New Mauritius Hotels Limited

INTEGRATED ANNUAL REPORT 2017

BEACHCOMBER
RESORTS & HOTELS

STRONGER TOGETHER

BEACHCOMBER
RESORTS & HOTELS

OUR CORPORATE REPORTING SUITE

Dear Shareholders,

Your Board of Directors is pleased to present the first Integrated Annual Report of the New Mauritius Hotels Limited for the financial year ended 30 September 2017. The Corporate Reporting Suite below is a fundamental component of our annual report and we hope that it will enhance the understanding of NMH Group. This annual report was approved by the Board of Directors on 20 December 2017.

Integrated Reports

Integrated Report in terms of the six capitals involved to facilitate the overall understanding of the Group by our stakeholders.

Risk Management Report

A detailed Risk Management Framework and an analysis of the Group's strategic, reputational and operational risks.

Corporate Governance Report

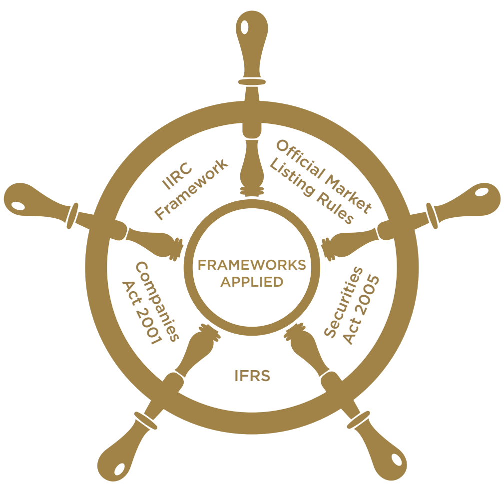
Corporate Governance structures, committees and Board performances, remuneration and other matters relating to Good Governance of the Group.

Annual Financial Statements

A detailed set of the audited Group Financial Statements.

Notice of Annual Meeting of Shareholders

Information and proxy for shareholders who participate in the Annual Meeting of Shareholders.



Hector Espitalier-Noël
Chairman


Barah

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ABOUT OUR REPORT

Towards Integrated Reporting

We are pleased to present the New Mauritius Hotels Group Integrated Annual Report 2017. This report was developed to communicate primarily with the providers of financial capital, while taking into consideration the needs of all our stakeholders. We have therefore produced a set of reports embedding the guiding principles and fundamental concepts contained in the International Integrated Reporting Council's (IIRC) framework. This year we have chosen to report on our value creation in terms of the six capitals.

Forward-Looking Statements

This report may contain forward-looking statements. Words such as 'believe', 'anticipate', 'intend', 'seek', 'will', 'plan', 'could', 'may', 'endeavour' and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. While these forward-looking statements represent our judgements and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These include factors that could adversely affect our business and financial performance. We are not under any obligation (and expressly disclaim any such obligation) to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise. Investors are cautioned not to place undue reliance on any forward-looking statements contained herein, as they have not been reviewed or reported on by the independent external auditors of New Mauritius Hotels.

Feedback

Your feedback is important to us and will help us enhance our reporting processes and ensure that we report on issues that matter to you.

Visit https://www.beachcomber.com/en/

The Board of Directors of NMH acknowledges its responsibility to ensure the integrity of this Integrated Annual Report 2017. The Board has accordingly applied its collective mind and, in its opinion, this integrated report addresses all material matters, offers a balanced view of its strategy, and how it relates to the organisation's ability to create value in the short, medium and long term. The report adequately addresses the use of and effects on the capitals and the manner in which the availability of these capitals is impacting on the strategy and business model of NMH. We, as the Board, believe that this report has been prepared in accordance with the IIRC framework.

How to navigate through our Integrated Annual Report

Throughout our Integrated Annual Report 2017, the following icons are used to show the connectivity between sections and ease the overall understanding of our activities.

CAPITALS

- Financial Capital
- Human Capital
- Manufactured Capital
- Natural Capital
- Intellectual Capital
- Social Capital

STRATEGIC FOCUS

- Hotels under Development
- Financial Re-engineering
- Developing Capabilities
- Market Channels
- Digitalisation
- Corporate Identity

