</u>

6. OTHER EXPENSES

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Operating supplies and cleaning expenses	341,210	286,516	320,437	267,003
Repairs and maintenance	222,455	158,516	152,024	134,065
Utility costs	419,372	363,514	359,869	303,822
Marketing expenses	785,613	753,949	464,739	436,372
Guest entertainment	86,438	74,203	84,427	71,178
Administrative expenses	378,675	279,497	148,464	143,105
Operating lease rentals	96,228	45,300	85,895	36,565
Licences, patents, insurance and taxes	104,939	105,562	100,269	79,481
	<u>2,434,930</u>	<u>2,067,057</u>	<u>1,716,124</u>	<u>1,471,591</u>

7. FINANCE REVENUE

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Investment income: Quoted	5	5	5	5
Unquoted	-	-	4,084	4,795
Fair value gain on other financial assets	15,903	-	15,903	-
Exchange gain on retranslation of loans	51,118	-	51,118	-
Interest income	25,142	19,710	52	-
	<u>92,168</u>	<u>19,715</u>	<u>71,162</u>	<u>4,800</u>

8. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Bank overdrafts	85,467	69,716	79,006	62,291
Loans	622,117	566,031	539,298	489,125
Finance leases	3,889	60	135	60
Exchange loss on retranslation of receivables from subsidiary	-	-	-	24,236
Interest on call account with subsidiary (Note 30)	-	-	19,721	24,155
Capitalised cost in property, plant and equipment (Note 13)	(225,323)	(240,951)	(150,259)	(170,238)
	<u>486,150</u>	<u>394,856</u>	<u>487,901</u>	<u>429,629</u>

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

9. PRELIMINARY EXPENSES WRITTEN-OFF

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Preliminary costs incurred in Marrakech project written-off	46,871	-	-	-

10. OTHER INCOME

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Fair value gain on investment properties (Note 14)	143,033	65,187	124,233	58,000
Loan in subsidiary written back	-	24,000	-	-
	143,033	89,187	124,233	58,000

11. INCOME TAX

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
The major components of income tax expense for the years ended September 30, 2011 and 2010 are:				
Income statements				
Income tax on the adjusted profit for the year at 15% to 30% (2010: 15% to 30%)	(72,275)	(95,577)	(32,285)	(40,356)
Corporate Social Responsibility (CSR) charge	(11,869)	(20,732)	(11,869)	(20,732)
Over/(under)provision of income tax in previous year	248	912	(32)	95
Deferred taxation release (Note 26)	33,178	7,133	43,213	9,666
Income tax expense reported in income statements	(50,718)	(108,264)	(973)	(51,327)
Statements of financial position				
At October 1,	(1,050)	(66,167)	3,130	(52,303)
Acquisition of subsidiaries	1,514	-	-	-
Over/(under) provision of income tax in previous year	248	912	(12)	95
Income tax on the adjusted profit for the year at 15% to 30% (2010: 15% to 30%)	(72,275)	(95,577)	(32,285)	(40,356)
Exchange differences	(134)	(237)	-	-
Less: Payment during the year	80,120	160,019	39,851	95,694
At September 30,	8,423	(1,050)	10,684	3,130
Analysis of tax position at year end:				
Income tax prepaid	10,684	-	10,684	3,130
Income tax payable	(2,261)	(1,050)	-	-
	8,423	(1,050)	10,684	3,130

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

11. INCOME TAX (cont'd)

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
A reconciliation between tax expense and the product of accounting profit multiplied by the Mauritian's tax rate for the years ended September 30, 2011 and 2010 is as follows:				
Profit before tax	803,182	810,489	696,346	593,867
Tax calculated at a tax rate of 15% (2010: 15%)	(113,379)	(121,573)	(104,452)	(89,080)
Expenses not deductible for tax purposes	(127,878)	(18,117)	(8,089)	(13,721)
Expenses qualifying for double deduction	48,750	53,725	48,750	53,725
Corporate Social Responsibility (CSR) charge	-	(29,254)	-	(29,254)
Rate differential	(44,429)	(15,474)	-	-
Deferred tax asset not recognised	(8,338)	-	-	-
Borrowing cost expensed for tax purposes	31,339	-	30,000	-
Alternative minimum tax	-	-	-	-
Consolidation adjustment	1,945	(12,874)	-	-
Overprovision in deferred tax in previous year	6,117	8,935	6,117	9,061
Underprovision of tax in previous year	-	-	-	-
Overprovision of tax in current year	-	8,522	-	8,522
Fair value gain on investment properties not subject to tax	18,635	9,778	18,635	8,700
Income not subject to tax	136,520	8,068	8,066	720
Tax charge	(50,718)	(108,264)	(973)	(51,327)

12. BASIC EARNINGS PER SHARE

	THE GROUP	
	2011 Rs'000	2010 Rs'000
Profit for the year attributable to equity holders of the parent	726,552	659,778
Number of equity shares in issue	161,423,536	161,423,536

Basic earnings per share are calculated by dividing the profit for the year attributable to equity holders of the parent by the number of ordinary shares in issue during the year. There were no instruments that would have a dilutive effect on the earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

13. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land Rs'000	Buildings Rs'000	Other Fixed Assets Rs'000	Motor Vehicles Rs'000	Work in Progress Rs'000	Total Rs'000
THE GROUP						
Cost and valuation						
At October 1, 2009	665,716	11,281,247	2,837,173	176,305	1,781,790	16,742,231
Additions	2,167	40,993	236,534	56,001	2,921,217	3,256,912
Reclassification	25,718	(25,718)	-	-	(5,603)	(5,603)
Transfer	-	5,000	1,579	-	(6,579)	-
Disposals	-	-	(113,329)	(24,773)	(674)	(138,776)
Scrapped	-	-	(17,185)	-	-	(17,185)
Exchange differences	(4,275)	(191,110)	(35,368)	(185)	50,030	(180,908)
At September 30, 2010	689,326	11,110,412	2,909,404	207,348	4,740,181	19,656,671
Depreciation						
At October 1, 2009	-	342,698	1,785,201	80,198	-	2,208,097
Charge for the year	-	65,413	290,753	29,036	-	385,202
Disposals	-	(213)	(109,868)	(19,870)	-	(129,951)
Scrapped	-	-	(12,919)	-	-	(12,919)
Exchange differences	-	(1,186)	(19,176)	(973)	-	(21,335)
At September 30, 2010	-	406,712	1,933,991	88,391	-	2,429,094
Net Book Values						
At September 30, 2010	689,326	10,703,700	975,413	118,957	4,740,181	17,227,577
At September 30, 2009	665,716	10,938,549	1,051,972	96,107	1,781,790	14,534,134
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

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

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
THE COMPANY						
Cost and valuation						
At October 1, 2009	613,450	9,973,346	2,691,435	150,333	1,231,065	14,659,629
Additions	2,167	37,598	202,005	56,001	2,252,452	2,550,223
Reclassification	25,718	(25,718)	-	-	-	-
Transfer	-	5,000	1,579	-	(6,579)	-
Disposals	-	-	(101,252)	(18,545)	-	(119,797)
Scrapped	-	-	(17,185)	-	-	(17,185)
At September 30, 2010	641,335	9,990,226	2,776,582	187,789	3,476,938	17,072,870
Depreciation						
At October 1, 2009	-	341,765	1,791,540	64,535	-	2,197,840
Charge for the year	-	60,315	254,347	28,815	-	343,477
Disposals	-	-	(99,901)	(14,473)	-	(114,374)
Scrapped	-	-	(12,919)	-	-	(12,919)
At September 30, 2010	-	402,080	1,933,067	78,877	-	2,414,024
Net Book Values						
At September 30, 2010	641,335	9,588,146	843,515	108,912	3,476,938	14,658,846
At September 30, 2009	613,450	9,631,581	899,895	85,798	1,231,065	12,461,789
Cost and valuation						
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	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
At September 30, 2011	1,625,000	13,740,601	3,777,365	189,915	802,578	20,135,459
Depreciation						
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)
At September 30, 2011	-	372,607	2,164,916	95,203	-	2,632,726
Net Book Values						
At September 30, 2011	1,625,000	13,367,994	1,612,449	94,712	802,578	17,502,733
At September 30, 2010	641,335	9,588,146	843,515	108,912	3,476,938	14,658,846

(a) Revaluation of freehold land and buildings

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

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

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	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Cost	11,849,544	7,795,608	10,950,623	6,927,355
Accumulated depreciation	(660,381)	(628,955)	(549,126)	(520,187)
Net carrying amount	11,189,163	7,166,653	10,401,497	6,407,168

(c) Borrowing costs

Trou aux Biches Hotel and Marrakech project for the financial year:
Interest capitalised in property, plant and equipment

	225,323	240,951	150,259	170,238
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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.

(d) Assets held under finance leases

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

Plant and equipment included in other fixed assets

Cost	139,777	5,424	139,777	5,424
Accumulated depreciation	(7,854)	(5,259)	(7,854)	(5,259)
Net book values	131,923	165	131,923	165
<i>Motor vehicles</i>				
Cost	126,728	-	2,736	-
Accumulated depreciation	(65,446)	-	(89)	-
Net book values	61,282	-	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 150.1m for the Group (2010: nil) and Rs 109.1m (2010: nil) for the Company.

14. INVESTMENT PROPERTIES

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
At October 1,	1,994,500	1,915,000	1,763,300	1,705,300
Additions	-	8,710	-	-
Disposal	(1,333)	-	(1,333)	-
Fair value gain (Note 10)	143,033	65,187	124,233	58,000
Reclassified to inventories (Note 20)	(1,004,500)	-	(1,004,500)	-
Reclassified to property, plant and equipment (Note 13 (a))	(784,000)	5,603	(784,000)	-
At September 30,	347,700	1,994,500	97,700	1,763,300

Part of the investment properties has been 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 has been reclassified to inventories whereas land retained for golf project has been reclassified to property, plant and equipment.

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	3,497	2,281	3,497	-

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

15. INTANGIBLE ASSETS

	Goodwill arising on Acquisition Rs'000	Leasehold Rights Rs'000	Trademarks Rs'000	Total Rs'000
THE GROUP				
Cost				
At October 1, 2009	1,311,851	393,511	-	1,705,362
Additions	-	61,551	-	61,551
Impairment (see note 15 (a))	(58,734)	-	-	(58,734)
Exchange differences	-	(12,479)	-	(12,479)
At September 30, 2010	1,253,117	442,583	-	1,695,700
Amortisation				
At October 1, 2009	-	8,627	-	8,627
Amortisation charge	-	3,541	-	3,541
Exchange differences	-	(1,174)	-	(1,174)
At September 30, 2010	-	10,994	-	10,994
Net book values				
At September 30, 2010	1,253,117	431,589	-	1,684,706
At September 30, 2009	1,311,851	384,884	-	1,696,735
Cost				
At October 1, 2010	1,253,117	442,583	-	1,695,700
Additions	5,883	-	27,643	33,526
Exchange differences	-	(4,762)	-	(4,762)
At September 30, 2011	1,259,000	437,821	27,643	1,724,464
Amortisation				
At October 1, 2010	-	10,994	-	10,994
Amortisation charge	-	3,912	-	3,912
Exchange differences	-	(826)	-	(826)
At September 30, 2011	-	14,080	-	14,080
Net book values				
At September 30, 2011	1,259,000	423,741	27,643	1,710,384
At September 30, 2010	1,253,117	431,589	-	1,684,706

