New Mauritius Hotels Limited

Prospectus

Prospectus, deemed to be Listing Particulars pursuant to the Listing Rules, in respect of a bonus issue of two new ordinary shares for each ordinary share, totalling 322,847,072 new ordinary shares, and a rights issue of 161,423,536 redeemable convertible non-voting preference shares

30 April 2015

NEW MAURITIUS HOTELS LIMITED

(“NMH”, the “Issuer” or the “Company”)

Incorporated in Mauritius on 24 December 1964 and registered as a limited liability company in Mauritius and regulated by the Companies Act, 2001
Registered office: Beachcomber House, Botanical Garden Street, Curepipe, Mauritius

Prospectus to Shareholders of the Company in respect of:

A Bonus Issue

of 322,847,072 new Ordinary Shares in the proportion of two new Ordinary Shares for each Ordinary Share of the Company held on Friday 12 June 2015 (“Bonus Issue”); and

A Rights Issue

of 161,423,536 redeemable convertible non-voting preference shares
(“Preference Shares”)
in a proportion of 1 Preference Share
for each Ordinary Share of the Company held on Friday 12 June 2015

30 April 2015

If you are a shareholder of the Company, this document is important and requires your immediate attention

This Prospectus is not an invitation to the public to subscribe for shares in the Company and is issued in compliance with the rules and regulations of the Stock Exchange of Mauritius Ltd (LEC reference number: LEC/R/02/2015), the Securities Act 2005 and the Securities (Public Offers) Rules 2007 for the purpose of giving information to the shareholders of the Company and the public at large with regard to the Bonus Issue and the Rights Issue. Securities shall not be issued under this Prospectus more than 6 months after the date the Prospectus is granted effective registration.

For a full appreciation of this Prospectus, the document should be read in its entirety. If you are in any doubt about the action you should take, you should consult your financial advisor, your investment dealer or any other independent advisor immediately.

Neither the Listing Executive Committee ("LEC") nor the Stock Exchange of Mauritius Ltd ("SEM") nor the Financial Services Commission ("FSC") assumes any responsibility for the contents of the document. The LEC, SEM and the FSC make no representation as to the accuracy or completeness of any of the statements made or opinions expressed in this document and expressly disclaim any liability for any loss arising from or in reliance upon the whole or any part thereof.

Contents

1. Declaration of Directors

This Prospectus has been prepared in compliance with the Securities Act 2005, the Securities (Public Offer) Rules 2007 and the Stock Exchange of Mauritius Ltd Rules governing the listing of securities on the Official Market of the SEM for the purpose of giving information with regard to the Issuer and its contemplated Bonus Issue and Rights Issue.

The directors, whose name appear in section 12, collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this Prospectus and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Board of directors of the Company hereby states that:

(i) There has been no material adverse change in the financial or trading position of the Company since the last unaudited interim financial report for the quarter ended 31 December 2014;

(ii) The historical financial information included in this document, except for the interim financial report, have been extracted from the audited, unqualified, consolidated annual reports for the years ended 30 September 2012, 2013, 2014 of the Company which have been prepared in accordance to the International Financial Report Standards and in compliance with the Companies Act 2001 and Financial Reporting Act 2004 and the Board accepts full responsibility for them;

(iii) No changes are anticipated in the nature of the business of the Company; and

(iv) The measures taken by the Board ensure that the working capital available to the Company is sufficient for the running of the business.

Name of Director	Signature
Mr. Hector Espitalier-Noel	
Mr. Herbert Couacaud	
Mr. Marcel MASSON	

2. Summary of key terms and definitions

In this document, where the context permits, the expressions set out below bear the following meanings:

Definition	Meaning
Act	The Companies Act 2001
Applicable Procedures	The rules, guidelines and operating procedures of SEM and/or CDS, as the case may be
Board	Board of Directors of NMH
Bonus Issue	Has the meaning ascribed to it in section 6.1
Bonus Shares	Has the meaning ascribed to it in section 6.1
Company or NMH or the Issuer	New Mauritius Hotels Limited
Constitution	The constitution of the Company dated 02 March 2004
Entitled Shareholders	The shareholders of the Company whose names are registered in the share register of the Company at close of business on 12 June 2015
FSC	Financial Services Commission
FYxx	Financial year ended 30 September 20xx
IFRS	International Financial Reporting Standards
Listing Rules	The rules constituted by the SEM governing the listing of Securities on the Official Market
MUR	Mauritius Rupees
Nominal Value of Preference Shares	MUR 11
Offer Letter	The offer letter to be sent by the Company to shareholders entitled to subscribe to Preference Shares
Ordinary Shares	The meaning ascribed to it in the Constitution
Parties	In relation to section 7.11, NMH and any shareholder of the Company
PPE	Property, plant and equipment
Preferred Dividend	The dividend payable on the Preference Shares in the manner specified at section 7.5.1
Preference Shareholders	Holders of Preference Shares
Preference Shares	Redeemable Convertible Non-Voting Preference Shares issued hereunder
Prospectus	This prospectus, deemed to be Listing Particulars pursuant to the Listing Rules and issued in compliance with the Securities Act 2005 and the Securities (Public Offers) Rules 2007
Record Date	12 June 2015
Rights	The entitlement of the Shareholders of the Company on the register as at the Record Date, to subscribe to their pro rata share of the Rights Issue
Rights issue	The issue of Preference Shares as contemplated hereunder
SEM	The Stock Exchange of Mauritius Ltd
Underwriter	MCB Stockbrokers Ltd, a public company incorporated under the laws of Mauritius and having its registered office at 9th Floor, MCB Centre, Sir William Newton Street Port Louis, Mauritius. MCB Stockbrokers Ltd is licensed by the FSC as an investment dealer (full service dealer including underwriting)

3. Salient features of the Bonus Issue

Terms of the Issue	Entitled Shareholders will be allotted two (2) new Ordinary Shares for each one (1) Ordinary Share held in the Company on the Record Date
Purpose of the Issue	The main purpose of the Bonus Issue is to improve the liquidity of NMH shares on the SEM
Rights of newly issued Ordinary Shares	The newly issued Ordinary Shares will rank pari-passu with the existing Ordinary Shares of the Company
Key dates	Record Date: 12 June 2015 Listing Date: 22 June 2015

4. Salient features of the Rights Issue

1. Nature of instrument
Redeemable convertible non-voting preference shares ("Preference Shares")

2. Terms of the Rights issue
Proposed Rights Issue of 161,423,536 Preference Shares at an issue price of MUR 11 each, totalling MUR 1,775,658,896. Each Entitled Shareholder shall have the right to subscribe to one (1) Preference Share for each Ordinary Share held on the Record Date. This is equivalent to one (1) Preference Share for every three (3) ordinary shares after the Bonus Issue.

3. Purpose of the Issue
To reduce the level of bank borrowings of the Company.

4. Oversubscription
Shareholders subscribing in full to the Rights Issue may also apply on the same terms and conditions for Preference Shares in excess of their entitlement. Any Preference Share not subscribed for will be allotted by the Board, at its discretion, to applicants for excess Preference Shares on terms it deems fair and reasonable to all prospective subscribers.

5. Underwriting
Preference Shares not taken up by the existing shareholders at the close of the oversubscription process may be offered and allocated by the Board to any person it deems appropriate including the Underwriter BUT for subscription price of not less than MUR 11

6. Trading of Rights
Shareholders of NMH opting not to take up their Rights may freely trade same on SEM on market days from 6 July 2015 to 10 July 2015.

7. Preferred Dividend
The Preference Shares will yield a cumulative preferred dividend of 6% per financial year, payable out of the profits of the Company and approved by the Board to be distributed in respect of that year. Preferred Dividends will be declared twice per financial year and will be paid in priority over ordinary dividends.

8. Convertibility into ordinary shares
- **Initiator**
  At the option of the Preference Shareholder

- **Conversion Windows**
  On 31 January 2018 and 31 January 2019

- **Conversion Factor**
  The conversion will be effected, in respect of each Preference Share, at a factor equal to MUR 11 divided by the volume weighted average price ("VWAP") of the Ordinary Shares during a 90 business days period ending on 15 December prior to each Conversion Window, less a 10% discount (i.e. 11/(VWAP – 10%)).

- **Ordinary Share entitlement**
  The number of Ordinary Shares to which the Preference Shareholder will be entitled upon conversion will be calculated by multiplying the number of Preference Shares held by the Preference Shareholder by the Conversion Factor. Preference Shareholders will have the option to convert all or part of their Preference Shares into Ordinary Shares at each Conversion Date.

9. Redemption at option of the Company

The Company may, at its absolute discretion, from 28 July 2022, redeem or buy back the Preference Shares (in whole or in part) at their nominal value together with a sum equal to the prorated Preferred Dividend payable in respect of the relevant financial year, plus any Preferred Dividend accrued but not paid from previous financial years.

10. Status and ranking of the Preference Shares

Preference Shares shall constitute unsecured and subordinated obligations of the Company and shall accordingly rank junior to all secured and unsubordinated creditors of the Company but ahead of ordinary shareholders. Preference Shares will be classified as a liability under IFRS in the Company's financial statements.

11. Listing of Preference Shares

Fully paid Preference Shares will be listed and traded on the Official Market of the SEM as from Monday 10 August 2015.

12. Key dates

Record Date: 12 June 2015
Opening of Rights Subscription Period: 29 June 2015
Closing of Rights Subscription Period: 17 July 2015
Payment date: Payable at latest on 17 July 2015
Issue Date: 27 July 2015

13. Applicable legislation

Securities are issued under the governing law of Mauritius.

5. Company Description

5.1. Background to the Company

New Mauritius Hotels Limited ("NMH" or "The Company"), incorporated on 24 December 1964, is a public company listed on the Official Market of the Stock Exchange of Mauritius Ltd. The Company is also registered as a Reporting Issuer with the Financial Services Commission in line with the Securities Act 2005. NMH bears registration number C1439 and its registered office is situated at Beachcomber House, Botanical Garden Street, Curepipe, Mauritius. It has been in operation for over 50 years.

The Company owns and operates eight resorts in Mauritius, one in Seychelles and one in Morrocco under the Beachcomber brand, totalling 2,063 available room keys as at 30 September 2014.

Hotels portfolio		
5*+ Resorts	**5* Resorts**	**4* Resorts**
Royal Palm	Le Paradis Hotel & Golf Club	Le Victoria
Royal Palm Marrakech (Morocco)	Dinarobin Hotel Golf and Spa	Le Canonnier
	Trou aux Biches Resort & Spa	Le Mauricia
	Shandrani Resort & Spa	
	Ste Anne (Seychelles)	

During FY14, the Company recorded over 1 million guest nights, with total revenues of MUR 8.8 billion, of which 84% was generated in Mauritius. It is not dependent on any particular customer and supplier nor is there any particular material contract which is fundamental to NMH's business.

NMH holds equity stakes in three destination management companies ("DMC") in Mauritius (White Palm Ltd, Mautourco, and Transmaurice Car Rental Ltd) and five tours operators abroad (Beachcomber Tours SARL, Beachcomber Tours Limited, New Mauritius Hotels – Italia SRL, Holiday Marketing (PTY), and Beachcomber Marketing (PTY)). The Company also operates an inland and flight catering service provider which trades under the Plaisance Catering brand.

As at February 2015 the Company employed 4,689 staff.