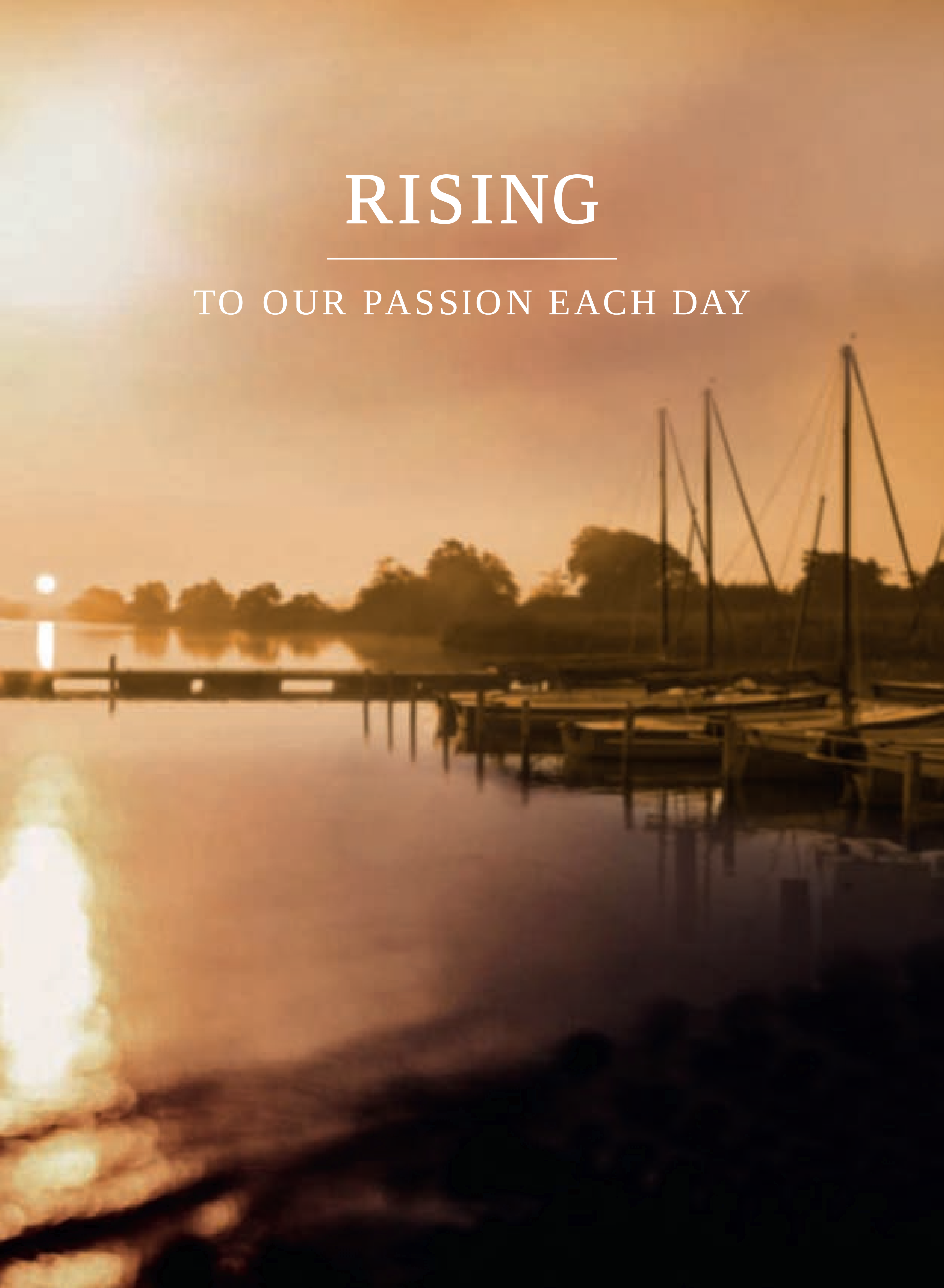
STAKEHOLDERS

- Shareholders
- Artisans
- Guests
- Local Community
- Fund Providers
- Digital Population
- Regulatory Authorities
- Airlines, travel agents and tour operators

GLOSSARY OF TERMS

In this document, the following terms shall have the meanings set out below:

TERMS	MEANING
AMS	Annual Meeting of Shareholders
ARC	Audit and Risk Committee
ARR	Average Room Revenue
BHI	Beachcomber Hospitality Investments Ltd
Board	The Board of Directors of New Mauritius Hotels Ltd
BREEAM	Building Research Establishment Environmental Assessment Method
CDS	Central Depository & Settlement Co. Ltd
CEO	Chief Executive Officer
CGC	Corporate Governance Committee
CO_2	Carbon Dioxide
DMC	Destination Management Company
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EGDPR	European General Data Protection Regulation
EIA	Environmental Impact Assessment
ENL	ENL Limited, a public company incorporated in Mauritius bearing business registration number C06000648 and listed on the Official Market of the SEM
EUR, EURO or €	Euros
FED	Fondation Espoir Developpement
FTO	Federation of Tour Operators
FY	Financial Year
GBP	Great Britain Pound
GNS	Guest Night Spending
GRIT	GRIT Real Estate Income Group Limited, a public company incorporate in Mauritius bearing business registration number C128881 C1/GBL and listed on the Official Market of the SEM
H&S	Health & Safety
HT	High Tension
IIRC	International Integrated Reporting Council
ISO	International Organisation for Standardisation
K	Thousands
KPI	Key Performance Indicators
KVA	Kilovolt-ampere
kW	Kilo Watt
MCB	Mauritius Commercial Bank
MJ	Mega Joules
MUR or Rs	Mauritian Rupee
MW	Mega Watts
NAV	Net Asset Value
NAVPS	Net Asset Value Per Share
NGO	Non Governmental Organisation
NMH, Company or Group	New Mauritius Hotels Limited, a public company incorporated in Mauritius bearing business registration number C06001439 and listed on the Official Market of the SEM
NOI	Net Operational Income
Official Market	Official Market of the Stock Exchange of Mauritius Limited
PAT	Profit After Tax
PEJ	Programme Employabilite Jeunes
PIE	Public Interest Entity
PNEE	Programme National d'Efficacite Energetique
PV	Photovoltaic
ROE	Return on Equity
Rogers	Rogers and Company Limited, a public company incorporated in Mauritius bearing business registration number C06000706 and listed on the Official Market of the SEM
ROI	Return on Investment
SC	Strategy Committee
SEM	The Stock Exchange of Mauritius Limited
Teq	Toxic Equivalent Quantity
TO	Tour Operators
TRevPAR	Total Revenue per Available Room
UNICEF	United Nations Children's Fund


RISING
TO OUR PASSION EACH DAY

SECTION 1 - BUSINESS OVERVIEW

NMH AT A GLANCE

New Mauritius Hotels ("NMH") trades in the name of Beachcomber Resorts & Hotels and carries on a tradition of excellence and warm hospitality that spans more than six decades. NMH was created in 1952 and is the pioneer and market leader of the hotel industry in Mauritius. From Park Hotel, our first property through the opening of flagship resorts such as Royal Palm in 1985 and beyond, we have become the leading hotel brand for discerning vacationers in Mauritius.

Today, the Group owns and manages 8 resorts in the 4, 4^+, 5 and 5^+-star categories located on prime sites in Mauritius (mainly the west and north coasts) as well as one hotel in the Seychelles and another in Marrakech, Morocco. The total number of keys available in Mauritius exceeds 2,000 which represent 15% of the room capacity in the industry. The Group is also engaged in other activities such as tour operating, flight and inland catering, DMC and property development.

The Group's mission and main strategic objectives
Each Beachcomber resort welcomes its guests in a unique location with distinct style and character. Each of them is a personal invitation to explore an all-encompassing world of once-in-a-lifetime experiences, where every detail matters and every moment becomes a lasting memory.

Rs 9.53 bn
Revenue

5,645
Artisans

Rs 35.8 bn
Total Assets

+ 200
Rooms under Development

5
Ancillary Services Companies

3
Hotels under Development

+ 2,100
Rooms in Operation

9
Nationalities

10
Hotels in Operation

THE NMH JOURNEY

1952 – Acquisition of Château Mallac in Curepipe and setting up of Mauritius Hotels Limited

1960 – Construction of the first beach hotel, Le Chaland Hotel (now Shandrani Beachcomber Resort & Spa) and of a dozen bungalows with a restaurant, a boathouse and a 9-hole golf course at Le Morne (now Paradis Beachcomber Golf Resort & Spa)

1967 – Construction of the first hotel rooms at Le Morne

1970 – Construction of Trou aux Biches Hotel. Establishment of the first competitors - Merville, Club Med, St. Géran, La Pirogue

1972 – Construction of a second hotel at Le Morne

1977 – Franchising of the hotels at Le Morne to Le Méridien until 1992

1981 – Legal reorganisation with the setting up of a number of operating companies and a Management Company, and birth of the Beachcomber brand

1982 – Introduction of an employee profit sharing scheme

1983 – Appointment of staff members to the Boards of operating companies

1985 – Construction and opening of Royal Palm Mauritius

1990 – Demolition of Le Chaland Hotel and construction of Shandrani Resort & Spa

1991 – Opening of Shandrani Resort & Spa. The 9-hole Paradis golf course is converted into an 18-hole course

1992 – Acquisition of Le Mauricia (formerly Pullman Hotel)

1994 – Acquisition of Le Victoria (under construction)