THE COMPANY

	Goodwill arising on Acquisition Rs'000	Leasehold Rights Rs'000	Total Rs'000
Cost			
At October 1, 2009	1,148,626	78,500	1,227,126
Additions	-	61,442	61,442
Impairment (see note 15 (a))	(58,734)	-	(58,734)
At September 30, 2010	1,089,892	139,942	1,229,834
Amortisation			
At October 1, 2009	-	-	-
Amortisation charge	-	1,862	1,862
At September 30, 2010	-	1,862	1,862
Net book values			
At September 30, 2010	1,089,892	138,080	1,227,972
At September 30, 2009	1,148,626	78,500	1,227,126

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

15. INTANGIBLE ASSETS (cont'd)

THE COMPANY (continued)

	Goodwill arising on acquisition Rs'000	Leasehold Rights Rs'000	Total Rs'000
Cost			
At October 1, 2010 and September 30, 2011	1,089,892	139,942	1,229,834
Amortisation			
At October 1, 2010	-	1,862	1,862
Amortisation charge	-	2,332	2,332
At September 30, 2011	-	4,194	4,194
Net book values			
At September 30, 2011	1,089,892	135,748	1,225,640
At September 30, 2010	1,089,892	138,080	1,227,972

(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

	Allocation of goodwill	
	2011 Rs'000	2010 Rs'000
<i>Tour operating cash-generating units</i>		
Beachcomber Limited and its tour operating subsidiaries	818,221	818,221
<i>Hotels operations cash-generating units</i>		
Beachcomber Boutiques Limited (Hotel boutiques)	4,101	4,101
Grand Baie Hotel Limited (Royal Palm hotel)	168,685	168,685
Maunex (Mauritius) Limited (Le Canonnier hotel)	98,885	98,885
The Company	1,089,892	1,089,892
<i>Hotels operations cash-generating units</i>		
Ste Anne Resort Limited	89,745	89,745
<i>Tour operating cash-generating units</i>		
Beachcomber Tours SARL	1,184	1,184
Beachcomber Tours Limited	72,296	72,296
<i>Property development cash generating unit</i>		
Domaine Palm Marrakech S.A	5,883	-
The Group	1,259,000	1,253,117

Each cash-generating unit represents a business operation and is the lowest level within the Group at which the goodwill is monitored for internal management purposes.

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

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

The discount rate used is based on the weighted average cost of capital ranging from 13% to 17%.

Note: Goodwill related to Plaisance Catering Unit amounted to Rs 58.7m has been impaired last year following loss of a major customer.

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

15. INTANGIBLE ASSETS (cont'd)

(b) Leasehold rights

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

16. INVESTMENT IN SUBSIDIARIES

(a) Cost (Unquoted)

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

THE COMPANY	
2011	2010
Rs'000	Rs'000
2,532,847	2,532,847
172,090	-
258,454	-
<u>2,963,391</u>	<u>2,532,847</u>

(b) List of Subsidiaries

Name of Corporation	Main business activity	Country of incorporation	Effective % holding	
			2011 %	2010 %
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	95
Beachcomber Hotel S.A.	Hotel operations	Morocco	100	95
Domaine Palm Marrakech S.A.	Property development	Morocco	100	50
White Palm Ltd	Tour operating	Mauritius	51	-
Mautourco Ltd	Tour operating	Mauritius	51	-
Transmaurice Car Rental Ltd	Car rental	Mauritius	51	-
Societe Pur Blanca	Investment	Mauritius	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, 2011

17. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
At October 1,	484,017	335,665	191,873	191,873
Reclassified to subsidiary (Note 16)	(172,090)	-	(172,090)	-
Share of associate at date of transfer	108,872	-	-	-
Additions during the year	70,025	-	6	-
Changes in reserves of associates	11,880	176,023	-	-
Dividends from associates	(6,356)	-	-	-
Share of results of associates	24,398	(27,671)	-	-
At September 30,	520,746	484,017	19,789	191,873

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	
	2011 Rs'000	2010 Rs'000
Total assets	5,409,538	7,397,621
Total liabilities	(2,154,010)	(4,765,163)
Net assets	3,255,528	2,632,458
Revenue	1,969,244	1,560,295
Profit/(loss) for the year	129,881	(225,861)
Share of results of associates	24,398	(27,671)

Investment in associates consist of investments in unquoted shares.

List of associates

Name of Corporation	Year-end	Class of shares	Percentage held	
			2011	2010
			%	%
South West Tourism Development Co Ltd	September 30,	Ordinary shares	31	31
Launderers (Hotels & Restaurants) Ltd	June 30,	Ordinary shares	50	50
Parure Limitée	June 30,	Ordinary shares	27	27
Societe Cajeva	June 30,	Parts	50	50
Marguerite Morocco Hospitality	December 31,	Ordinary shares	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	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
At October 1,	43,982	42,076	2,082	1,986
Fair value (loss)/gain	(4,261)	1,906	(86)	96
At September 30,	39,721	43,982	1,996	2,082
Analysed into:				
Quoted	36,976	41,237	1,948	2,034
Unquoted	2,745	2,745	48	48
	39,721	43,982	1,996	2,082

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.