5.2. Shareholding structure

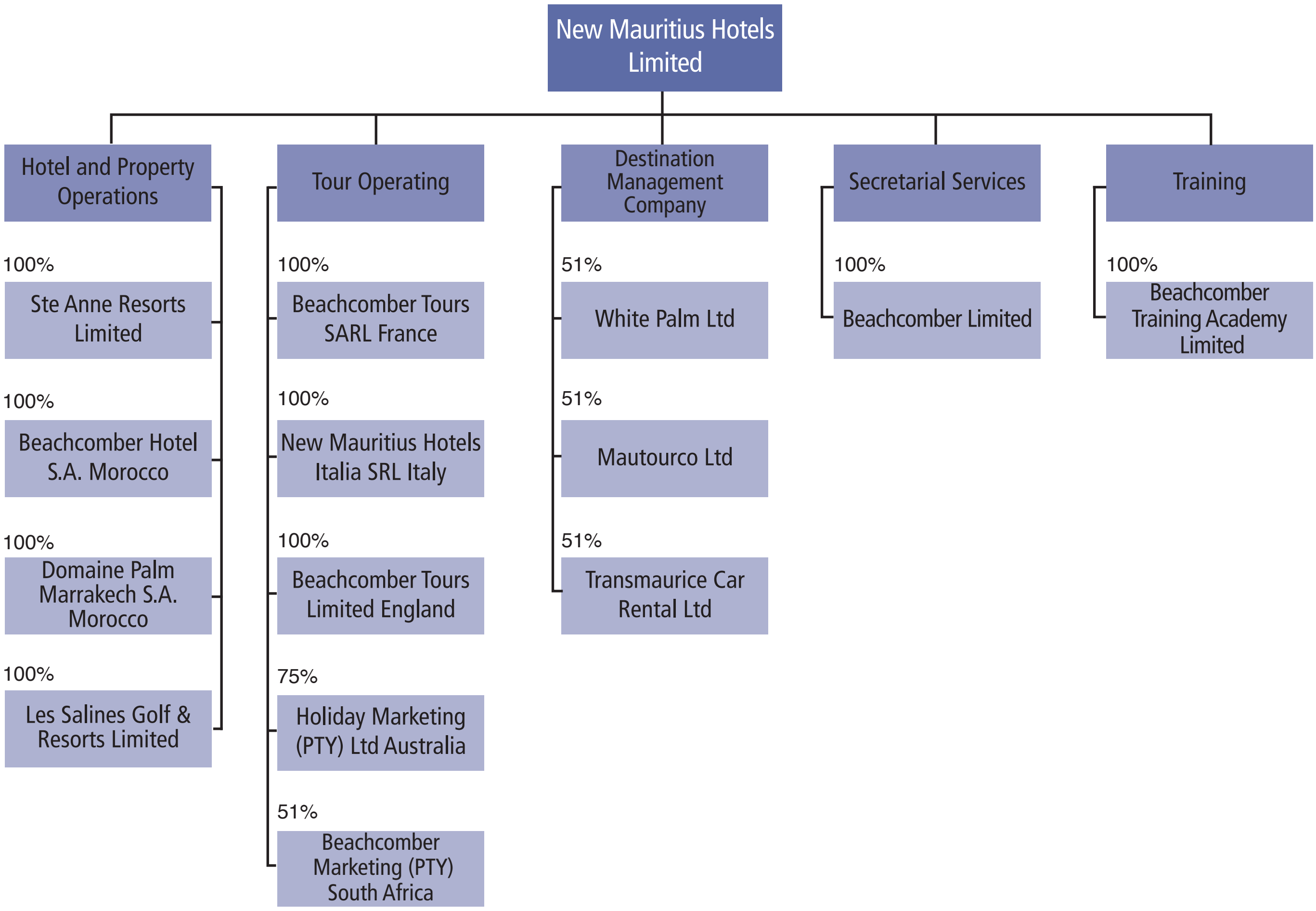
The Company has over 7,200 shareholders and does not have a controlling shareholder.

The 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:

Percentage Shareholding List as at 23 Feb 2015	Ordinary Shares	%
Rogers & Company Limited ("Rogers")[1]	28,483,472	17.65%
ENL Investment Ltd ("ENL")	3,811,425	2.36%
Total Rogers and ENL	**32,294,897**	**20.01%**
Swan Life Ltd	9,209,723	5.71%

Note 1: ENL Investment Ltd owns 59.7% of Rogers.

5.3. Group structure[1]



Note 1: New Mauritius Hotels Limited together with its associates and subsidiaries, thereafter defined as the Group.

5.4. Background to the Bonus Issue and Rights Issue

Since 2008, the Company has invested in three large scale projects with the aim of creating value for its shareholders:

- **2008**: Acquisition of 406 acres of land at a prime site at Les Salines (of which 14 acres are leasehold), on the west coast of the island, with a view to developing a residential resort;
- **2009**: Development of the only 5*+ resort in Marrakech ("Domain Royal Palm") on 231 acres of land, of which 72 acres are on leasehold rights, which includes a 5* 134 keys hotel (the "Royal Palm Marrakech"), a 18 holes golf course, 93 luxurious villas (of which 61 have already been sold as at 31.03.2015) and 64 acres earmarked for the development of an additional 200 villas; and
- **2011**: Full reconstruction of the Trou Aux Biches hotel ("TAB") which was converted from a 4* 194 keys hotel into a 5* 333 keys hotel, repositioning TAB in the higher end and higher margin segment.

These investments (totalling MUR 16.7 billion, of which MUR 12.9 billion have been financed by bank debt and corporate bonds in Mauritius) have been made in the midst of challenging market conditions locally and internationally and are presented annually in the Company's audited annual reports.
Throughout this period, the Company has nonetheless been able to maintain its annual refurbishment program and keep the high standards of quality & service of its hotels, enabling it to increase its Revenue per Available Room ("RevPAr") and occupancy rates to MUR 8,552 (FY13: MUR 8,207) and 67% (FY13: 61%) in FY14.

However, the impact of the difficult market conditions has been compounded by delays in the three above mentioned projects to deliver their full potential return:

- TAB is improving its performance year on year and is in the process of strengthening its reputation as a 5* hotel and gaining market share in this segment;
- Les Salines development cannot start due to a pending Court case (refer to section 9.3.7 for more details); and
- In Marrakech, the hotel has been in operation since December 2013 but delays in obtaining foreign banking facilities and Moroccan Government contribution to infrastructure work, in addition to a slowdown in the sale of villas, have slowed cash repatriation to Mauritius.

The Board is confident that the expected return and cash generation potential of these assets will be unlocked over the course of the next three years and that the Company will reap the benefits from these investments.

In the meantime, in order to ease up short term cash flow pressures and meet budgeted capital expenditure and dividends (subject to fulfilling the solvency test and any applicable banks' covenants), the Board has approved the initiation of a capital restructuring and debt rescheduling program ("Financial Reengineering").

5.4.1. Financial Reengineering

The Financial Reengineering program, totalling MUR 7.5 billion, aims to alleviate the cash flow pressures of the Company over the next three years through:

1. An injection of MUR 1.75 billion (net proceeds) by the Shareholders in the form of Preference Shares.
2. A rescheduling of existing bank loans to longer term tenors in order to better match the Company's cash flow with the repayment profile of its loans (impact of circa MUR 3 billion over the next 3 years);
3. The issuance of secured corporate bonds through a private placement in FY15 (EUR 20 million) to be repaid over a period of 4 years, the purpose of which is to refinance the portion of existing bonds arriving at maturity in FY15 ; and
4. Strategic initiatives aimed at leveraging the Group's asset base in order to generate additional cash of at least MUR 2 billion over the next 3 years. These initiatives include sale and leaseback, Invest Hotel Schemes, joint ventures and asset disposals.

The issue of the Preference Shares contemplated herein therefore forms part of, and is a key step in, the Financial Reengineering of the Company. A cash injection from Shareholders is required in order to improve the cash flow position of the Company. The Board has decided to issue Preference Shares instead of ordinary shares since it considers that the terms of the Preference Shares (i) provide a more attractive cash return to the Company's shareholders in the short term compared with ordinary shares, and (ii) facilitate the investment by shareholders in the Issue.

The Company has received a positive response from its bankers with respect to the proposed debt rescheduling (please refer to the risk factors section 11.1). It is expected that the revised terms and conditions of the debt will be finalized prior to the issuance of the Preference Shares and that they will come into effect upon their issuance. Similarly, the issue of corporate bonds is expected to coincide with the Preference Shares issue. The Board reserves the right not to proceed with the corporate bond issue should the Company secure additional bank debt of an equivalent amount at favourable terms.

The cash flow impact of the Financial Reengineering is expected to provide sufficient flexibility to the Company to adequately meet its revised loan capital repayment schedule and capital expenditure program of MUR 1.8 billion for FY15, FY16 and FY17. Management is confident that the Company will successfully weather the current difficult economic climate until it can fully capitalize on its strong asset base and prime sites in Mauritius, Seychelles and Morocco.

6. Terms and conditions of the Bonus Issue

6.1. Terms of the Bonus Issue

Subject to the approval of the Company's shareholders, a sum of MUR 3,275,639,000 will be capitalized and used for distribution by way of a bonus issue of 322,847,072 Ordinary Shares, free of charge and ranking pari-passu in all respects with the existing Ordinary Shares of the Company (the "Bonus Shares").

Entitled Shareholders will be allotted two (2) new Ordinary Shares for each one (1) Ordinary Share held in the Company on the Record Date. The Bonus Shares will be issued in registered form and not in bearer form ("Bonus Issue").

6.2. Purpose of the Bonus Issue

The primary purpose of the Bonus Issue is to improve the liquidity of NMH shares on the SEM.

6.3. Stated Capital and Reserves

As at 31 December 2014, the stated capital of NMH of MUR 1,724,361,185 was made up of 161,423,536 Ordinary Shares of no par value. The Ordinary Shares are in registered form and the Company does not hold any treasury shares.
The table below summarises the impact of the Bonus Issue on the share capital and reserves of the Company.

MUR000's	Total equity as at 30 Sept 2014	Bonus Issue	Total equity adjusted for Bonus Issue
Stated capital	1,724,361	3,275,639	5,000,000
Retained earnings	5,129,194	-	5,129,194
Revaluation reserve	4,448,618	(3,275,639)	1,172,979
Other components of equity	939	-	939
Total Equity	**11,303,112**	**-**	**11,303,112**

Following the Bonus Issue, the issued share capital of the Company will be MUR 5,000,000,000 consisting of 484,270,608 Ordinary Shares with no par value.

The Auditors have confirmed that the Company's reserves are sufficient for the purpose of the Bonus Issue.

6.4. Impact on Share Price

Immediately after the Bonus Issue, the theoretical share price of the Company will be equivalent to the share price of the Company prior to the Bonus Issue divided by three (3). For example, if the share price of the Company is MUR64.00 prior to the Bonus Issue, the revised theoretical share price after the Bonus Issue would be MUR21.33.

	Number of shares	Price per share	Market capitalization
Pre Bonus Issue	161,423,536	64.00	10,331,106,304
Bonus Issue (2 new Ordinary Shares per existing share)	322,847,072	-	-
Post Bonus Issue	**484,270,608**	**21.33**	**10,331,106,304**

6.5. Rights of newly issued Ordinary Shares

The newly issued Ordinary Shares will rank pari-passu with the existing Ordinary Shares of the Company and accordingly shall have the rights set forth in the Constitution.

7. Terms and conditions of the Rights Issue

7.1. Main features and terms of the Preference Shares

The Company intends, pursuant to paragraph 10.1 of the Constitution, to offer to its shareholders the right to subscribe to 161,423,536 Preference Shares at a price of MUR11 per Preference Share and having the rights set forth hereinafter. The price per Preference Share was arrived at by taking into consideration the number of existing Ordinary Shares, the targeted amount to be raised and also the Board's objective to make this new instrument affordable to all shareholders.

Each Entitled Shareholder shall have the right to subscribe to one (1) Preference Share for each (1) Ordinary Share held at the Record Date. This is equivalent to one (1) Preference Share for every three (3) ordinary shares after the Bonus Issue.

7.2. Form of the Preference Shares

The Preference Shares will be issued in registered form and in certificated form depending on whether the subscriber to the Preference Shares has ordinary shares in certificated form. The register shall be kept by the Registrar of the Company, Beachcomber Limited, or such other company to which the registrar services may be outsourced.

Upon admission to listing on the Official Market of the SEM, legal ownership of the Preference Shares will be reflected in book entries recorded by the CDS and such records shall constitute the definitive evidence of the title of the Preference Shareholder to the number of Preference Shares shown in its CDS account and/or evidenced by the certificates (as the case may be).

7.3. Status of the Preference Shares

Preference Shares shall constitute unsecured and subordinated obligations of the Company and shall accordingly rank junior to all secured and unsubordinated creditors of the Company but ahead of ordinary shareholders.

7.4. Tax treatment of Preferred Dividend

From the Company's perspective, the Preferred Dividend shall not qualify as an allowable expenditure. On the Preference Shareholder side, the Preferred Dividend will be exempt from tax under paragraph 1(a) of Sub-Part B of Part II of the Second Schedule to the Act.

7.5. Rights attached to the Preference Shares

The Preference Shares shall entitle their holders to the following rights:

7.5.1. Dividend rights

A fixed cumulative preferred dividend of 6% per annum for each financial year, payable out of the profits of the Company resolved by the Board to be distributed in respect of that year in accordance with section 63 of the Act. The Preferred Dividend will accrue from the Issue date, will be declared in May and September each year and will be paid in priority to dividends payable to ordinary shareholders.

7.5.2. Voting rights

Save for class meetings, Preference Shareholders shall have no right to receive notice of, or attend, or vote on a poll at the general meetings of the Company.

7.5.3. Conversion of the Preference Shares into Ordinary Shares

	Details
Initiator and conversion dates	Preference Shareholders shall have the right to convert all or any of the Preference Shares held by them into Ordinary Shares of the Company, without payment of any fee. The conversion windows will be as follows (each a "Conversion Date"): - 31 January 2018 ("First Conversion Date"); and - 31 January 2019 ("Second Conversion Date")
Conversion notice	No less than 30 days prior to any Conversion Date
Conversion Factor	The conversion of each Preference Share will be effected at a factor equal to MUR11 divided by the volume weighted average price ("VWAP") of the Ordinary Shares during a 90 business days period ending on 15 December 2017 and/or 15 December 2018 (as the case may be) less a 10% discount (i.e. 11/(VWAP – 10%)).
Ordinary Share entitlement	The number of Ordinary Shares to which the Preference Shareholder will be entitled upon conversion will be calculated by multiplying the number of Preference Shares held by the Preference Shareholder by the Conversion Factor. The Preference Shareholder will have the option to convert all or part of its Preference Shares into Ordinary Shares at each Conversion Date. The newly issued Ordinary Shares will rank pari passu in all respects with the existing Ordinary Shares of the Company. The Company will not issue fractional ordinary shares. The number of Shares will be rounded down to the nearest integer when fractions occur.
Closing date of Preference Share registers	The dates will be agreed between the Company and the SEM when the register of Preference Shareholders will be closed for the purpose of converting Preference Shares into Ordinary Shares and will be communicated to Preference Shareholders at least 30 days before such date.