1996 – Listing of NMH shares on the Stock Exchange of Mauritius

1997 — Acquisition of Le Canonnier

1998 — Renovation and expansion of Le Canonnier Hotel (from 174 to 248 rooms)

1999 — Expansion of Shandrani Resort & Spa from 181 to 327 rooms

2000 — Construction of Dinarobin Hotel Golf & Spa

2001 — Transformation of Paradis Hotel & Golf Club; commencement of works at Ste Anne, in the Seychelles

2002 — Opening of Sainte Anne Resort & Spa

2005 — Renovation and expansion of Le Canonnier Hotel (from 248 to 284 rooms)

2007 — Renovation and expansion of Le Mauricia (from 198 to 237 rooms)

2008 — Commencement of works in Marrakech; acquisition of Les Salines

2009 — Demolition and reconstruction of Trou aux Biches Resort & Spa (with 333 rooms and villas), which reopened in 2011

2013 — Opening of Royal Palm Marrakech

2014 — Renovation of Royal Palm Mauritius

2015 — New Management Team / Financial Re-Engineering

2016 — New Brand Architecture

Setting up of Beachcomber Hospitality Investment (BHI)

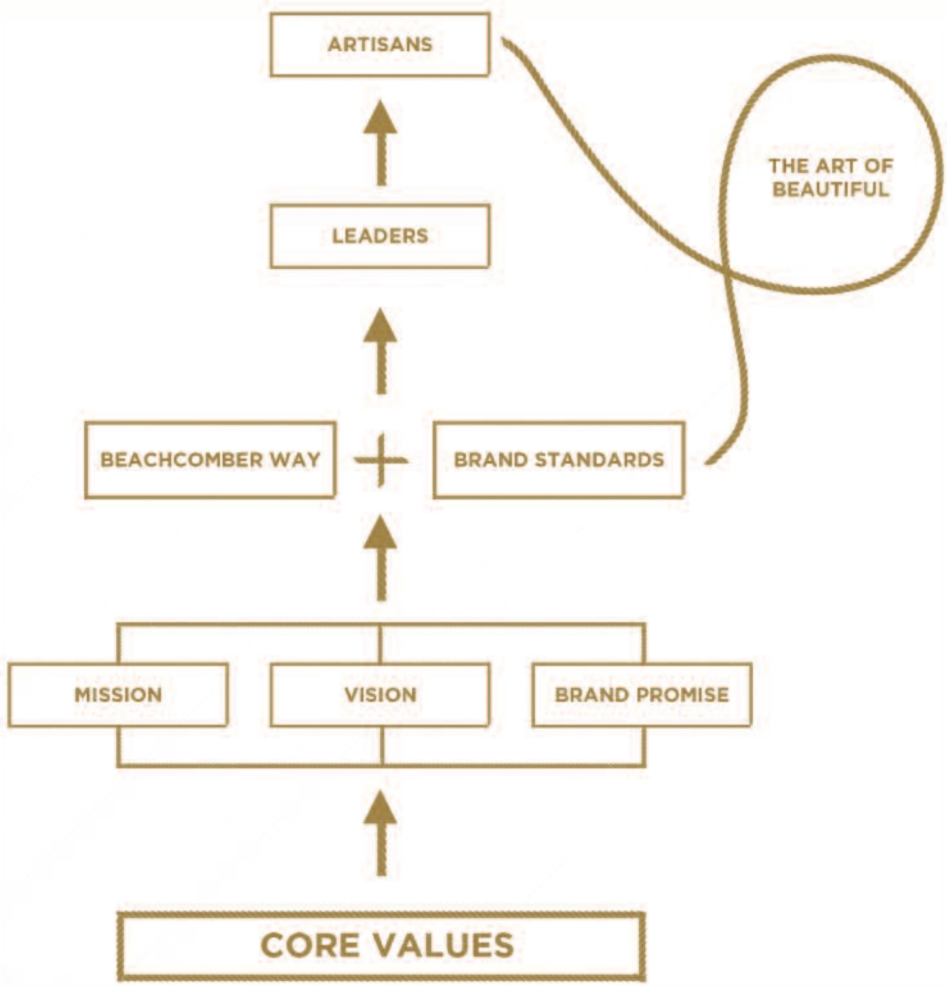
2017 — Renovation of Canonnier Beachcomber Golf Resort & Spa

THE BEACHCOMBER WAY

The market leader and pioneer of the hospitality industry in Mauritius

The Beachcomber brand carries our values. It represents the commitment of each of our 5,645 artisans towards delivering our promise to guests and stakeholders. Our brand represents one of our most precious assets and as such, it is carefully looked after and nurtured.