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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	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
(ii) The amounts recognised in the statements of financial position are as follows:				
Defined benefit obligation	2,540,574	2,088,891	2,522,032	2,078,525
Fair value of plan assets	(1,854,326)	(1,749,140)	(1,843,051)	(1,740,460)
	686,248	339,751	678,981	338,065
Unrecognised actuarial loss	(712,969)	(400,186)	(713,773)	(399,649)
Employee benefit asset	(26,721)	(60,435)	(34,792)	(61,584)
(iii) The amounts recognised in the income statements are as follows:				
Current service cost	83,413	70,671	81,263	69,409
Scheme expenses	652	1,424	651	1,408
Interest cost on defined benefit obligation	213,048	191,893	211,564	189,644
Expected return on plan assets	(186,465)	(188,821)	(185,468)	(186,700)
Actuarial loss	11,366	-	11,474	-
Net benefit expense	122,014	75,167	119,484	73,761
The actual return on the plan assets was Rs 51m for the current financial year.				
(iv) Movement in the asset recognised in the statements of financial position:				
At October 1,	(60,435)	(48,228)	(61,584)	(49,162)
Acquisition of subsidiaries	6,312	-	-	-
Total expense as above	122,014	75,167	119,484	73,761
Contributions paid	(94,612)	(87,374)	(92,692)	(86,183)
At September 30,	(26,721)	(60,435)	(34,792)	(61,584)
(v) Changes in the present value of the defined benefit obligation are as follows:				
At October 1,	2,088,891	1,898,663	2,078,525	1,877,386
Current service cost	83,413	70,671	81,263	69,409
Interest cost	213,048	191,893	211,565	189,644
Employees' contribution	31,379	28,943	30,777	28,728
Actuarial loss/ (gain)	194,731	(27,624)	190,546	(13,280)
Benefits paid	(70,888)	(73,655)	(70,644)	(73,362)
At September 30,	2,540,574	2,088,891	2,522,032	2,078,525
(vi) Changes in the fair value of plan assets are as follows:				
At October 1,	1,749,140	1,777,950	1,740,460	1,758,026
Expected return	186,465	188,821	185,469	186,700
Contribution by employer	94,612	87,374	92,692	86,183
Scheme expenses	(652)	(1,424)	(651)	(1,409)
Employees' contribution	31,379	28,943	30,777	28,728
Actuarial losses	(135,730)	(258,869)	(135,052)	(244,406)
Benefits paid	(70,888)	(73,655)	(70,644)	(73,362)
At September 30,	1,854,326	1,749,140	1,843,051	1,740,460

NOTES TO THE FINANCIAL STATEMENTS

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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	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Local equities	41	44	41	44
Overseas bond and equities	34	27	34	27
Fixed interest	4	18	4	18
Property and other	21	11	21	11
	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:

	2011 %	2010 %	2011 %	2010 %
Discount rate	9.34	10.00	9.25	10.00
Rate of return on assets	9.74	10.50	9.75	10.50
Future salary increase	7.94	8.00	8.00	8.00
Future pension increase	0.00	0.00	0.00	0.00

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

	THE GROUP				THE COMPANY			
	2011 Rs'000	2010 Rs'000	2009 Rs'000	2008 Rs'000	2011 Rs'000	2010 Rs'000	2009 Rs'000	2008 Rs'000
Defined benefit obligation	(2,540,574)	(2,088,891)	(1,898,663)	(1,737,995)	(2,522,032)	(2,078,525)	(1,877,386)	(1,728,357)
Plan assets	1,854,326	1,749,140	1,777,950	1,682,298	1,843,051	1,740,460	1,758,026	1,673,371
Deficit	(686,248)	(339,751)	(120,713)	(55,697)	(678,981)	(338,065)	(119,360)	(54,986)
Unrecognised portion of actuarial gains	(712,969)	(400,186)	(168,941)	(91,540)	(713,772)	(399,649)	(168,522)	(92,061)
Experience adjustments on plan liabilities	(194,731)	27,624	50,184	(130,229)	(190,546)	13,280	51,197	(129,319)
Experience adjustments on plan assets	135,730	(258,326)	123,072	(340,905)	135,052	(244,406)	114,541	(339,035)

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

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

- (xi) Expected contribution for next year

The Group is expected to contribute Rs 135m to its defined benefit pension plan in the next financial year.

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20. INVENTORIES

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Food and beverages (cost)	91,235	81,433	81,979	71,379
Operating equipment (net realisable value)	142,738	90,310	131,473	77,175
Operating supplies and others (net realisable value)	57,864	45,183	52,684	39,365
Spare parts (cost)	53,048	49,074	33,142	31,468
Fabrics and garments (cost)	52,291	45,744	49,264	42,582
Stock of land for sale (cost) (note (a))	2,692,532	-	1,004,500	-
	3,089,708	311,744	1,353,042	261,969
Inventories are included in assets given as collaterals for bank borrowings.				
Note (a): Stock of land for sale is made up of:				
Land for sale at Les Salines, Mauritius	1,004,500	-	1,004,500	-
Villas under construction in Marrakech, Morocco - to be sold	1,688,032	-	-	-
	2,692,532	-	1,004,500	-

21. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Trade receivables	891,334	867,617	576,909	610,714
Other receivables	1,611,557	1,441,738	335,879	222,965
Amounts due from associates (Note 30)	11,861	366,493	11,861	366,493
Amounts due from subsidiaries (Note 30)	-	-	3,169,738	1,645,147
	2,514,752	2,675,848	4,094,387	2,845,319
Trade receivables are unsecured, non-interest bearing and are generally on 30 to 60 days' term.				
At September 30, 2011, trade receivables at nominal value of Rs 30.4m (2010: Rs 17m) for the Group and Rs 23.3m (2010: Rs 12.7m) 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,	16,969	7,211	12,700	5,000
Acquisition of subsidiaries	2,600	-	-	-
Charge for the year	10,803	9,758	10,610	7,700
At September 30,	30,372	16,969	23,310	12,700

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

	Total		Past due but not impaired			
	Neither past due nor impaired Rs'000	Rs'000	< 30 days Rs'000	30 - 60 days Rs'000	61 - 90 days Rs'000	> 90 days Rs'000
GROUP						
2011	891,334	615,811	163,565	20,902	13,219	77,837
2010	867,617	559,316	200,828	28,318	8,370	70,785
COMPANY						
2011	576,909	343,333	136,228	15,289	9,525	72,534
2010	610,714	361,159	145,332	27,620	8,672	67,931

(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

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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	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Cash in hand and at bank	782,004	496,953	86,330	56,393
Bank overdrafts	(1,848,675)	(1,478,261)	(1,711,292)	(1,477,508)
	(1,066,671)	(981,308)	(1,624,962)	(1,421,115)

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash is Rs 782m (2010: Rs 497m) for the Group and Rs 86m (2010: Rs 56m) for the Company respectively.