The Directors confirm that they are satisfied that the proposed discount upon conversion of the Preference Shares into Ordinary Shares is fair and reasonable to the Company and to all its existing shareholders.

7.5.4. Overall yield of the Preference Shares

The overall yield on the Preference Shares is calculated by taking into consideration the annual dividends of 6% as well as the 10% discount upon conversion into ordinary shares. Assuming that the ordinary share price does not fluctuate significantly between the VWAP calculation period and the Conversion Date, and assuming that the Preference Shareholder converts his Preference Shares into ordinary shares at the First Conversion Date, the annualized return could be in the region of 8% - 9% per annum.

7.5.5. Redemption of Preference Shares by the Company

The Company shall have the right, at any time as from 28 July 2022 ("Trigger Date"), to redeem, at their issue price, all or any part of Preference Shares then outstanding, together with a sum equal to the prorated Preferred Dividend payable in respect of the relevant financial year, plus any Preferred Dividend accrued but not paid from previous financial years.

The Company will inform the Preference Shareholders of its intention to redeem all or part of the Preference Shares then outstanding by written notice at least 30 days before the Trigger Date. The proceeds of the redemption shall be paid by cheque. Redemption proceeds will be paid within fourteen (14) business days of the redemption.

7.5.6. Distribution of surplus assets

The Preference Shares shall have no right to any further participation in the profits and/or assets of the Company, even in the case of a winding up.

7.5.7. Variations of Rights

The Company, conformably to the provisions of Section 114 of the Act, shall not take any action which varies the rights attached to a class of shares unless that variation is approved by a special resolution, passed at a separate meeting of the shareholders of that class, or by consent in writing of the holders of seventy-five per cent (75%) of the shares of the said class. Provided however that the necessary quorum shall be the holders of at least one third of the issued shares of the class concerned but so that if at any adjourned meeting of such holders a quorum is not present those shareholders who are present shall constitute a quorum.

7.6. Estimated net proceeds from Preference Shares

	MUR
Gross proceeds	1,775,658,896
Less expenses to the issue	
Printing & Postage fees	(750,000)
Professional fees	(5,115,000)
Underwriting fees	(15,000,000)
SEM and listing fees	(215,000)
Estimated net proceeds	**1,754,578,896**

Expenses related to the Rights Issue process shall be solely borne by the issuer.

7.7. Application of funds

The Rights Issue is part of the financial reengineering initiative aimed at improving the Company's overall financial structure. The net proceeds will be used solely to reduce the Company's overall indebtedness: MUR 1 billion will be applied towards a repayment of part the Company's short-term and long-term bank debt and the balance of MUR 755 million will be used to reduce the Company's overdraft.

7.8. Underwriters of the Rights Issue

MCB Stockbrokers Ltd will underwrite the Rights Issue. The Underwriter will subscribe for or procure the subscription of all Preference Shares not taken by the shareholders.

As at the date of this Prospectus, the Board has received an indication from the Company's major shareholders (totalling circa 35% of the Company's share capital) that they could subscribe to a total amount of approximately MUR 1 billion of Preference Shares, including excess Preference Shares.

7.9. Listing

The fully paid Preference Shares will be listed and traded on the Official Market of the SEM as from 10 August 2015.

The Company has not and does not intend to apply for listing of the Preference Shares on any other securities exchanges in Mauritius or abroad.

7.10. Theoretical dilution and share price upon conversion of Preference Shares in January 2018

MUR	Jan-18	Shareholding
Value of preference shares	1,775,658,896	
VWAP[1] of NMH shares (post Bonus Issue)	21.33	
10% discount on VWAP	(2.13)	
Conversion price per ordinary share	**19.20**	
Number of new shares post conversion	92,482,234	16.03%
Number of shares post bonus	484,270,608	83.97%
Number of shares post conversion	**576,752,842**	**100.00%**
Market cap pre conversion	10,331,106,304	
Value of preference shares	1,775,658,896	
Market cap post conversion	**12,106,765,200**	
Diluted share price	**20.99**	

Note 1: Assumed to be the VWAP for the 90 business days period ending 15 December 2017. Please refer to section 6.4 for the price calculation.

Based on above assumptions, following the conversion, existing shareholders who have not subscribed to the Preference Shares, may be diluted by 16.03%.

Based on the above assumptions, if ENL and Rogers acting in concert, were to acquire the totality of the Preference Shares and convert into Ordinary Shares, their combined shareholding would increase from 20.01% to 36.04% triggering a mandatory takeover under the Takeover Rules. At the date of this Prospectus, there is no indication that this is the case.

7.11. Governing law and Jurisdiction

This Prospectus shall be governed by and interpreted in accordance with the laws of the Republic of Mauritius.

In the event of a dispute arising out of or relating to this Prospectus, including any question regarding its existence, validity or termination, the Parties shall first seek settlement of that dispute by mediation in accordance with the London Court of International Arbitration – Mauritius International Arbitration Centre Limited ("LCIA-MIAC") Mediation Rules, which Rules are deemed to be incorporated by reference into this clause. If the dispute is not settled by mediation within 30 days of the appointment of the mediator, or such further period as the parties shall agree in writing, the dispute shall be referred to and finally resolved by arbitration under the LCIA-MIAC Arbitration Rules, which Rules are deemed to be incorporated by reference into this clause. In any arbitration commenced pursuant to this clause:

a. the number of arbitrators shall be three; and

b. the seat, or legal place, of the arbitration shall be Port Louis, Mauritius.

The language to be used in the mediation and in the arbitration shall be English.

8. Procedures for the Bonus Issue and Rights Issue

8.1 Timetable

Events	Scheduled date
Special Meeting of Shareholders	26 May 2015
First Cum Bonus Shares & Cum Rights Trading day	27 May 2015
Last day to deposit share certificate to CDS for trading of Bonus Shares and Rights for Preference Shares	5 June 2015
Last Cum Bonus Shares & Cum Rights Trading day	9 June 2015
Ex Bonus Shares & Ex Rights Trading day	10 June 2015
Record Date (Close of Business)	12 June 2015
First day of listing of Bonus Shares	22 June 2015
Opening Rights Subscription Period	29 June 2015
First day to deposit offer letter to CDS for trading of Rights	29 June 2015
Last day to deposit offer letter to CDS for trading of Rights	3 July 2015
First day of trading of Rights	6 July 2015
Last day of trading of Rights	10 July 2015
Closing of Rights subscription Period	17 July 2015
Board approval and publication of Rights Issue	27 July 2015
Issue Date	27 July 2015
Credit CDS accounts	7 August 2015
First day of trading of Preference Shares	10 August 2015
Send allotment letters to Shareholders	10 August 2015
Refund of excess subscription monies	17 August 2015

8.2. Board approval

The Bonus Issue and the Rights Issue have been approved by the Board on 13 February 2015.

8.3. Documents submitted to regulators

A copy of this Prospectus, deemed to be Listing Particulars pursuant to the Listing Rules, has been submitted and filed with the FSC.

An application has been made to the LEC of the SEM for the issue and listing of the Bonus Shares and the Preference Shares on 28 April 2015. The LEC has approved the application on 5 May 2015, reference LEC/R/02/2015.

8.4. Shareholder Approval

The Bonus Issue and the Rights Issue are subject to the approval of the shareholders of the Company at a special meeting to be held on 26 May 2015.

8.5. Procedures for the Bonus Issue

The Entitled Shareholders will be allotted two (2) new Ordinary Shares for each one (1) Ordinary Share held in the Company on the Record Date.

The Bonus Shares will be listed and traded on the Official Market of the SEM as from 22 June 2015. The Company has not and does not intend to apply for listing of the Bonus Shares on any other securities exchanges in Mauritius or abroad.

8.6. Procedures for the Rights Issue

8.6.1. Offer period

The window for shareholders to exercise their Rights will start at 10am on Monday 29 June 2015 and will close at 4pm on Friday 17 July 2015. If the Rights have not been exercised during this period by one or more shareholders, it shall be deemed that the offer has lapsed in respect of those shareholders.

8.6.2. Acceptance of Subscription

Acceptances to subscription to the Rights Issue are irrevocable and cannot be withdrawn.
Shareholders may accept, wholly or partly, to subscribe for Preference Shares by completing the Application Form A which will be sent to the Entitled Shareholders on Monday 22 June 2015.

The original application form must be returned with full payment to the Registrar and Transfer Office, Beachcomber House, Botanical Garden Street, Curepipe, Mauritius not later than Friday 17 July 2015 at 4pm.

If the application form is not received within the timeframe set out above, the Rights will be deemed to have been declined and the right to subscribe to the Preference Shares will lapse in respect of those shareholders. Likewise, should the cheques forwarded in respect of the payment be dishonored upon presentation to the bank, the Rights will be deemed to have been declined by the defaulting shareholders.
Incomplete applications will be rejected.

8.6.3. Application for excess Preference Shares

Shareholders subscribing in full to the Rights Issue may apply on the same terms and conditions for Preference Shares in excess of their entitlements and should complete the Application Form A.

- Any Preference Share not subscribed for will be allotted by the Board, at its discretion, to applicants for excess Preference Shares on terms it deems fit and reasonable to all prospective subscribers of Preference Shares;
- Unallocated fractions, if any, will be pooled together with unsubscribed Rights to meet applications for excess shares; and
- No interest will be paid on monies received in respect of applications for excess Preference Shares. Refunds in respect of unsuccessful applications shall be effected through cheques, within one month of the end of the offer period.

8.6.4. Methods of payments

Payments for subscription to Full/Partial Preference Shares and Excess Preference Shares Application(s) shall be made either by (i) bank transfer or (ii) by crossed cheque.

All bank transfers shall be effected to the bank account of the Company, detailed as follows:

Bank Account Name:	New Mauritius Hotels Limited
Bank Name:	The Mauritius Commercial Bank Limited
MUR Account Number:	000 440 798 892
IBAN:	MU36MCBL0944000440798892000MUR
SWIFT code:	MCBLMUMU

and the Shareholder reference (as mentioned in the Offer Letter) must be quoted in the bank transfer transaction and bank transfer receipt. A copy of the bank transfer receipt must be enclosed with the application form.

Crossed cheques drawn to the order of New Mauritius Hotels Limited for the full amount payable must reach the Registrar and Transfer office, Beachcomber House Botanical Garden Street, Curepipe, Mauritius by the end of the offer period together with the completed and signed application form.

No cash payment will be accepted.

8.6.5. Refunds

No interest will be paid on monies received in respect of applications for Preference Shares and/or excess Preference Shares. All refunds by the Company in respect of unsuccessful applications or otherwise shall be effected through cheques. Monies are expected to be refunded on or about 17 August 2015.

8.6.6. Fractional shares

The Company will neither issue fractional Preference Shares nor Ordinary Shares. The number of shares will be rounded down to the nearest integer when fraction occurs.

8.6.7. Sale of Rights

Shareholders who do not wish to subscribe to any or part of the Preference Shares offered in terms of the Offer Letter may sell their Rights. The number of Rights that can be sold is mentioned in the Offer Letter, under "No. of rights to preference shares credited at CDS" for shareholders having a CDS account.

Shareholders who do not have a CDS account and hold ordinary shares in certificated form and do not wish to subscribe to any or part of the Preference Shares offered in terms of the Offer Letter, may sell their Rights. The number of Rights that can be sold is mentioned in the Offer Letter under "No. of rights to preference shares not credited at CDS". Those Shareholders should first deposit the Offer Letter through one of the license stockbroking companies.

The Sale of Rights Form B should be used to instruct the stockbroking company on the sale of Rights on the Official Market at the date specified in Section 8.1.

Shareholders will have until 3 July 2015 to deposit their offer letter with the CDS to trade their Rights.

8.6.8. Pre-emptive rights of shareholders of the Company

Existing shareholders will have pre-emptive rights over the general public to subscribe to the Preference Shares.

8.6.9. Transmission of Rights

An offer may be transferred to related parties by completing the relevant section of the Transfer Form C for transfer of Rights in accordance with the instructions contained therein.

Relationship in respect of any transfer shall be as follows supported by appropriate documentation specified in the application form:

- Husband/wife;
- Ascendant/descendant;
- Société/associé/succession or heir.

8.6.10. Issue and allotment of Preference Shares

The Registrar and Transfer Agent shall carry out the procedures to issue the Preference Shares. These procedures include:

- Receiving and vetting application forms;
- Confirming that funds received are correct and that transfers have been honored by the bank;
- Updating the relevant registers and records; and
- Allotting the Preference Shares within 10 days of the closing date for subscription.