The Beachcomber Mission, Vision and Brand Promise draw inspiration from our eight Core Values. The latter were elicited in a participative manner, from a representative sample of our people. Together with the Mission, Vision and Brand Promise, they inspire our Artisans. The Beachcomber Way and Brand Standards, which are rooted in our Core Values, Mission, Vision and Brand Promise, drive operational excellence.



CORE VALUES:

- **Human:** humble, open to others, respectful, courteous.
- **Mauritian:** genuine, simple Mauritian hospitality, respect of diversity, culturally open, proud to be Mauritian and cultural ambassadors.
- **Service:** caring, kind, considerate, attentive.
- **Team Spirit:** listening and sharing, taking responsibility, supporting one another, valuing each other's inputs and sharing knowledge and information.

• **Know-How:** committed to learning and talent development for self and others, multi-skilled.
• **Innovation:** open minded, flexible, proactive, agile, solutions-orientated.
• **Solidity:** contributing, each in his / her own way, to brand and financial solidity.
• **Trust:** trusting and inspiring trust, keeping commitments.

Vision: The beauty of a place inspires the beauty of the heart; the beauty of our resorts is enhanced by the quality of our service and the kindness of our teams.

Mission: As a Mauritian company, and pioneer of the hospitality industry in Mauritius, we are aware of the gift nature has given us: to live in one of the most beautiful islands of the Indian Ocean. We have chosen to share this gift with the world by creating a family of resorts, giving our guests the opportunity to live exceptional moments.

Brand Promise: To cultivate the art of beauty in all its dimensions.

Beachcomber Way: Living the Values
• in the way we interact with each other, with guests and with other stakeholders;
• in the way we lead; and
• in our Human Capital processes and practices.

Brand Standards: Standards of Beauty and Kindness
Human Capital practices are increasingly aligned with and help support and consolidate Beachcomber's Branding Strategy: Beachcomber, The Art of Beautiful.

Our vocation is already in our name: Beachcomber, one who walks along the beach to discover the treasures the sea has left on the shore.

As a Mauritian company, and pioneer of the hospitality industry in Mauritius, we are aware of the gift nature has given us: to live in one of the most beautiful islands of the Indian Ocean.

We have chosen to share this gift with the world by creating a family of resorts, giving our guests the opportunity to live exceptional moments. We believe that the beauty of our resorts is enhanced by the quality of our service and the kindness of our teams.

It is our belief: the beauty of a place inspires the beauty of the heart.

It is also our promise: to cultivate the art of beauty in all its dimensions.

Our responsibility for the gift that nature has given us is to pass it on to future generations, whilst taking care of each member of our teams. Each person is, and will remain, a true artisan of Beachcomber's very personal idea of hospitality.

Beachcomber, The Art of Beautiful

KEY ACHIEVEMENTS

DURING THE YEAR 2017

The renovation of Canonnier Beachcomber Golf Resort and Spa, resulting in its closure from May to mid-September, has impacted on our hotel oprations during this financial period.

1.6% increase in hotel operations revenue and others despite the –2.4% registered in roomnight sales

75.2% room occupancy in our owned properties in Mauritius (against 74.7% witnessed last year)

5.0% increase in our average room revenue to stand as Rs 8,300 (against Rs 7,925 last year)

24.0% of our total tunover generated by our Beachcomber owned tour operators, also representing 36.0% of the total tour operating business

24.5% of our total turnover generated by our web and direct sales

VALUE CREATION MAP

OUR BUSINESS MODEL

We are an owner-operated hotel group with a portfolio of hotel assets in Mauritius, Seychelles and Morocco. Our business model is to create superior returns through a strong customer experience from its arrival to departure. We directly source our clients from their countries of origin. We focus on a powerful network of agents and tour-operators. In addition, we are vertically integrated at all levels so as to deliver the Mauritian Customer Promise.

OUR MAIN STRATEGIES

Our main objectives are to reorganise our activities and operations through:

- Financial re-engineering actions which will improve the indebtedness level and overall cash flow of the Group;
- A strong Beachcomber brand in action and the uniqueness of our hotel resorts;
- Development of new market channels;
- Digitalisation of various poles within the Group;
- Uplifting and modernisation of our hotel resorts and overall improved efficiency;
- Development of new hotel resorts; and
- Leveraging on our core competencies to bring the Group to the next level of growth.