- (b) Non-cash transactions

The principal non-cash transaction consists of amount due on renovations of Trou aux Biches and Dinarobin hotels totalling Rs 28 million (2010: Rs 82 million) (the Group and the Company). This amount has been excluded from 'purchase of property, plant and equipment' disclosed under investing activities for the purpose of Statement of cash flows.

23. STATED CAPITAL

	THE GROUP AND THE COMPANY	
	2011 Rs'000	2010 Rs'000
Authorised 500,000,000 Ordinary shares at no par value	5,000,000	5,000,000
Issued and fully paid 161,423,536 Ordinary shares at no par value	1,724,361	1,724,361

24. RESERVES

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Nature and purpose of reserves				
<i>Other reserves</i>	1,428,913	1,417,033	-	-
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 in the financial year 2003.				
<i>Available-for-sale financial assets reserve</i>	28,278	32,540	1,085	1,171
The fair value reserve is principally used to record the fair value adjustments relating to available-for-sale financial assets.				
<i>Revaluation reserve</i>	4,582,556	3,853,644	4,296,971	3,618,706
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>	(1,025,901)	(979,945)	-	-
These reserves include exchange differences on retranslation of the financial statements of foreign subsidiaries and loss or gain arising on cash flow hedges.				
Total other components of equity	5,013,846	4,323,272	4,298,056	3,619,877

Note 1: Foreign exchange difference reserves are shown net of tax effect of differences arising on translation of deferred tax in Ste Anne Resorts Limited of Rs 24m (2010: Rs 12m).

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25. BORROWINGS

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Current portion				
Bank overdrafts (note (a))	1,848,675	1,478,261	1,711,292	1,477,508
Term loans (note (b))	1,390,249	1,666,142	1,390,249	1,630,327
Obligations under finance leases (note (c))	45,018	128	20,424	128
	<u>3,283,942</u>	<u>3,144,531</u>	<u>3,121,965</u>	<u>3,107,963</u>
Non-current portion				
Term loans (note (b))	9,206,675	6,422,710	9,078,769	6,279,455
Obligations under finance leases (note (c))	108,695	7	88,281	7
	<u>9,315,370</u>	<u>6,422,717</u>	<u>9,167,050</u>	<u>6,279,462</u>
Total borrowings	<u>12,599,312</u>	<u>9,567,248</u>	<u>12,289,015</u>	<u>9,387,425</u>
(a) Bank overdrafts				
The bank overdrafts are secured by floating charges on the assets of the individual companies of the Group.				
The rates of interest vary between 6.25% and 9.00% per annum.				
(b) Term loans				
Term loans can be analysed as follows:				
<i>Current</i>				
- Within one year	1,390,249	1,666,142	1,390,249	1,630,327
<i>Non-current</i>				
- After one year and before two years	1,104,073	1,612,140	1,093,414	1,540,513
- After two years and before five years	5,161,829	4,410,570	5,097,876	4,338,942
- After five years	2,940,773	400,000	2,887,479	400,000
	<u>9,206,675</u>	<u>6,422,710</u>	<u>9,078,769</u>	<u>6,279,455</u>
	<u>10,596,924</u>	<u>8,088,852</u>	<u>10,469,018</u>	<u>7,909,782</u>

Terms loans are denominated as follows:

	Effective interest rate %	Maturity	THE GROUP		THE COMPANY	
			2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
<i>Denominated in:</i>						
Mauritian rupees	6.25% - 6.50%	On demand	244,103	50,000	244,103	50,000
Mauritian rupees	5.75% - 8.5%	2011-2019	7,396,026	6,434,980	7,396,026	6,434,980
US Dollars	LIBOR + 2.75%	2012	-	179,070	-	-
Euro	EURO LIBOR (+2.50% - 4%)	2019	2,685,069	1,424,802	2,557,163	1,424,802
Euro	EURIBOR +3.7%	2015	271,726	-	271,726	-
			<u>10,596,924</u>	<u>8,088,852</u>	<u>10,469,018</u>	<u>7,909,782</u>

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

The term loans include a loan of Rs 27m repayable on demand to New Mauritius Hotels Group Superannuation Fund and loans totalling EUR 1.8m to Ste Anne Resorts Limited - see note 30.

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

NOTES TO THE FINANCIAL STATEMENTS

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25. BORROWINGS (cont'd)

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
(c) Obligations under finance leases				
<i>Minimum lease payments:</i>				
- Within one year	57,370	134	29,429	134
- After one year and before two years	43,504	8	29,432	8
- After two years and before five years	79,442	-	70,959	-
	180,316	142	129,820	142
Less: Future finance charges on obligations under finance leases	(26,603)	(7)	(21,115)	(7)
Present value of obligations under finance leases	153,713	135	108,705	135
Present value analysed as follows:				
<i>Current</i>				
- Within one year	45,018	128	20,424	128
<i>Non-current</i>				
- After one year and before two years	35,144	7	22,363	7
- After two years and before five years	73,551	-	65,918	-
	108,695	7	88,281	7
	153,713	135	108,705	135

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	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
<i>Deferred tax liabilities</i>						
Accelerated capital allowances	862,507	894,754	(32,247)	(11,529)	-	-
Assets revaluation	731,939	621,204	-	-	110,735	-
Employee benefit assets	4,978	8,694	(3,716)	1,731	-	-
Exchange differences	(44,559)	(30,605)	-	-	(13,954)	(25,110)
	1,554,865	1,494,047				
<i>Deferred income tax assets</i>						
Tax losses carried forward	(71,183)	(73,968)	2,785	2,665	-	-
Exchange differences	3,594	14,479	-	-	(10,885)	12,767
	(67,589)	(59,489)				
Deferred tax liabilities net	1,487,276	1,434,558				
Deferred income tax release (Note 11)			(33,178)	(7,133)		
Deferred income tax charged/(credited) directly to equity					85,896	(12,343)