8.6.11. Delivery of Preference Shares

A letter of allotment will be sent by the Registrar to each subscriber by 10 August 2015 to confirm the number of Preference Shares allotted to them by the Company.

CDS account holders will have their respective accounts credited with the number of Preference Shares issued and allotted to them. Subscribers who do not have a CDS account will receive, by registered post, certificates relating to the number of Preference Shares issued and allotted to them.

8.6.12. Preference Shares not taken

Any Preference Shares not taken up by the existing shareholders may be offered and allocated by the Board to any person, firm or partnership (even not being a member of the Company) at a price not inferior to the subscription price of MUR11.

8.6.13. Trading of Preference Shares

Once listed, all transfer of Preference Shares will be effected through the automated trading system of SEM in accordance with the Application Procedures.

9. Financial summary and analysis

9.1. Financial performance

9.1.1. Recent trends - Group

MUR000's	FY12 Audited	FY13 Audited	FY14 Audited	Q1FY14 Unaudited	Q1FY15 Unaudited
Revenues	8,110,396	7,818,863	8,793,343	2,595,911	2,716,329
Direct costs	(1,270,661)	(1,271,747)	(1,899,652)	(375,632)	(511,596)
Gross profit	**6,839,735**	**6,547,116**	**6,893,691**	**2,220,279**	**2,204,733**
Gross profit margin	84%	84%	78%	86%	81%
Other income	30,630	112,348	260,476	11,513	106,511
Staff costs	(2,592,160)	(2,626,690)	(2,924,188)	(670,353)	(757,039)
Others and miscellaneous expenses	(2,485,532)	(2,373,057)	(2,422,914)	(700,702)	(758,987)
EBITDA	**1,792,673**	**1,659,717**	**1,807,065**	**860,737**	**795,218**
EBITDA margin	22%	21%	21%	33%	29%
Depreciation and amortization	(510,730)	(509,196)	(567,876)	(120,864)	(149,914)
	1,281,943	**1,150,521**	**1,239,189**	**738,859**	**642,523**
Pre operational expense	(92,470)	(103,195)	(61,697)	(23,276)	-
EBIT	**1,189,473**	**1,047,326**	**1,177,492**	**715,583**	**642,523**
EBIT margin	15%	13%	13%	28%	24%
Finance costs	(586,541)	(609,491)	(688,640)	(145,031)	(180,539)
PBT	**602,933**	**437,836**	**488,853**	**570,552**	**461,984**
PBT margin	7%	6%	6%	22%	17%
Taxation	7,987	(25,820)	12,782	(38,043)	(23,090)
PAT	**610,920**	**412,016**	**501,635**	**532,509**	**438,894**
PAT margin	8%	5%	6%	21%	16%

Copies of the Company's annual and quarterly reports can be obtained on the Company's website: www.beachcomber-hotels.com.
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9.1.2. Q1 FY15 financial performance

The reduction in the Group's EBITDA from MUR 861m to MUR 795m Q1FY15 compared to the equivalent period in FY14 reflect the following:

- a fall of 1 percentage point in the average occupancy rate;
- non operation of Royal Palm Mauritius which was still closed for renovation in October 2014;
- unfavourable exchange rate movements - Euro and Rand against the Rupee; and
- operating losses incurred by the Royal Palm Marrakech hotel.

The fall in revenue was partly mitigated by the profit booked on the sale of villas in Marrakech and the gain on the translation of foreign currency loans.

9.2. FY15 Trading Prospects

The weakness of the Euro remains a key concern for the sector and, unless trading conditions improve, the results for the second quarter are unlikely to progress from last year. However, with the recognition of additional profit on the sale of villas in Marrakech and all hotels being in operation, the results for the second semester of FY15 may be better than those of the equivalent period in FY14.

9.3. Financial position

9.3.1. Summarized financial position - Group

MUR000's	30 Sept 2012 Audited	30 Sept 2013 Audited	30 Sept 2014 Audited	31 Dec 2014 Unaudited
ASSETS				
Non-current assets	23,509,199	25,500,450	27,993,710	28,162,147
Current assets	6,181,915	7,566,844	7,751,854	8,097,287
Total assets	**29,691,114**	**33,067,294**	**35,745,564**	**36,259,434**
EQUITY AND LIABILITIES				
Owner's interest	12,402,306	12,676,695	13,191,794	13,550,401
Non-controlling interest	58,662	68,915	74,257	83,980
Total equity	**12,460,968**	**12,745,610**	**13,266,051**	**13,634,381**
Non-current liabilities	10,079,492	12,286,139	11,569,684	10,773,306
Total current liabilities	7,150,654	8,035,545	10,909,829	11,851,747
Total liabilities	**17,230,146**	**20,321,684**	**22,479,513**	**22,625,053**
Total equity and liabilities	**29,691,114**	**33,067,294**	**35,745,564**	**36,259,434**

9.3.2. Analysis of borrowings - Group

MURm	31 Dec 2014	Security
Term loans	11,347	Secured by floating charges over the Group's assets
Short term revolving loans	734	Unsecured
Overdraft	3,040	Secured by floating charges on the assets of the individual companies of the Group
Corporate bonds	1,086	Secured by floating charges on the Group's assets
Leasing	380	Leasing liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default
Total borrowings	**16,588**	

There has not been any significant change in the total borrowings, mortgages and charges of the Company since 31 December 2014. The Company is subject to industry and single company borrowing limits according to restrictions imposed by the Bank of Mauritius on commercial banks.

As at 31 March 2015, the Company did not have any contingent liabilities and guarantees.

9.3.3. Particulars of unlisted corporate bonds not representing share capital (30 September 2014)

Issue price		No of bonds per bond	Total Amount MUR000's	Term	Currency	Interest rate	Maturity date
EUR	10,000	436	173,108	1 year	EUR	4.30%	22-Jul-15
EUR	10,000	1,147	450,566	2 years	EUR	5.25%	22-Jul-15
EUR	10,000	540	212,489	3 years	EUR	6.00%	22-Jul-16
MUR	500,000	504	249,848	3 years	MUR	7.00%	22-Jul-16
		2,627	**1,086,011**				

Corporate bonds reaching maturity in July 2015 are expected to be refinanced by either the issuance of a new Euro denominated bond or by new banking facilities.

9.3.4. Changes in share capital

The share capital of the Issuer has remained unchanged over the past three years and no option has been granted or agreed to be granted on any of the shares of the Company or its subsidiaries.

9.3.5. Pro-forma equity

The table below sets out the pro-forma equity of the Company as at 30 September 2014 adjusted for the Preference Shares and Bonus Issues.

MUR000's	Total equity as at 30 Sept 2014	Bonus Issue	Preference Shares Issue[2]	Total equity adjusted for Pref and Bonus Issue
Stated capital[(1)]	1,724,361	3,275,639	-	5,000,000
Retained earnings	5,129,194	-	-	5,129,194
Revaluation reserve	4,448,618	(3,275,639)	-	1,172,979
Other components of equity	939	-	-	939
Total equity	**11,303,112**	**-**	**-**	**11,303,112**

Note 1: Stated Capital consists of 161,423,536 fully paid ordinary shares with no par value.

Note 2: The Preference Shares will be treated as a liability under International Accounting Standards (IAS).

There has been no issue or sale of any capital of any member of the Group within the two years immediately preceding the proposed issues.

9.3.6. Overseas assets

Total assets of MUR 36.3 billion as at 31 December 2014 include MUR 8.6 billion situated in Marrakech and MUR 1.3 billion in Seychelles. The remaining assets are located in Mauritius.

Subject to banking covenants, there are no restrictions with regard to cash repatriation from overseas operations.

9.3.7. Legal and arbitration proceedings

9.3.7.1. Case History

The property owned by NMH at Les Salines, Rivière Noire, was bought on 25 July 2008 from Société Koenig Frères & Cie for a purchase consideration of MUR1,170,000,000. The acquisition followed a successful bid made to PricewaterhouseCoopers acting on behalf of Société Koenig Frères & Cie.

The said property consists of the following:

1. a plot of freehold land extending over 159,8637 Hectares
2. a plot of freehold land of 0.2188 Hectare, and
3. a plot of freehold land of 0.8033 Hectare, and

the whole described in the plan established by Mr. Jean Claude D'Hotman de Villiers, Sworn Land Surveyor. The deed of Sale was registered and transcribed on 24 July 2008 in Vol: 7079 No 68.

NMH became also, at the same time, owner of the entire share capital of Les Salines Development Limited previously wholly owned by Société Koenig Frères & Cie.

9.3.7.2. Summary of the main cases that will come for trial before the Supreme Court of Mauritius on 22 October 2015.

1. Les Salines IRS Co. Ltd and Ors v/s NMH

In this case, plaintiffs are praying the Court for a perpetual writ of injunction restraining and prohibiting NMH from parceling, selling, disposing of, charging or mortgaging in any matter whatsoever any part of the lands and/or from carrying out any works thereon and praying for an order declaring that the sale between NMH and Société Koenig Frères is unlawful, null and void and that the subject site be restituted to the latter.

NMH Legal Advisers are confident of a favourable outcome.

2. NMH V/S Les Salines IRS Co Ltd and Ors

In this case, NMH is praying the Court to order payment of damages from Les Salines IRS Co Ltd & Ors in the sum of MUR 500m for prejudice, trouble and annoyance caused.

9.4 Share price evolution

The table below sets outs the Company's share price on the first monthly dealing date for each of the six months preceding the date of this Prospectus, and the closing share price on the date preceding the issue of the Company's cautionary announcement.

Date	Price per NMH share	SEMDEX	SEMTRI
10/04/2015	63.00	1,962.30	6,447.18
01/04/2015	66.75	1,975.21	6,489.60
02/03/2015	63.75	1,977.94	6,491.06
13/02/2015	**Cautionary Announcement**		
12/02/2015	65.00	1,989.69	6,524.44
02/02/2015	70.00	2,007.74	6,581.90
05/01/2015	79.00	2,070.15	6,783.65
01/12/2014	87.00	2,101.22	6,834.20
03/11/2014	88.00	2,129.70	6,915.92

9.5 EPS, NAV and DPS information

MUR	FY12	FY13	FY14
Earnings per share ("EPS")	3.60	2.34	2.84
Dividends per share ("DPS")	0.00	1.00	1.00
Net Asset Value per share ("NAV")	77.19	78.96	82.18

9.5.1. Dividend policy

9.5.1.1. Ordinary dividends

Subject to the availability of funds, the Company's policy is to distribute approximately 50% of its earnings as ordinary dividends. Ordinary dividends are generally declared in September and March and normally paid in November and May.

In December 2013 and May 2014 the Company paid MUR 161.4 million in dividends to its ordinary shareholders in respect of FY13 and FY14 respectively. No dividends were paid by the Company during FY12.

There are no existing agreements where the Company has agreed to waive any of its dividends. Subject to bank covenants and solvency test being met, a final ordinary dividend for FY15 is expected to be declared in September 2015 and paid in November 2015.

9.5.1.2. Preferential dividends

The Board intends to declare Preferential dividends twice a year in September and March depending on availability of funds and of sufficient reserves in accordance with the section 63 of the Act.

For indicative purposes, had the Company issued the Preference Shares at the beginning of FY14, the preference dividend cover would have been approximately 4.7x being PAT of MUR 501m divided by preferential dividends of MUR106m.

10. Financial forecasts

10.1. Main assumptions behind financial forecasts

	FY15	FY16	FY17	FY18	FY19
Mauritius & Seychelles main assumptions					
Occupancy rates	69%	68%	69%	69%	71%
Average Guest Night Spend (MUR)	5,850	6,100	6,200	6,400	6,600
EUR/MUR	39.00[1]	39.00	39.00	39.00	39.00
Cost inflation	3-4%	3-4%	3-4%	3-4%	3-4%
Marrakech main assumptions					
Hotel occupancy	27%	42%	50%	53%	55%
Average Guest Night Spend (MUR)	17,550	17,600	18,500	19,000	19,350
No of villas sales per annum	16	37	47	48	48
Average price per villa (EURm)	0.96	1.00	1.25	1.25	1.25

Note 1: Applicable as from April 2015.