VALUE IN

INPUTS

SOURCES OF CAPITAL

Financial Capital

- Shareholders' fund
- Borrowings
- Bonds
- Internally generated cash flows

Manufactured Capital

- Portfolio of hotels
- Plant and equipments

Social Capital

- Social engagement with the local communities
- Strong relationships with the stakeholders

Natural Capital

- Reducing carbon footprint
- Limiting use of natural resources

Intellectual Capital

- Brand image and reputation
- Customer loyalty
- Intellectual property

Human Capital

- Competencies and excellence of our personnel
- Engaged employees

OUR CUSTOMER PROMISE

We endeavor a pleasant and memorable experience throughout the whole journey from the moment our client steps into the airplane to Mauritius and back to his place of origin. We also promote the beauty of our destination through the uniqueness of our hotels and our people.

KEY RISKS

- Interest rate risk
- Cash liquidity risk
- Concentration risk
- Reputational risk
- It risk
- Limited growth risk

OPPORTUNITIES

- Pursue our strategy of improving cash flows through initiatives such as refinancing of borrowings and optimisation of the capital structure
- Consolidation in existing markets and develop new markets and channels
- Products up to the highest standards and as per international benchmarks
- Use of industry standard security devices
- Consolidate our strategy to grow and expand our portfolio of hotels

OUR PRINCIPAL STAKEHOLDERS

Artisans
Airlines, travel agents and tour operators
Guests
Regulatory Authorities
Digital Population
Shareholders
Fund Providers
Local Community

VALUE OUT

OUTPUTS

IMPACTS ON FINANCIALS

Revenue
Rs 9.5bn
2016: Rs 9.6bn

Our strategy has secured stable revenue streams despite the weakness of the EURO and GBP, and further confirms our efforts in consolidating our client base and develop new markets. Mauritian hotel operations performed well with an average occupancy of 75% and an overall increase in ARR and TRevPAR of 5% and 5.5% respectively.