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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	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
<i>Deferred tax liabilities</i>						
Accelerated capital allowances	753,934	793,128	(39,194)	(11,529)	-	-
Assets revaluation	666,056	569,690	-	-	96,366	-
Employee benefit assets	5,218	9,237	(4,019)	1,863	-	-
Deferred tax liabilities	1,425,208	1,372,055				
Deferred income tax release (Note 11)			(43,213)	(9,666)		
Deferred income tax charged directly to equity					96,366	-

27. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Trade payables	726,513	647,367	95,004	82,822
Other payables	2,126,271	2,148,701	713,664	893,222
Dividends proposed (Note 28)	80,712	80,712	80,712	80,712
Loan at call payable to subsidiary (Note 30)	-	-	160,939	274,485
Amount due to subsidiaries (Note 30)	-	-	2,889,691	2,844,015
	2,933,496	2,876,780	3,940,010	4,175,256

(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	
	2011 Rs'000	2010 Rs'000
Interim dividend paid - Rs 1.50 per share (2010 - Rs 2.00)	242,135	322,847
Final dividend proposed - Rs 0.50 per share (2010 - Rs 0.50)	80,712	80,712
	322,847	403,559

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29. COMMITMENTS

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Capital Commitments				
Trou aux Biches Hotel project	100,000	1,000,000	100,000	1,000,000
Les Salines project	1,000,000	-	1,000,000	-
Marrakech Hotel and villa project (Morocco)	3,500,000	1,500,000	-	-
	<u>4,600,000</u>	<u>2,500,000</u>	<u>1,100,000</u>	<u>1,000,000</u>

The Rs 100m relates to estimated remaining costs to complete the construction of Trou aux Biches hotel.

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 3.5b represents the estimated costs to complete phase 1 of Marrakech project as at 30 September 2011.

For recall, the project consists of the construction of some 88 villas for sale, a golf course and a five star hotel.

Operating lease commitments

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:

	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Within one year	100,902	100,902	77,546	77,546
After one year but not more than five years	403,606	403,606	310,184	310,184
More than five years	5,735,545	5,836,447	4,187,490	4,265,036
	<u>6,240,053</u>	<u>6,340,955</u>	<u>4,575,220</u>	<u>4,652,766</u>

30. RELATED PARTY DISCLOSURES

(i) Compensation of key management personnel

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

The following transactions have been entered into with related parties:

	Nature of goods or services	THE GROUP		THE COMPANY	
		2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
(ii) Expenses					
<i>Subsidiaries:</i>					
Beachcomber Marketing (Pty) Ltd	Interest on call a/c	-	-	18,130	22,542
Beachcomber Tours SARL	Interest on call a/c	-	-	1,590	1,584
Imperial Ltd	Rent	-	-	-	-
Beachcomber Limited	Rent	-	-	3,000	3,273
Beachcomber Training Academy Limited	Training courses	-	-	9,876	11,940
New Mauritius Hotel - Italia SRL	Marketing costs	-	-	14,998	28,804
		-	-	<u>47,594</u>	<u>68,143</u>
<i>Other related parties:</i>					
New Mauritius Hotels Superannuation Fund	Interest costs	-	379	2,364	379
<i>Associates:</i>					
Launderers (Hotels & Restaurants) Ltd	Laundry services	110,540	103,556	110,540	103,556

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30. RELATED PARTY DISCLOSURES (cont'd)

	Nature of services	THE GROUP		THE COMPANY	
		2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
(iii) Revenue					
<i>Subsidiaries:</i>					
Beachcomber Marketing (Pty) Ltd	Hotel packages	-	-	575,321	550,207
Beachcomber Tours SARL	Hotel packages	-	-	582,123	558,737
Holiday Marketing (Pty) Ltd	Hotel packages	-	-	22,147	23,032
Beachcomber Tours Limited	Hotel packages	-	-	547,658	525,644
Ste Anne Resorts Limited	Management fees	-	-	16,024	15,961
Beachcomber Hotel Marrakech S.A.	Promoter's fees	-	-	2,799	2,412
Domaine Palm Marrakech S.A.	Promoter's fees	-	-	673	-
		-	-	1,746,745	1,675,993
<i>Associates:</i>					
Parure Limitee	Space rental	97	86	97	86
(iv) Year-end balances receivable from related parties					
<i>Subsidiaries:</i>					
Ste Anne Resorts Limited		-	-	457,566	495,403
Beachcomber Gold Coast Limited		-	-	107,357	107,357
Kingfisher Ltd		-	-	2,340	2,338
Beachcomber Hotel Marrakech S.A.		-	-	112,401	112,401
Beachcomber Hotel S.A.		-	-	1,136,885	862,782
Domaine Palm Marrakech S.A.		-	-	1,286,531	-
New Mauritius Hotel - Italia SRL		-	-	32,543	32,543
Les Salines Development Ltd		-	-	8	6
Les Salines Golf and Resort Limited		-	-	19,524	19,340
Beachcomber Training Academy Limited		-	-	14,583	12,977
		-	-	3,169,738	1,645,147
<i>Associates:</i>					
Domaine Palm Marrakech S.A.		-	348,345	-	348,345
Societe Cajeva		11,771	18,062	11,771	18,062
Parure Limitee		90	86	90	86
		11,861	366,493	11,861	366,493
Included in the trade receivables balance are					
<i>Subsidiaries:</i>					
Holiday Marketing (Pty) Ltd		-	-	3,271	5,672
Beachcomber Tours SARL		-	-	63,974	36,185
Beachcomber Tours Limited		-	-	35,529	65,470
Beachcomber Marketing (Pty) Ltd		-	-	43,074	50,413
White Palm Ltd		-	-	528	-
Mautourco Ltd		-	-	2,291	-
		-	-	148,667	157,740