10.2. Summarised projected cash flows

MURm	FY15	FY16	FY17	FY18	FY19	Total
Cash flow from operations before interest [1]	**1,818**	**2,411**	**3,073**	**2,796**	**2,422**	**12,520**
Interest payments	(942)	(886)	(754)	(650)	(549)	(3,780)
Preference Shares dividends	-	(107)	(107)	(107)	(107)	(426)
Net cash flow from operations	**876**	**1,418**	**2,212**	**2,039**	**1,766**	**8,314**
Proceeds from issue of preference shares	1,776	-	-	-	-	1,776
Proceeds from issue of new bond (EUR) or bank debt	750	-	-	-	-	750
Strategic initiatives	-	1,000	1,000	-	-	2,000
Total inflows	**3,402**	**2,418**	**3,213**	**2,040**	**1,767**	**12,840**
Loans repayment from proceeds of Preference Shares	(1,000)	-	-	-	-	(1,000)
Capital Expenditure	(645)	(525)	(610)	(300)	(360)	(2,440)
Net reduction in Borrowings	(740)	(1,895)	(1,759)	(778)	(809)	(5,981)
Total outflows	**(2,385)**	**(2,420)**	**(2,369)**	**(1,078)**	**(1,169)**	**(9,421)**
Cash movement for the year before ord. dividends	**1,018**	**(2)**	**844**	**962**	**597**	**3,419**
Ordinary dividends	-	(321)	(321)	(321)	(321)	(1,285)
Opening cash	(2,702)	(1,685)	(2,008)	(1,485)	(844)	(2,702)
Closing cash	**(1,685)**	**(2,008)**	**(1,485)**	**(844)**	**(569)**	**(569)**

Note 1: Including Marrakech operations.

The Directors of the Company draw the attention of the investors to the fact that the realisation of the prospective financial information set out in section 10.2 is dependent on the continuing validity of the assumptions on which it is based.
The assumptions may need to be reviewed and revised to reflect changes in trading patterns, cost structures or the direction of the business as they emerge.
The Company does not accept responsibility for the realisation of the prospective financial information. Actual results are likely to be different from those shown in the prospective financial information because events and circumstances frequently do not occur as expected and the differences may be material.

10.3. Factual findings on forecast

Building a better working world

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LAD/RDC/zj/si/868/15

14 April 2015

The Directors
New Mauritius Hotels Limited
Beachcomber House
Botanical Garden Street
Curepipe
Mauritius

Dear Sirs,

Report of factual findings on forecast for the five years ending 30 September 2019 in respect of the listing of the bonus issue and rights issue of redeemable convertible non-voting preference shares

We have performed the procedures agreed with you and enumerated below with respect to the review of the mathematical accuracy of the forecast for the five years ending 30 September 2019 of New Mauritius Hotels Limited ('the Company'). Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in evaluating the mathematical accuracy of the forecast and are summarized as follows:

1. We obtained and checked the mathematical accuracy of the five years forecast up to 30 September 2019, as prepared by the Company.

We report our findings below:

(a) With respect to item 1, we found that the mathematical accuracy of the forecast to be correct.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review, we do not express any assurance on the reasonableness of the assumptions, the adequacy and reliability of the underlying data used in the forecast.

Had we performed additional procedures or had we performed an audit or review of the forecasts in accordance with International Standards on Auditing or International Standards on Review Engagements other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties other than for the listing particulars and prospectus. This report relates only to the items specified above and does not extend to any financial statements of New Mauritius Hotels Limited, taken as a whole.

Ernst & Young

Ernst & Young
Ebene, Mauritius

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11. Risk factors

11.1. Financial risks

- **Debt Rescheduling Risk:** The Company has presented to its banks a debt rescheduling plan and is in advanced discussion with them with respect to the implementation of this plan. As at the date of this Prospectus, the Company has received the in-principal agreement from its lead bankers but is still awaiting confirmation from the other banks. There is therefore a risk that certain of these other banks do not agree to the proposed rescheduling plan. The Board is confident that an agreement will be reached with all its banks before the opening of the Offer Period.
- **EUR bond risk:** The Financial Reengineering program includes the successful placing of EUR 20 million bond. There is a risk that this amount may not be fully raised, although the Board is confident that it could find alternative sources of funding.
- **Currency risk:** the Company generates circa 60% of its revenues in Euros. Any weakening of the EUR and the Rand (and other currencies) against the MUR would have a negative impact on the Company's reported revenues and profitability. However, this risk is mitigated due to the existence of borrowings denominated in Euro.
- **Marrakech operations:** the Company has invested over MUR 7.5 billion in Morocco. Future profitability and cash flows will be affected by the success of the hotel and sale of villas.
- **Cash repatriation from Marrakech:** the Company has not yet repatriated cash from Marrakech to Mauritius. Until this process is successfully tested and completed, there is a risk that cash generated in Marrakech could take longer than anticipated to be repatriated to Mauritius.
- **Interest rate risk:** The Company borrows mainly at variable rates and is thus exposed to fluctuations in interest rates.

11.2 Risks related to the Preference Shares

- **Dividends risk:** If the Company does not have sufficient free cash or distributable reserves, the Board may not declare Preference dividends. Although Preferential Dividends are cumulative, Preference Shareholders may not receive all or part of the dividends in any financial year.
- **Capital depreciation:** The Preference Shares will be quoted on the official market of the SEM and their value may go up or down based on several factors, including demand for the Preference Shares, financial performance of the Company, perception of risks attached to the Company, changes in interest rates and, the health of the tourism industry. Shareholders investing in the Preference Shares face a risk of capital depreciation.
- **Liquidity risk:** the Preference Shares may be difficult to sell. Shareholders subscribing to Preference Shares take the risk of having to sell their preference shares at below their Issue Price should they need to dispose of their Preference Shares.
- **Loss on redemption:** From the 28 of July 2022 onwards and according to the terms herein, the Company will have the right to buy back the outstanding Preference Shares at their issue price, irrespective of the market price at the time of redemption. Depending on the market price at the time of redemption, preference shareholders who have subscribed to the Preference Shares at a price higher than MUR 11 may suffer a capital loss.
- **No capital repayment:** The Preference Shares do not have a maturity date and are therefore of a perpetual nature. If a Preference Shareholder has not exercised its Conversion Options and if the Company chooses not to exercise its redemption option, it may never be repaid its capital by the Company. Subscribers will however have the possibility to trade their Preference Shares on the SEM.
- **Loss of capital:** In the case of a winding up of the company, Preference Shareholders would rank ahead of ordinary shareholders but behind all other creditors. They therefore run the risk of losing their entire investment in the event of the insolvency of the Company.

11.3. Risks related to the Tourism sector

NMH is exposed to the economic difficulties being experienced in its main markets, including France, UK, and Germany. The seasonal nature of the hotel industry contributes to the volatility of the Company's earnings, which is accentuated by the existence of high fixed costs.

Competition from other regional resort destinations such as Seychelles and Maldives, and room overcapacity in Mauritius due to the arrival of new players have adversely affected room occupancy, average room rates and guest night spend.

NMH's move into new and emerging markets is expected to reduce its dependency on traditional markets. However, the success of this diversification strategy is highly dependent upon the implementation of open sky policies to facilitate access to the Mauritius.

11.4. Reputation

Any event that materially damages the reputation of the Company and/or any failure to sustain its appeal to customers may adversely affect the market value of the Company.
This risk is managed by the Board and Senior Management through the enforcement of a strict ethical code of conduct and strong corporate governance practices at the Company.

11.5. Financial and regulatory compliance

Non-compliance with financial and regulatory requirements may lead to financial penalties and damage to the Company's brand. The Company set up a program of internal monitoring to ensure adherence to financial and regulatory regulations.

11.6. Human resources

The Company's success depends on its ability to identify, hire and retain top talent at all levels of the organization. In order to mitigate the risk of losing its key employees, the Company implements best practice human resource management policies, including transparent recruitment, fair performance assessment and career development, high quality training programmes and competitive remuneration.

11.7. Health & Safety

The Company takes all precautions in order to provide and maintain the health and well-being of its guests and employees. Controls are in place to ensure compliance with international best practices, statutory requirements and codes of practice. Appropriate training is provided to staff and the highest standards of care are applied to services and products offered to guests.

11.8. Political, economic and financial market events

The Company's operations and financial performance could be adversely affected by events that reduce international travel such as natural disasters, diseases, acts of terrorism, higher transport and fuel costs, closed sky policies, political instability, currency fluctuations and economic crises.

Changes in the macro-economic and industry environment are monitored on a regular basis by the management team to ensure adequate and timely decisions are taken to safeguard the Company's brand and assets.

11.9. Information systems

The Company relies upon information technology ("IT") systems for the efficient running of its business. Disruption to these systems could adversely affect the quality and standard of the Company's product and service as well as the Company's productivity, operating costs, and efficiency.

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

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

12. Directors

12.1. Directors profiles and bios

12.1.1. Executive Directors

Name and Nationality	Brief biography	Address
Joseph Rene Herbert MAINGARD COUACAUD C.M.G (Mauritian)	Holder of a B.Sc in Economics and Mathematics, he has been the Chief Executive Officer of the Company since 1974.	Beachcomber House Botanical Garden Street Curepipe

Other directorship in public and listed companies: Case Noyale Limitee, Case Noyale Bis Limitee, Compagnie Sucriere de Bel Ombre Limitee, Compagnie Sucriere de Bel Ombre Bis Limitee, Fincorp Investment Limited, Le Morne Development Corporation Limited, Les Villas de Bel Ombre Limitee, New Mauritius Hotels Limited, Rogers and Company Limited, South West Tourism Development Limited

Jean Raoul Paul Robert DOGER DE SPEVILLE (Mauritian)	Member of Institute of Chartered Accountants S.A, he joined the Company in 1977 and is currently the Commercial Director.	Beachcomber House Botanical Garden Street Curepipe

Other directorship in public and listed companies: Case Noyale Limitee, Compagnie Sucriere de Bel Ombre Limited, Compagnie Usiniere de Bel Ombre Limitee

Denys Marcel MASSON (Mauritian)	Fellow member of the Association of Chartered Certified Accountants, he joined the Company in 1985 and is currently the Finance Director.	Beachcomber House Botanical Garden Street Curepipe

Other directorship in public and listed companies: None.

Jacques SILVANT (Mauritian)	Holds a Degree in Hospitality and Management, France. He was appointed Director in February 2013. He joined the Company in 2011 and is currently the General Manager of the Royal Palm Hotel.	Royal Palm Hotel, Grand Baie

Other directorship in public and listed companies: None.

12.1.2. Non-Executive Directors

Name and Nationality	Brief biography	Address
Marie Maxime Hector ESPITALIER-NOEL[1]	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 ENL Limited.	ENL Limited ENL House Vivea Business Park, Moka

Other directorship in public and listed companies: Ascencia Limited, Case Noyale Limitee, Compagnie Sucriere de Bel Ombre Ltd, ENL Commercial Ltd, ENL Investment Ltd, ENL land Ltd, ENL Limited, Grewals Rodrigues Ltd, L'Accord Limited, La Sablonniere Ltd, Liberty Investment Trust, Mall (of Mauritius) at Bagatelle Ltd, MDA Property Ltd, Mon Desert Alma Sugar Milling Co. Ltd, Rogers and Company Limited, Swan General Ltd, Swan Life Ltd, The Savannah Sugar Milling Co Ltd and Tropical Paradise Co Ltd.

Jean-Pierre MONTOCCHIO (Mauritian)	Notary public. Appointed in 2004, he is the Chairman of the Corporate Governance Committee. He has participated in the National Committee on Corporate Governance.	c/o 4 Floor, Labama House, 35, Rue S. Newton Port Louis

Other directorship in public and listed companies: Caudan Development Ltd, Fincorp Investment Ltd, Mauritius Commercial Bank Ltd, Promotion and Development Ltd, Rogers & Co. Ltd, Les Moulins de la Concorde Ltee and ENL Land Ltd.

Gilbert ESPITALIER-NOEL[1] (Mauritian)	He is the Chief Executive Officer of ENL Property Limited. He holds a BSc (Hons) from Louisiana State University and a BSc from the University of Cape Town as well as an MBA from INSEAD. He was appointed Director in February 2013. He has been the president of various private sector institutions including the Joint Economic Council, the Mauritius Chamber of Commerce and Industry and the Mauritius Sugar Producers Association.	ENL Property Ltd ENL House Vivea Business Park, Moka

Other directorship in public and listed companies: ENL Limited, ENL Land Ltd, ENL Commercial limited, ENL Investment Limited, Rogers & Co. Ltd and Livestock Feed Limited.

Louis RIVALLAND (Mauritian)	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 General Ltd and Swan Life Ltd. He is a past President of the Joint Economic Council, a Board member of the Mauritius Revenue Authority and member of the Financial Services Consultative Council.	Swan centre 10 Intendance St. Port Louis

Other directorship in public and listed companies: Air Mauritius Limited, Belle Mare Holding limited , Constance Hotel Services Ltd, Constance La Gaiete Company Limited, Hotelest Limited, ENL Commercial Limited, ENL Land ltd, Ireland Blyth Limited, Swan Life Ltd, Swan General Ltd, Tropical Paradise Company Limited and The Mauritius Development Investment Trust Company Limited.

Kishore Sunil BANYMANDHUB (Mauritian)	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 senior positions with various major companies and institutions in Mauritius.	3 Floor Dragon House Pump Street Port Louis

Other directorship in public and listed companies: Omnicane ltd.