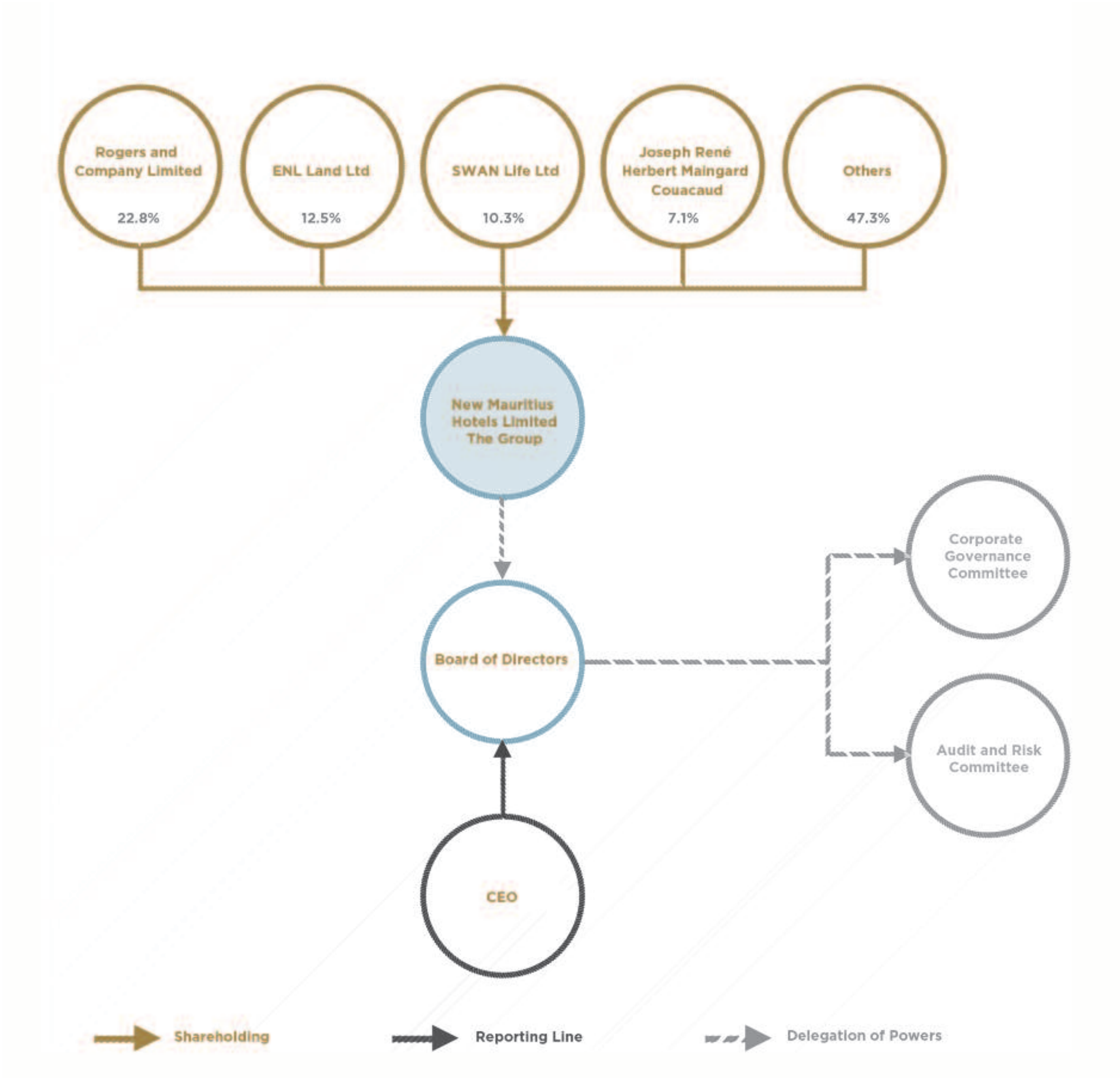
PAT
Rs 33m
2016: Rs (967)m

Several debt re-engineering initiatives and capital structure optimisation contributed in improving profitability. The Group also gained in terms of operational efficiency with earnings from operating activities increasing by 11% on a year on year basis and gains on treasury transactions. Idle land were also transformed into cash generating assets.

IMPACTS ON CAPITALS

Financial Capital	**Optimal Capital Structure**
Manufactured Capital	**Yielding Assets**
Natural Capital	**Earth Check certified**
Social Capital	**Empowering Communities**
Intellectual Capital	**Stronger Brand Image**
Human Capital	**The Art of Beautiful**

COMBINED ORGANISATIONAL AND GOVERNANCE STRUCTURE



DIRECTORS' PROFILES

Hector Espitalier-Noël

(Born in 1958)
Chairman, Non-Executive Director
Appointed in: April 1997
Qualifications: Member of the Institute of Chartered Accountants in England and Wales
Committee: Member of the Corporate Governance Committee

Professional Journey:

Hector Espitalier-Noël previously worked with Coopers and Lybrand in London and with De Chazal du Mée in Mauritius. He is the Chief Executive Officer of ENL Limited and the ENL Group since 1990. He is also the Chairman of ENL Limited and Bel Ombre Sugar Estate Ltd and a past chair of Rogers and Company Limited, the Mauritius Chamber of Agriculture, the Mauritius Sugar Producers' Association and the Mauritius Sugar Syndicate.

Skills: Vast experience in the sugarcane industry as well as the property, hospitality and financial services sectors, being the Chairman and a board member of various companies operating in these sectors.

Directorship in listed companies:

- Ascencia Limited
- ENL Commercial Limited
- ENL Land Ltd
- ENL Limited
- Rogers and Company Limited
- Swan General Ltd
- Swan Life Ltd
- Tropical Paradise Co. Ltd

Sunil Banymandhub

(Born in 1949)
Independent Non-Executive Director
Appointed in: March 2000
Qualifications: BSc Honours First Class in Civil Engineering UMIST,UK, Master's degree in Business Studies (London Business School), Associate of the Institute of Chartered Accountants in England and Wales
Committee: Member of the Corporate Governance Committee (*from 15 February 2017*) and Chairman of the Audit and Risk Committee *(until 15 February 2017)*

Professional Journey:

Sunil Banymandhub has occupied senior positions with various major private sector companies in Mauritius. He is also the majority shareholder of a transport company. During his career, he has been involved with several private sector organisations and was, amongst other functions, the President of the Mauritius Employers' Federation, and a Member of the Presidential Commission on Judicial Reform presided over by Lord Mackay of Clashfern, previously UK Lord Chancellor. He currently acts as Chairman or board member of a number of domestic and global entities.

Skills: Many years of experience in financial services and senior management.

Directorship in listed companies:

- Fincorp Investment Ltd
- MCB Group Ltd
- Omnicane Ltd
- Bluelife Limited

FROM LEFT TO RIGHT:
François Venin, Hector Espitalier-Noël, Sunil Banymandhub, Louis Rivalland, Pauline Seeyave, Jean-Pierre Montocchio, Gilbert Espitalier-Noël, Herbert Couacaud, Alain Rey

DIRECTORS PROFILES

Herbert Couacaud

(Born in 1948)
Non-Executive Director
Appointed in: May 1981
Qualifications: BSc in Economics and Mathematics, University of Cape Town
Committee: Member of the Corporate Governance Committee
Professional Journey: Herbert Couacaud has been the Chief Executive Officer of New Mauritius Hotels Limited from 1974 until his retirement in June 2015.
Skills: Actively contributed to the development of the tourism industry in Mauritius.
Directorship in listed companies:
Fincorp Investment Ltd