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

30. RELATED PARTY DISCLOSURES (cont'd)

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
(v) Year-end balances payable to related parties				
<i>Subsidiaries:</i>				
Grand Baie Hotels Limited	-	-	440,266	440,304
Société Immobilière et Touristique de Grand Baie	-	-	25,575	25,575
Royal Gardens Ltd	-	-	139,312	139,354
Société Royal Gardens	-	-	299,599	299,599
Maunex (Mauritius) Limited	-	-	447,552	447,590
Imperial Ltd	-	-	247,031	247,061
Plaisance Catering Limited	-	-	100,956	100,956
Beachcomber Limited	-	-	1,154,597	1,108,742
Beachcomber Boutiques Limited	-	-	34,803	34,834
	-	-	2,889,691	2,844,015
Included in the trade payables balance are				
<i>Associate:</i>				
Launderers (Hotels & Restaurants) Ltd	343	5,152	343	5,152
<i>Subsidiary:</i>				
Loan at call payable to Beachcomber Marketing (Pty) Ltd	-	-	160,939	274,485
Interest bearing loans and borrowings from related parties				
Loan payable to New Mauritius Hotels Superannuation Fund	27,103	50,000	27,103	50,000
Loan payable to Ste Anne Resorts Limited	-	-	73,443	-
	27,103	50,000	100,546	50,000

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 an EUR 1.5m loan granted to Ste Anne Resorts Limited. For the financial year ended September 30, 2011 and 2010, 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 New Mauritius Hotels Group Superannuation Fund and Ste Anne Resorts Limited bear an interest rate of 6.5% p.a and interest rates varying between Libor 1 month +3% to Libor 1 month +4% respectively.

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group's activities, therefore, expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on 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	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Cash and cash equivalents	782,004	496,953	86,330	56,393
Available-for-sale financial assets	39,721	43,982	1,996	2,082
Trade and other receivables	2,514,752	2,675,848	4,094,387	2,845,319
Foreign exchange forward contracts	3,077	-	3,077	-
	<u>3,339,554</u>	<u>3,216,783</u>	<u>4,185,790</u>	<u>2,903,794</u>

(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, 2011 and 2010. 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.

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

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

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, 2011 and 2010.

(a) Foreign currency risk

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

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

		THE GROUP		THE COMPANY		
		Increase/ decrease in rates %	Effect on profit before tax Rs'000	Effect on equity Rs'000	Effect on profit before tax Rs'000	Effect on equity Rs'000
2011	Euros	5%	(146,767)	-	(18,072)	-
	Pound Sterling	5%	4,523	-	1,669	-
	Rands	5%	(5,293)	-	36	-
	United States Dollars	5%	580	-	400	-
	Australian Dollars	5%	43	-	(8)	-
	Seychelles Rupees	5%	3,501	-	-	-
	Moroccan Dirham	5%	7	-	-	-
2010	Euros	5%	(67,919)	-	(68,420)	-
	United States Dollars	5%	3,970	-	(9,086)	-
	Pound Sterling	5%	1,143	-	(1,282)	-
	Rands	5%	(8,840)	-	51	-
	Australian Dollars	5%	116	-	(1,081)	-
	Seychelles Rupees	5%	4,256	-	4,321	-
	Moroccan Dirham	5%	6,647	-	-	-

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	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Euros	1,086,426	915,358	4,018,642	2,273,741	3,006,234	1,654,302	3,367,665	3,022,692
Pound Sterling	279,336	285,632	188,878	206,222	36,710	26,084	3,333	207,798
Rands	227,548	300,433	333,407	277,566	726	251,917	-	277,566
United States Dollars	13,730	5,530	2,125	182,324	10,117	5,530	2,125	4,520
Australian Dollars	17,996	24,059	17,137	21,741	-	125	160	21,741
Seychelles Rupees	111,181	105,377	41,157	20,262	-	105,198	-	18,785
Mauritian Rupees	358,549	526,406	10,024,070	8,769,337	809,824	655,428	12,855,742	10,009,579
Moroccan Dirhams	907,541	825,777	907,392	692,835	-	-	-	-
	3,002,307	2,988,572	15,532,808	12,444,028	3,863,611	2,698,584	16,229,025	13,562,681

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

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

Interest rate risk

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

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

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

		THE GROUP		THE COMPANY
		Increase/ decrease in rates %	Effect on profit before tax Rs'000	Effect on profit before tax Rs'000
2011	Interest-bearing loans and borrowings in MUR	1.00%	66,569	66,569
	Interest-bearing loans and borrowings in USD	0.25%	-	-
	Interest-bearing loans and borrowings in EUR	0.25%	7,392	7,072
2010	Interest-bearing loans and borrowings in MUR	1.00%	64,850	64,850
	Interest-bearing loans and borrowings in USD	0.25%	448	-
	Interest-bearing loans and borrowings in EUR	0.25%	3,562	3,562

(c) Liquidity risk

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

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

THE GROUP		On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
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
2010	Trade and other payables	-	2,876,780	-	-	-	2,876,780
	Borrowings	1,526,958	298,051	1,831,928	7,093,544	402,438	11,152,919
		1,526,958	3,174,831	1,831,928	7,093,544	402,438	14,029,699
THE COMPANY		On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
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
2010	Trade and other payables	-	4,175,256	-	-	-	4,175,256
	Borrowings	1,526,958	260,875	1,827,845	6,947,567	402,438	10,965,683
		1,526,958	4,436,131	1,827,845	6,947,567	402,438	15,140,939