Colin TAYLOR (Mauritian)	He has a Bsc (Hons) in Engineering and Business Studies and an MSC in Management. He was appointed Director in February 2013. He joined the Rogers Group in 1987 until 2004 when he was appointed CEO of Taylor Smith Group. He also holds the post of Honorary Consul for Sweden in Mauritius. He is also a director of Taylor Smith Investment ltd.	Coastal Road, Calodyne, Grand Gaube

Other directorship in public and listed companies: CIM Financial Services ltd.

Note 1: Hector and Gilbert Espitalier-Noel are siblings.

12.1.3. Changes in Directors

On the 27 March 2015, the Board announced the retirement of Mr. Herbert Couacaud as CEO of NMH, with effect from 30 June 2015. He will be replaced by Mr. Gilbert Espitalier-Noel. Mr. Couacaud will however continue to act in a consultative capacity until 31 December 2015 and will remain on the Board as a non-executive Director beyond that date.
Mr. Robert de Spéville, commercial director, has also announced his retirement with effect from 30 June 2015.
He will be replaced by Mr. Francois Venin.

12.1.4. Director interest

The table below has been extracted from the audited financial statements for the financial year ended 30 September 2014

	ORDINARY SHARES	
	Direct number of shares held	Indirect number of shares held
Mr. ESPITALIER-NOEL, Hector	-	1,468,954
Mr. BANYMANDHUB, Sunil	16,142	16,142
Mr. COUACAUD, Herbert	11,380,359	-
Mr. DOGER DE SPEVILLE, Robert	-	-
Mr. ESPITALIER-NOEL, Gilbert	-	1,420,527
Mr. MASSON, Marcel	-	-
Mr. MONTOCCHIO, Jean-Pierre	-	112,996
Mr. RIVALLAND, Louis	48,427	-
Mr. SILVANT, Jacques	-	-
Mr. TAYLOR, Colin	-	-

12.2. Directors service contracts

None of the Directors has an existing or proposed service contract.

12.3. Material contracts

The Company/Group does not have any contract or arrangement subsisting at the date of this Prospectus in which a Director of the Issuer is materially interested and which is significant to the business of the Group.

12.4. Loans and guarantees to Directors

No loans or guarantees have been provided by the Company to any of its Directors.

12.5. Director remuneration and benefits

Directors' emoluments		
	FY13	FY14
Executive Directors	**MUR000's**	**MUR000's**
COUACAUD Herbert	12,953	13,304
DOGER de SPEVILLE Robert	10,008	10,618
MASSON Marcel	14,110	11,989
SILVANT Jacques	8,527	8,081
LAGESSE Marc (From Oct. 2012 to Dec. 2012)	3,160	-
TOTAL	**48,758**	**43,992**
Non-Executive Directors		
BANYMANDHUB Sunil	420	420
ESPITALIER-NOEL Gilbert	280	420
ESPITALIER-NOEL Hector	480	480
MONTOCCHIO Jean Pierre	420	420
RIVALLAND Louis	420	420
TAYLOR Colin	200	420
TOTAL	**2,220**	**2,580**

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

The total emoluments to be perceived by the Directors for FY15 is estimated at MUR 47 million based on the arrangements in force as at the date of this Prospectus.

13. Extracts of constitution

13.1. Directors' interest

According to *'Article 22 Powers and duties of the Board'*

- *Subsection 22.3 – Directors to act in good faith and in the best interest of Company;*
  - The Directors should obtain authorization of a general meeting of shareholders before doing any act or entering into any transaction for which the authorization or consent of such meeting is required by the Companies Act, 2001 and by the constitution of NMH
  - In the event directors have interest in a transaction to which the Company is a party, the directors should disclose their interest.

• Subsection 22.4 – Major transactions

The Board shall not procure or permit the Company to enter into a "Major Transaction" defined as i) the acquisition or agreement to acquire assets the value of which is more than 75% of the value of the Company's assets, ii) the disposition or agreement to dispose of, asset of the Company the value of which is more than 75% of the value of the Company's assets before the disposition and iii) a transaction that has or is likely to have the effect of the Company acquiring rights or interest or incurring obligations or liabilities the value of which is more than 75% of the value of the Company's assets, unless the transaction is;

- Approved by an ordinary resolution if the value of the transaction is more, or is likely to be more than 50% but less than 75% of the assets of the Company
- Approved by a special resolution if the value of the transaction is, or is likely to be, 75% or more of the value of the assets of the company
- Made contingent on approval by Ordinary or Special resolution, as the case may be.

According to 'Article 24 Remuneration and other interests of Directors'

• Subsection 24.3 – Notice of interest to be given;

A Director shall, forthwith after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, cause to be entered in the interests' register, where it has one, and, where the Company has more than one Director, disclose to the Board of the Company:

- Where the monetary value of the Director's interest is able to be quantified, the nature and monetary value of that interest; or
- Where the monetary value of the Director's interest cannot be quantified, the nature and extent of that interest.

• Subsection 24.4 – Interested Director not to vote on;

- Any contract or arrangement or any other proposal in which he or his associate is interested nor shall he be counted in the quorum present at the meeting.
- Any proposal concerning any other company in which the Director is interested only, whether directly or indirectly, as an officer or executive or Shareholder or in which the Director is beneficially interested in shares of that company, provided that he, together with any of his associates, is not beneficially interest in 5%or more of the issued shares of any class of such company (or of any third company through which his interest is derived) or of the voting rights

13.2. Remuneration, pensions and benefit

According to 'Article 22 Powers and duties of the Board'

• Subsection 22.3 – Director to act in good faith and in best interest of Company;

- Nothing in this shall limit the power of a Director to make provision for the benefit of employees of the Company in connection with the Company ceasing to carry on the whole or part of its business.

According to 'Article 24 Remuneration and other interests of Directors'

• Subsection 24.1 – Authority to remunerate Directors;

- The Shareholders by Ordinary Resolution, or the Board if it is satisfied that to do so is fair to the Company, shall approve:
  - The payment of remuneration (or the provision of other benefits) by the Company to a Director for his services as a Director, or the payment of compensation for loss of office; and
  - The making of loans and the giving of guarantees by the Company to a Director

• Subsection 24.4 – Interested Director not to vote on;

- Any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including
  - The adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which he may benefit; or

- The adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors and employees of the Company or any of its subsidiaries and does not provide in respect of any Director as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates

13.3. Borrowings powers of Directors of the Board

According to 'Article 22 Powers and duties of the Board'

- *subsection 22.1 – Powers of the Board;*
  - The Board shall have all the power of the Company including but not limited to the power to purchase and sell property, to borrow money and to mortgage, pledge or create charges on its assets and to issue debentures and other securities, whether outright or as security for any debt, liability, or obligation of the Company or of any third party.
- *subsection 22.3 – 'Director to act in good faith and in best interest of Company;*
  - The Director of the Company shall not agree to the Company incurring any obligation unless the Directors believe at that time, on reasonable grounds, that the Company shall be able to perform the obligation when it is required to do so.

13.4. Retirement of Directors

According to 'Article 21 Appointment and removal of Directors'

- *subsection 21.7 – Retirement of Directors by Rotation;*
  - At the next Annual General Meeting and at each subsequent Annual General Meeting, 2 Directors for the time being appointed by the General Meeting, shall retire from office
  - Any retiring Director shall retain office until the dissolution or adjournment of the meeting at which he is due to retire
  - The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day, those to retire shall unless they otherwise agree amongst themselves, be determined by lot.
  - The Company at the annual general meeting at which a Director so retires may fill the vacated office by electing a person thereto but no person other than a retiring Director shall, unless recommended by the Director, be eligible for election to the office of Director unless not less than 28 days before the last day on which notice of the annual general meeting of the Company is required to be given by the Board, there shall have been left at the registered office of the Company notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose for consideration by the Board such person for election and also notice in writing signed by that person of his willingness to be elected. The decision of the Board shall be final.

13.5. Director's share qualifications

According to 'Article 21 Appointment and removal of Directors'

- *subsection 21.8 – Shareholding qualification;*
  - A Director shall not be required to hold shares

13.6. Changes in capital

According to 'Article 9 redeemable shares

- Where the issue has been approved by an ordinary resolution of the shareholders, the Board may issue shares which are redeemable:
  - At the option of the Company; or
  - At the option of the holder of the share; or
  - At a specified date;

For a consideration that is

- specified; or
- calculated by reference to a formula; or
- required to be fixed by a suitable qualified person who is not associated with or interest in the Company.

According to 'Article 10 Issuing of further shares'

- *subsection 10.1 – Board may issue shares;*
  - Subject to the Companies Act, 2001, NMH's constitution, the approval of an Ordinary Resolution and the terms of issue of an existing Shares, the Board may issue shares (and rights or options to acquire Shares) of any class at any time, to any person and in such numbers as the Board thinks fit.
  - The Board may, subject to the approval of an Ordinary Resolution, issue Shares that rank (as to voting, Distribution or otherwise) equally with or in priority to, or in subordination to the existing Shares without any requirement that the Shares be first offered to existing Shareholders.
  - If the Board issues Shares which do not carry voting rights the words "non-voting" shall appear in the designation of such shares, and if the Board issue Shares with different voting rights, the designation of each Class of Shares, other than those with most favorable voting rights, shall include the words "restricted voting" or "limited voting".

- *subsection 10.2 – Fractional shares;*
  - The Board may, with the approval of an ordinary resolution, issue fractions of shares which shall have corresponding fractional liabilities, limitations, preferences, privileges qualifications, restrictions, rights and other attributes as those which relate to the whole share of the same class or series of shares.

13.7. Dividends

According to 'Article 17 Dividends'

- *subsection 17.4 – Unclaimed dividends;*
  - All dividends unclaimed for one year after having been authorised may be invested or otherwise made use of by The Board for the benefit of The Company until claimed, and all dividends unclaimed for five years after having been declared may be forfeited by The Board for the benefit of The Company. The Board may, however, annul any such forfeiture and agree to pay a claimant who produces evidence of entitlement to The Board's satisfaction of the amount of its dividends forfeited unless in the opinion of The Board such payment would embarrass The Company.

- *subsection 17.5 – Dividends on shares not fully paid up to be paid pro-rata;*
  - Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends on shares not fully paid up shall be authorised and paid in proportion to the amount paid to The Company in satisfaction of the liability of the shareholder to The Company in respect of the shares either under this constitution of The Company or pursuant to the terms of issue of the shares. No amount paid or credited as paid on a share in advance of calls shall be treated for these purposes as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date that share shall rank for dividend accordingly.

13.8. Transferability of securities and any pre-emptive rights

According to 'Article 14 Transfer and transmission of shares"

- *subsection 14.1 – Freedom to transfer is unlimited;*
  - There shall be no restrictions on the transfer of fully paid up shares in The Company and transfers and other documents relating to or affecting the title to any shares shall be registered with The Company without payment of any fee.

14. Third party information

Company Secretary	Beachcomber Limited Beachcomber House Botanical Garden Street, Curepipe, Mauritius
Share Registry, Paying and Transfer Agent	Beachcomber Limited Beachcomber House Botanical Garden Street, Curepipe, Mauritius
Principal Bankers	The Mauritius Commercial Bank Ltd, MCB Head Office, Sir William Street, Port Louis, Mauritius State Bank of Mauritius Ltd, Queen Elizabeth II Avenue, Port Louis, Mauritius Banque des Mascareignes Limitée, 16 Jules Koenig Street, Port Louis, Mauritius Afrasia Bank Limited, Bowen Square 10, Dr Ferriere Street, Port Louis, Mauritius Barclays Bank PLC, Barclays House, 68, Cybercity, Ebene, Mauritius Bank One Limited, 16 Sir William Newton Street, Port Louis, Mauritius Habib Bank Ltd, 30 Louis Pasteur Street, Port Louis, Mauritius National Commercial Bank Ltd, 1, Queen Street, Port Louis, Mauritius HSBC Mauritius, 18, HSBC Centre, Cybercity, Ebene, Mauritius
Auditors	Ernst & Young Ltd, 9th Floor, NeXTeracom Tower 1, Ebène, Mauritius
Transaction Advisor	MCB Capital Markets, MCB Head Office, 9th Floor, Sir William Newton Street, Port Louis, Mauritius,
Legal Advisors	Mr. Maxime Sauzier 5th Floor, Chancery House, Lislet Geoffroy Street, Port Louis, Mauritius Mr. Yves HEIN Etude Hein Lasemillante, Cathedral Square, Port Louis, Mauritius Mr. Michael KING FAT Suite 208, St James Court, St Denis Street, Port Louis, Mauritius Mr. Jean François COLIN Duclos Thorne, Mollet-Viéville & associés, Avocats au Barreau de Paris 164, rue du Faubourg Saint-Honoré, 75008 Paris, France
Underwriter	MCB Stockbrokers Ltd, MCB Head Office, 9th Floor, Sir William Newton Street, Port Louis, Mauritius

15. Other disclosures

15.1. Staff count as at February 2015

	Staff count
Food and beverages	1,761
Rooms	916
Administration	293
Maintenance	282
Operating department	176
Garden	170
Security	149
Human Resources	140
Health	136
Others	666
Total	**4,689**

The Company does not have any employee share schemes.

16. Financial Information

16.1. Auditors report

Ernst & Young Mauritius
9th Floor, NeXTeracom Tower I
Cybercity, Ebene
Mauritius

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www.ey.com

Building a better working world

REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY FINANCIAL STATEMENTS

LAD/RDC/zj/si/867/15

14 April 2015

The Directors
New Mauritius Hotels Limited
Beachcomber House,
Botanical Garden Street
Curepipe
Mauritius

Dear Sirs,

The accompanying summary financial statements, which comprise the statement of financial position as at September 30, 2012, 2013 and 2014, as well as the income statement, the statement of changes in other comprehensive income, the statement of changes in equity and the statement of cash flows for the years then ended, and accounting policies, are derived from the audited financial statements of New Mauritius Hotels Limited for the years ended September 30, 2012, 2013 and 2014.

We expressed an unmodified audit opinion on those financial statements in our previous reports. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our reports on those financial statements.

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards applied in the preparation of the audited financial statements of New Mauritius Hotels Limited. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of New Mauritius Hotels Limited.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with the International Financial Reporting Standards.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements."

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of New Mauritius Hotels Limited for the years ended September 30, 2012, 2013 and 2014 are consistent, in all material respects, with those financial statements prepared in accordance the International Financial Reporting Standards

Ernst & Young

Ernst & Young
Ebene, Mauritius

16.2. Income Statement

MUR000's	GROUP FY12 Audited	GROUP FY13 Audited	GROUP FY14 Audited	COMPANY FY12 Audited	COMPANY FY13 Audited	COMPANY FY14 Audited
Revenue	8,110,396	7,818,863	8,793,343	6,394,280	6,110,903	6,287,238
Direct costs	(1,270,661)	(1,271,747)	(1,899,652)	(991,554)	(960,681)	(997,637)
Staff costs	(2,592,160)	(2,626,690)	(2,924,188)	(2,007,695)	(2,004,484)	(2,111,309)
Other expenses	(2,521,420)	(2,439,378)	(2,638,115)	(1,824,776)	(1,760,927)	(1,822,084)
Depreciation and impairment of PPE	(506,899)	(505,244)	(563,282)	(438,547)	(434,807)	(434,080)
Amortisation of intangible assets	(3,831)	(3,952)	(4,594)	(2,336)	(2,342)	(2,343)
Profit/(loss) on disposal of PPE	6,086	9,433	2,127	(2,089)	(719)	(8,128)
Finance revenue	42,151	15,849	211,651	34,281	3,664	191,022
Finance costs	(586,541)	(609,491)	(688,640)	(591,422)	(639,118)	(938,616)
Other income	30,630	112,348	260,476	17,300	89,903	9,000
Gain on liquidation of subsidiaries	-	-	-	-	1,093,624	-
Share of results of associates	(12,349)	41,039	1,423	-	-	-
Pre-operational expenses	(92,470)	(103,195)	(61,697)	-	-	-
Profit before tax	**602,932**	**437,835**	**488,852**	**587,442**	**1,495,016**	**173,063**
Income tax credit/(expense)	7,987	(25,820)	12,782	(11,346)	(21,188)	6,839
Profit for the year	**610,919**	**412,015**	**501,634**	**576,096**	**1,473,828**	**179,902**
Profit attributable to:						
Owners of the parent	581,634	377,727	458,494	576,096	1,473,828	179,902
Non-controlling interests	29,285	34,288	43,140	-	-	-
	610,919	**412,015**	**501,634**	**576,096**	**1,473,828**	**179,902**

16.3. Statement of Financial position

MUR000's	GROUP FY12 Audited	GROUP FY13 Audited	GROUP FY14 Audited	COMPANY FY12 Audited	COMPANY FY13 Audited	COMPANY FY14 Audited
ASSETS						
Non-current assets						
Property plant and equipment	20,839,342	22,681,483	24,826,796	17,838,268	17,961,409	17,958,601
Investment properties	378,330	480,900	786,900	115,000	195,125	195,125
Intangible assets	1,706,910	1,707,528	1,697,550	1,223,609	1,221,267	1,218,924
Investment in subsidiaries	-	-	-	3,181,875	2,542,247	7,798,406
Investment in associates	509,585	524,683	526,863	19,062	19,062	19,062
Available-for-sale financial assets	19,141	26,021	25,340	1,378	1,480	1,850
Deferred tax assets	55,891	79,835	130,261	-	-	-
	23,509,199	**25,500,450**	**27,993,710**	**22,379,192**	**21,940,590**	**27,191,968**
Current assets						
Inventories	3,458,486	4,150,415	3,882,196	1,379,102	1,420,694	1,501,377
Trade and other receivables	1,982,582	2,520,205	3,032,387	4,518,643	7,182,123	3,223,822
Other financial assets	10,737	560	20,257	10,737	560	20,257
Income tax prepaid	49,414	46,348	15,737	47,129	47,297	12,382
Cash in hand and at banks	680,696	849,316	801,277	144,079	84,007	58,084
	6,181,915	**7,566,844**	**7,751,854**	**6,099,690**	**8,734,681**	**4,815,922**
Total assets	**29,691,114**	**33,067,294**	**35,745,564**	**28,478,882**	**30,675,271**	**32,007,890**
EQUITY AND LIABILITIES						
Equity attributable to owners of the parent						
Stated capital	1,724,361	1,724,361	1,724,361	1,724,361	1,724,361	1,724,361
Retained earnings	5,709,950	6,499,379	6,857,400	3,974,682	5,055,912	5,129,194
Other components of equity	4,967,995	4,452,955	4,610,033	4,258,378	4,490,218	4,449,557
	12,402,306	**12,676,695**	**13,191,794**	**9,957,421**	**11,270,491**	**11,303,112**
Non-controlling interests	**58,662**	**68,915**	**74,257**	-	-	-
Total equity	**12,460,968**	**12,745,610**	**13,266,051**	**9,957,421**	**11,270,491**	**11,303,112**
Non-current liabilities						
Borrowings	8,263,293	10,112,954	9,430,966	8,121,368	9,984,306	8,926,574
Deferred tax liability	1,410,725	1,432,529	1,419,966	1,362,242	1,371,330	1,360,174
Employee benefit liability	405,474	740,656	718,752	402,998	723,307	702,700
	10,079,492	**12,286,139**	**11,569,684**	**9,886,608**	**12,078,943**	**10,989,448**
Current liabilities						
Trade and other payables	2,477,043	3,036,877	3,779,879	4,101,701	2,387,438	2,875,407
Borrowings	4,673,611	4,986,855	7,086,795	4,533,152	4,926,586	6,799,414
Other financial liabilities	-	11,813	40,509	-	11,813	40,509
Income tax payable	-	-	2,646	-	-	-
	7,150,654	**8,035,545**	**10,909,829**	**8,634,853**	**7,325,837**	**9,715,330**
Total equity and liabilities	**29,691,114**	**33,067,294**	**35,745,564**	**28,478,882**	**30,675,271**	**32,007,890**

16.4 Statement of Cash Flows

MUR000's	GROUP FY12 Audited	 FY13 Audited	 FY14 Audited	COMPANY FY12 Audited	 FY13 Audited	 FY14 Audited
Operating activities						
Profit before tax	602,932	437,835	488,852	587,442	1,495,016	173,063
Adjustments to reconcile profit before tax to net cash flows						
Non-cash:						
Depreciation and impairment on PPE	517,494	514,470	571,277	438,547	434,807	434,079
Amortisation of intangible assets	3,831	3,952	4,594	2,336	2,342	2,343
(Profit)/loss on disposal of PPE	(6,086)	(9,433)	(2,127)	2,089	719	8,128
Provision for bad debts	6,413	5,173	52	5,000	3,500	3,295
Fair value gain on investment properties	(30,630)	(101,177)	(250,942)	(17,300)	(78,732)	-
Dividend income	(5)	(6)	(513)	(10,347)	(3,398)	(12,692)
Interest income	(24,871)	(15,843)	(35,196)	(6,659)	(266)	(1,915)
Interest expense	581,375	587,501	648,131	586,256	617,128	573,223
Loss/(gain) on other financial assets	5,166	21,990	8,999	5,166	21,990	8,999
Exchange loss/(gain) on retranslation of loans	(17,275)	4,979	(143,279)	(17,275)	7,535	(144,905)
Share of profit of associates	12,349	(41,039)	(1,423)	-	-	-
Profit on winding up of subsidiaries	-	-	-	-	(1,093,624)	-
Decrease in employee benefit asset	1,394	11,768	6,164	2,248	6,442	5,670
Working capital adjustments:						
Decrease/(Increase) in inventories	(249,204)	(493,072)	220,326	33,819	22,611	(19,864)
(Increase)/decrease in trade and other receivables	547,549	(569,022)	(553,004)	(17,399)	(63,662)	(277,058)
Increase/(decrease) in trade and other payables	(493,160)	376,695	285,032	217,403	(142,447)	204,742
Income tax(paid)/refund	(86,666)	(37,681)	(21,561)	(45,427)	(10,309)	29,118
Net cash flows generated from operating activities	**1,370,606**	**697,090**	**1,225,382**	**1,765,899**	**1,219,652**	**986,226**
Investing activities						
Purchase of property, plant and equipment	(918,203)	(1,527,169)	(1,584,369)	(686,441)	(172,842)	(37,101)
Purchase of tangible assets	(305)	-	-	(305)	-	-
Proceeds from sale of property, plant and equipment	24,306	23,240	27,854	7,242	10,535	13,139
Proceeds from redemption of shares in associates	-	24,145	-	-	-	-
Dividend received	5,247	3,398	2,979	5,247	3,398	12,692
Interest received	24,871	15,843	35,196	6,659	266	1,915
Net cash flows used in investing activities	**(864,084)**	**(1,460,543)**	**(1,518,340)**	**(667,598)**	**(158,643)**	**(9,355)**
Financing activities						
Proceeds from borrowings	4,738,997	5,230,360	2,971,324	4,738,997	5,230,360	2,580,594
Repayment of term loans	(4,191,512)	(3,813,984)	(2,346,066)	(4,191,512)	(3,736,958)	(2,319,766)
Financing through lease obligation	-	148,368	-	-	148,368	-
Repayment of finance lease liabilities	(61,660)	(80,538)	(117,489)	(20,975)	(51,915)	(66,115)
Advances to subsidiaries	-	-	-	(624,514)	(2,509,375)	(1,024,095)
Interest paid	(827,287)	(955,118)	(945,587)	(695,604)	(735,707)	(681,689)
Dividends paid to equity holders of the parent	(80,712)	-	(161,424)	(80,712)	-	(161,424)
Dividends paid to non-controlling interests	(17,571)	(21,021)	(41,920)	-	-	-
Net cash flows (used in)/ from financing activities	**(439,745)**	**508,067**	**(641,162)**	**(874,320)**	**(1,655,227)**	**(1,672,495)**
Net decrease in cash and cash equivalents	**66,777**	**(255,386)**	**(934,120)**	**223,981**	**(594,218)**	**(695,624)**
Cash and cash equivalents at October 1,	(1,066,671)	(971,797)	(1,247,119)	(1,624,962)	(1,400,891)	(1,995,109)
Net foreign exchange difference	28,097	(19,936)	(14,647)	-	-	-
Cash and cash equivalents at September 30	**(971,797)**	**(1,247,119)**	**(2,195,886)**	**(1,400,981)**	**(1,995,109)**	**(2,690,733)**

16.5 Statement of Comprehensive Income

MUR000's	GROUP FY12 Audited	GROUP FY13 Audited	GROUP FY14 Audited	COMPANY FY12 Audited	COMPANY FY13 Audited	COMPANY FY14 Audited
Profit for the year	**610,919**	**412,015**	**501,634**	**576,096**	**1,473,828**	**179,902**
Other comprehensive (loss)/income:						
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:						
Exchange differences on translation of foreign operations	1,380	(33,289)	(416,973)	-	-	-
(Loss)/gain on available-for-sale financial assets	(20,599)	6,880	(681)	(618)	102	370
(Loss)/gain on cash flow hedges	(231)	7,361	(7,624)	-	-	-
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:	**(19,450)**	**(19,048)**	**(425,278)**	**(618)**	**102**	**370**
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:						
Remeasurement of retirement benefit obligations	-	(323,414)	28,068	-	(313,867)	26,277
Tax effect on gains on retirement benefit obligations	-	48,512	(4,210)	-	47,080	(3,942)
Gains on revaluation of property	-	407,202	623,973	-	312,467	(11,024)
Tax effect on gains on property revaluation	14,160	(58,180)	(402)		(45,116)	2,462
Share of other comprehensive income of associates	6,430	-	-	-	-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:	20,590	74,120	647,429	-	564	13,773
Other comprehensive income for the year, net of tax	**1,140**	**55,072**	**222,151**	**(618)**	**666**	**14,143**
Total comprehensive income for the year	**612,059**	**467,087**	**723,785**	**575,478**	**1,474,494**	**194,045**
Total comprehensive income attributable to:						
Owners of the parent	582,625	435,813	676,523	575,478	1,474,494	194,045
Non-controlling interests	29,434	31,274	47,262	-	-	-
	612,059	**467,087**	**723,785**	**575,478**	**1,474,494**	**194,045**