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

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

(d) Capital Management

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

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

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Group'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 equity holders of the parent' as shown in the statement of financial position. The gearing ratios at September 30, 2011 and September 30, 2010 were as follows:

	THE GROUP		THE COMPANY	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Interest bearing loans and borrowings	15,567,657	11,152,919	15,228,369	10,965,683
Less interests costs included above	(2,968,346)	(1,586,424)	(2,939,354)	(1,578,258)
Less cash in hand and at bank	(782,004)	(496,953)	(86,330)	(56,393)
Net Debt	11,817,307	9,069,542	12,202,685	9,331,032
Equity	12,185,862	11,054,912	9,752,154	8,670,579
Net realised gains reserve	-	-	-	-
Total capital	12,185,862	11,054,912	9,752,154	8,670,579
Equity attributable to equity holders of the parent	12,185,862	11,054,912	9,752,154	8,670,579
Gearing Ratio	97%	82%	125%	108%

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

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 2011, the Group held the following financial instruments carried at fair value in the statement of financial position:

Assets measured at fair value	THE GROUP				THE COMPANY			
	30 September				30 September			
	2011	Level 1	Level 2	Level 3	2011	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Other financial assets at fair value through profit or loss (Note 22):								
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	-

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 2011, there were no transfers between Level 1 and Level 2 fair value measurements.

As at 30 September 2010, the Group held the following financial instruments carried at fair value in the statement of financial position:

Assets measured at fair value	THE GROUP				THE COMPANY			
	30 September				30 September			
	2010	Level 1	Level 2	Level 3	2010	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Available-for-sale financial assets (Note 18)	41,237	41,237	-	-	2,034	2,034	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

33. BUSINESS COMBINATIONS (cont'd)

Assets acquired and liabilities assumed

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

	2011 Rs'000
Assets	
Property, plant and equipment	103,080
Inventories	1,766
Trade and other receivables	74,103
Cash and bank	25,575
	<u>204,524</u>
Liabilities	
Trade and other payables	140,259
Finance lease obligations	15,672
Deferred taxation	1,276
Employee benefit liabilities	6,313
	<u>163,520</u>
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 transferred, as consideration	<u>15,017</u>

Mautourco Ltd has contributed to Rs 4.9m 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, revenue would have been Rs 7.8b and profit for the year for the Group would have been Rs 761m.

(b) Acquisition of Domaine 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 became a fully owned subsidiary.

Assets acquired and liabilities assumed

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

	2011 Rs'000
Assets	
Property, plant and equipment	174,222
Investments	104,072
Inventories	1,637,544
Trade and other receivables	543,558
Cash and bank	55,444
	<u>2,514,840</u>
Liabilities	
Trade and other payables	2,065,316
Bank overdraft	132,474
	<u>2,197,790</u>
Total identifiable net assets at fair value	317,050
Equity Fair value	(98,649)
Goodwill arising on acquisition	5,883
Purchase price	<u>224,284</u>

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

NOTES TO THE FINANCIAL STATEMENTS

september 30, 2011

34. OTHER FINANCIAL ASSETS

	THE GROUP AND THE COMPANY	
	2011 Rs'000	2010 Rs'000
Other financial assets at fair value through profit or loss		
Derivatives not designated as hedges		
Foreign exchange forward contracts	3,077	-
Currency options	12,826	-
Total other financial assets at fair value	15,903	-
Disclosed as follows:		
Total current	15,903	-
Total non-current	-	-

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.

35. FAIR VALUES OF OTHER FINANCIAL ASSETS

Below is a comparison by class of the carrying amounts and fair value of the Group's other financial assets that are carried in the financial statements.

	THE GROUP AND THE COMPANY			
	Fair value		Carrying value	
	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
Other financial assets at fair value through profit or loss				
Foreign exchange forward contracts	3,077	-	3,077	-
Currency options	12,826	-	12,826	-
Total	15,903	-	15,903	-

The fair value of other financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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 as mentioned in Note 32 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.

36. COMPARATIVES

Any differences in the comparatives from the amounts in the consolidated financial statements for the year ended September 30, 2011 are solely the results of reclassifications for comparative purposes.

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 10, 2012 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, 2011 including the Annual Report and the Auditors' Report.
- 2 To reappoint as Director of the Company until the next Annual Meeting Mr. Michel Pitot who is over the age of 70 in accordance with section 138 (6) of the Companies Act 2001.
- 3 To reappoint Messrs Hector Espitalier-Noël and Robert Doger de Spéville who are the two Directors due for retirement as Director of the Company in accordance with section 23.6 of the Company's constitution.
- 4 To reappoint Messrs. Ernst & Young as auditors for the financial year ending September 30, 2012 and authorise the Board of Directors to fix their remuneration.
- 5 Shareholders' question time.

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

By order of the Board
BEACHCOMBER LIMITED
Secretary



(Per Francis MONTOCCHIO)
January 23, 2012

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 10, 2012 at 10.30 a.m and at any adjournment thereof.

Signed this day of 2012.

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, 2011 including the Annual Report and Auditors' report.	<input type="checkbox"/>	<input type="checkbox"/>
2 To reappoint as Director of the Company until the next Annual Meeting Mr. Michel Pitot who is over the age of 70 in accordance with section 138 (6) of the Companies Act 2001.	<input type="checkbox"/>	<input type="checkbox"/>
3 To reappoint Messrs Hector Espitalier-Noël and Robert Doger de Spéville who are the two Directors due for retirement as Director of the Company in accordance with section 23.6 of the Company's constitution.	<input type="checkbox"/>	<input type="checkbox"/>
4 To reappoint Messrs Ernst & Young as auditors for the financial year ending September 30, 2012 and authorise the Board of Directors to fix their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

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.



beachcomber
HOTELS

DREAM IS A SERIOUS THING

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

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