16.6. Statement of Changes in Equity - Group

Group Capital MUR000's	Stated Earnings	Retained Exchange Difference	Foreign sale Financial Assets Reserves	Available-for Reserve	Revaluation Reserves	Other	Total controlling interests	Non- Equity	Total
As at October 1, 2011	1,724,361	5,447,655	(1,025,901)	28,278	4,582,556	1,428,913	12,185,862	46,799	12,232,661
Profit for the year	-	581,634	-	-	-	-	581,634	29,285	610,919
Other comprehensive income/(loss) for the year	-	-	1,000	(20,599)	14,160	6,430	991	149	1,140
Total comprehensive income/(loss) for the year	**-**	**581,634**	**1,000**	**(20,599)**	**14,160**	**6,430**	**582,625**	**29,434**	**612,059**
Depreciation transfer for buildings	-	55,108	-	-	(55,108)	-	-	-	-
Tax effect of depreciation transfer for buildings	-	(8,266)	-	-	8,266	-	-	-	-
Dividends	-	-	-	-	-	-	-	(17,571)	(17,571)
As at September 30, 2012	**1,724,361**	**6,076,131**	**(1,024,901)**	**7,679**	**4,549,874**	**1,435,343**	**12,768,487**	**58,662**	**12,827,149**
As at October 1, 2012	1,724,361	6,076,131	(1,024,901)	7,679	4,549,874	1,435,343	12,768,487	58,662	12,827,149
Changes in accounting policies	-	(366,181)	-	-	-	-	(366,181)	-	(366,181)
As at October 1, 2012 (restated*)	1,724,361	5,709,950	(1,024,901)	7,679	4,549,874	1,435,343	12,402,306	58,662	12,460,968
Changes in equity for the year									
Profit for the year	-	377,727	-	-	-	-	377,727	34,288	412,015
Other comprehensive income/(loss) for the year	-	(274,902)	(22,914)	6,880	349,022	-	58,086	(3,014)	55,072
Total comprehensive income/(loss) for the year	-	102,825	(22,914)	6,880	349,022	-	435,813	31,274	467,087
Deconsolidation of subsidiaries	-	810,760	-	-	-	(810,760)	-	-	-
Depreciation transfer for buildings	-	43,845	-	-	(43,845)	-	-	-	-
Tax effect of depreciation transfer for buildings	-	(6,577)	-	-	6,577	-	-	-	-
Dividends	-	(161,424)	-	-	-	-	(161,424)	(21,021)	(182,445)
As at September 30, 2013 (restated*)	**1,724,361**	**6,499,379**	**(1,047,815)**	**14,559**	**4,861,628**	**624,583**	**12,676,695**	**68,915**	**12,745,610**
Balance at October 1, 2013	1,724,361	6,499,379	(1,047,815)	14,559	4,861,628	624,583	12,676,695	68,915	12,745,610
Changes in equity for the year									
Profit for the year	-	458,494	-	-	-	-	458,494	43,140	501,634
Other comprehensive income/(loss) for the year	-	23,683	(424,328)	(681)	619,355	-	218,029	4,122	222,151
Total comprehensive income/(loss) for the year	-	482,177	(424,328)	(681)	619,355	-	676,523	47,262	723,785
Depreciation transfer for buildings	-	43,845	-	-	(43,845)	-	-	-	-
Tax effect of depreciation transfer for buildings	-	(6,577)	-	-	6,577	-	-	-	-
Dividends	-	(161,424)	-	-	-	-	(161,424)	(41,920)	(203,344)
Balance at September 30, 2014	**1,724,361**	**6,857,400**	**(1,472,143)**	**13,878**	**5,443,715**	**624,583**	**13,191,794**	**74,257**	**13,266,051**

16.7. Statement of Changes in Equity - Company

Company MUR000's	Stated Capital	Retained Earnings	COMPANY Available-for sale Financial Assets	Revaluation Reserve	Total Equity
Balance at October 1, 2011	1,724,361	3,729,737	1,085	4,296,971	9,752,154
Changes in equity for the year					
Profit for the year	-	576,096	-	-	576,096
Other comprehensive income/(loss) for the year	-	-	(618)	-	(618)
Total comprehensive income/(loss) for the year	-	576,096	(618)	-	575,478
Depreciation transfer for buildings	-	45,953	-	(45,953)	-
Tax effect of depreciation transfer for buildings	-	(6,893)	-	6,893	-
Balance at September 30, 2012	**1,724,361**	**4,344,893**	**467**	**4,257,911**	**10,327,632**
As at October 1, 2012	1,724,361	4,344,893	467	4,257,911	10,327,632
Changes in accounting policies	-	(370,211)	-	-	(370,211)
As at October 1, 2012 (restated*)	**1,724,361**	**3,974,682**	**467**	**4,257,911**	**9,957,421**
Changes in equity for the year					
Profit for the year	-	1,473,828	-	-	1,473,828
Other comprehensive income/(loss) for the year	-	(266,787)	102	267,351	666
Total comprehensive income/(loss) for the year	-	1,207,041	102	267,351	1,474,494
Depreciation transfer for buildings	-	41,898	-	(41,898)	-
Tax effect of depreciation transfer for buildings	-	(6,285)	-	6,285	-
Dividends	-	(161,424)	-	-	(161,424)
Balance at September 30, 2013 (restated*)	**1,724,361**	**5,055,912**	**569**	**4,489,649**	**11,270,491**
As at October 01, 2013 (restated*)	1,724,361	5,055,912	569	4,489,649	11,270,491
Changes in equity for the year					
Profit for the year	-	179,902	-	-	179,902
Other comprehensive income/(loss) for the year	-	22,335	370	(8,562)	14,143
Total comprehensive income/(loss) for the year	-	202,237	370	(8,562)	194,045
Depreciation transfer for buildings	-	38,199	-	(38,199)	-
Tax effect of depreciation transfer for buildings	-	(5,730)	-	5,730	-
Dividends	-	(161,424)	-	-	(161,424)
Balance at September 30, 2014	**1,724,361**	**5,129,194**	**939**	**4,448,618**	**11,303,112**

16.8. Principal Accounting Policies

Business combinations and goodwill

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

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

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

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

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

Foreign currency translation

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

Transactions and balances

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

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

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

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

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

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 profit or loss items are translated at exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Property, plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowings costs for long-term construction projects, if the recognition criteria are met. All other repair and maintenance costs are recognised in profit or loss as incurred. Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Following initial recognition at cost, freehold land and buildings of hotels are reviewed on an annual basis effective as from this year; in prior years, revaluations were performed each two years.

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

Office buildings	50 years
Hotel buildings	35 years
Plant and equipment	Between 6 to 8 years
Furniture, fittings, office equipment and electrical appliances	Between 3 to 10 years
Computers and electronic equipment	Between 3 to 10 years
Motor vehicles	5 years

Other fixed assets include plant and equipment, furniture and fittings, office equipment and electrical appliances and computer equipment and software.

Work in progress pertains mainly to costs incurred in the construction of hotel in Morocco, namely Royal Palm Marrakech. Such costs include costs of construction and borrowing costs.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end, and adjusted prospectively if appropriate.

Investment properties

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

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.
Transfers are made to investment property only when there is a change in use, evidenced by the end of owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

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

Investments in subsidiaries

Subsidiaries are those entities controlled by the Company. Control is achieved when the Company is exposed to, or has right to, variable returns from its investment with the entity and has the ability to affect those returns through its power over the entity.

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.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investors but does not have control or joint control over its policies.

Financial statements of the Company

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

Consolidated financial statements

The Group's investments in its associates are accounted using the equity method.
Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The profit or loss reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.
The Group's share of profit or loss of an associate is shown on the face of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate. The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.
After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value; it then recognises the loss as 'Share of losses of an associate' in profit or loss.
Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Intangible assets

Goodwill

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

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

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

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

Other intangible assets

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

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

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

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

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

Leasehold rights

Expenditure incurred to acquire leasehold rights is capitalized 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 Limited. The trademark with indefinite useful life has been allocated to the cash generating unit, White Palm Limited, for the purpose of impairment testing.

Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

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

Goodwill

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

Intangible assets

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

Financial assets

Initial recognition

Financial assets are classified at initial recognition 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 banks, trade and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

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

Derivatives recorded at fair value through profit or loss

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

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in profit or loss. Financial assets designated upon initial recognition at fair value through profit or loss are designated at their initial recognition date and only if the criteria under IAS 39 are satisfied.

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

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss as other operating expenses.

Loan and receivables

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

Available-for-sale financial assets

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

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to profit or loss in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held to maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

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

Impairment of financial assets

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

Financial assets carried at amortised cost

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

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of 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 recognized are not included in a collective assessment of impairment.

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

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

Available-for-sale financial investments

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

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

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

Financial liabilities

Initial recognition

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

Financial liabilities are recognised initially at fair value and in the case of borrowings, directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdraft and borrowings and derivatives.

Subsequent measurement

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

Interest-bearing loans and borrowings

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

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

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

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 is transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

Financial liabilities

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

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

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 measurement

The Group measures its financial instruments and non-financial assets such as investment properties and items of property at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as unquoted available-for-sale financial assets, and for non-recurring measurement, such as assets held for sale.

The Group's management determines the policies and procedures for the measurement of both recurring and non-recurring fair values. Financial assets that are unquoted are fair valued by management at least annually at the reporting date. The use of external valuers is decided by the management when the situation dictates it, taking into consideration the relevant factors.

Involvement of external valuers for the valuation of its properties is decided upon by management after discussion with and approval of the audit committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case. Management assesses the changes in the inputs, as well as those in the environment, from both internal and external sources, that affect the fair value of the property since the last valuation, and thereafter decides on the involvement of external valuers.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents.

Management, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The fair values of the Group's unquoted available for sales investments are determined by Management at least annually at the reporting date through the income approach. Inputs and assumptions used in the determination of the fair value are verified and validated to their respective sources and documents. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the as set or liability and the level of the fair value hierarchy as explained above.

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle

• Held primarily for the purpose of trading
• Expected to be realised within twelve months after the reporting period, or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
• All other assets are classified as non-current.

A liability is current when:

• It is expected to be settled in normal operating cycle
• It is held primarily for the purpose of trading
• It is due to be settled within twelve months after the reporting period, or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and at bank, net of outstanding bank overdrafts. Cash and cash equivalents are measured at amortised cost.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

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

Stock of villas is valued at cost which comprise of cost of land, construction costs and borrowing costs.

Villas being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realisable value.

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

Provisions

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

Employee benefit assets

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

In the current year, the Group applied IAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognized in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years.

Specific transitional provisions are applicable to first-time application of IAS 19 (as revised in 2011). The Group has applied the relevant transitional provisions and restated the comparative amounts on a retrospective basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through the other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service cost are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises restructuring related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'staff costs' in profit or loss (by function):

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income.

Severance allowance

The Company is liable to pay severance allowance to employees at the date of their retirements under the Employment Rights Act 2008. These benefits are unfunded. The cost of providing these benefits is determined using the projected unit credit method. Actuarial gains and losses in determining the present value of the unfunded obligations are recognised in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods. The past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested (that is when the employee retires). If the benefits have already vested, immediately following changes in legislation, past service costs are recognised immediately.

Taxes

Current income tax

Current tax income assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws, used to compute the amount, are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

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

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

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary companies and associated companies where the

timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

Value Added Tax

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

• where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

• receivables and payables that are stated with the amount of value added tax included.

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

Environment fees and solidarity levy

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

Corporate Social Responsibility

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

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

Leases

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

Group as a lessee

Finance leases

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

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

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and value added taxes or other taxes.

The following specific criteria must also be met before revenue is recognised:

(i) Revenue from hotel operations

Revenue is recognised upon consumption and acceptance by customers.

(ii) Revenue from airline and inland catering

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

(iii) Revenue from tour operating

Commissions are recognised on completion of the services performed.

(iv) Revenue from sale of villas

Where property is under development and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises a contract to construct a property or a contract for the sale of a completed property. Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage-of completion method as construction progresses.

In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer.

(v) Interest income

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

(vi) Dividend revenue

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

Cash dividend to equity holders

The Company recognises a liability to make cash distributions to equity holders when to distribution is authorised by the board.

17. Documents available for inspection

The following documents will be available for inspection during normal business hours between 29 June 2015 and 17 July 2015 at the registered office of NMH: Beachcomber House, Botanical Garden Street, Curepipe, Mauritius

(i) Constitution of NMH
(ii) Original Prospectus
(iii) The audited financial statements of NMH for the period ending 30 September 2012, 2013 and 2014
(iv) Original statement by reporting accountants on accounts of the Company and projections
(v) Letter from Auditors on the factual findings of adequacy of reserves

Prospectus

New Mauritius Hotels Limited