Gilbert Espitalier-Noël

(Born in 1964)
Chief Executive Officer, Executive Director
Appointed in: February 2013
Qualifications: BSc University of Cape Town, BSc (Hons) Louisiana State University and MBA INSEAD
Committee: Member of the Corporate Governance Committee
Professional Journey:
Gilbert Espitalier-Noël commenced employment with the Food and Allied Group (now Eclosia group) in 1990 and was appointed Group Operations Director in 2000. He joined the ENL Group, where he was Executive Director from February 2007 until June 2015. He is since July 2015 the Chief Executive Officer of New Mauritius Hotels Limited. Gilbert Espitalier-Noël was President of the Mauritius Chamber of Commerce and Industry in 2001, of the Joint Economic Council in 2002 and 2003 and of the Mauritius Sugar Producers' Association in 2008 and 2014.
Skills: Extensive experience in the agro-industrial, property and hospitality sectors.
Directorship in listed companies:
- ENL Commercial Limited
- ENL Land Ltd
- ENL Limited
- Livestock Feed Limited
- Rogers and Company Limited

Dr. Jyoti Jeetun

(Born in 1960)
Independent Non-Executive Director – *up for re-appointment at the next Annual Meeting*
Appointed in: December 2017
Qualifications: PhD in Strategy and Accounting, Warwick Business School, University of Warwick, MBA, Warwick Business School and Fellow of the Institute of Chartered Secretaries and Administrators
Committee: Member of the Audit and Risk Committee (*from 1 December 2017*)
Professional Journey:
Jyoti Jeetun is the Group Chief Executive Officer of Compagnie de Mont Choisy Limitée since April 2016. She was previously an international consultant in private sector development and financial services as well as an academic in leading UK Business Schools (Warwick Business School, Birmingham Business School, Oxford Brookes Business School and Essex Business School). Jyoti Jeetun has occupied senior management roles with global investment banks in London (BNP Paribas, Barclays Capital and Bank of America Merrill Lynch). She was the Deputy Director of the Centre for the Development of Enterprise, a Brussels-based international organisation promoting private

sector enterprise development in ACP countries. She was the founding Chief Executive of the Sugar Investment Trust and the founding Chairperson of Mauritius Post and Cooperative Bank (now MauBank). She started her career as a public servant and went on to become the Finance Editor of Business Magazine.
Skills: Over 25 years of executive management and Boardroom credentials mainly in sugar, banking, financial services and real estate development sectors.
Directorship in listed companies:
None

Jean-Pierre Montocchio

(Born in 1963)
Non-Executive Director – *up for re-election at the next Annual Meeting*
Appointed in: April 2004
Qualifications: Notary
Committees: Chairman of the Corporate Governance Committee
Professional Journey:
Jean-Pierre Montocchio was appointed Notary Public in Mauritius in 1990. He was a member of the Board of Directors' Sub-Committee of the National Committee on Corporate Governance.
Skills: Well versed in corporate governance matters and NED experience across the private and public sectors. Jean-Pierre Montocchio also has significant experience in alliances, ventures and partnerships.
Directorship in listed companies:
- Caudan Development Ltd
- ENL Land Ltd
- Fincorp Investment Ltd
- Les Moulins de la Concorde Ltée
- Promotion and Development Ltd
- Rogers and Company Limited
- MCB Group Ltd

Alain Rey

(Born in 1959)
Independent Non-Executive Director – *up for re-appointment at the next Annual Meeting*
Appointed in: February 2017
Qualifications: Member of the Institute of Chartered Accountants in England and Wales
Committee: Chairman of the Audit and Risk Committee (*from 17 February 2017*)
Professional Journey:
Alain Rey has worked in the financial services industry at Citibank N.A. (France) and as Regional Corporate Director of Barclays Bank Plc at their Mauritius branch, in the textile industry as Senior Vice President and Chief Financial Officer of Novel Denim Holdings Ltd, a Nasdaq-listed company. He has also been the CEO of Compagnie de Mont Choisy Limitée, a group of companies involved in agricultural and property development activities.
Skills: Extensive experience in the formulation and appraisal of risk assessment and management systems in various industries. He has also been Chairman of various Strategic and Investment committees and possesses banking and financial competence and expertise.
Directorship in listed companies:
- MCB Group Ltd
- Terra Mauricia Ltd
- CIEL Textile Ltd

Louis Rivalland

(Born in 1971)

Non-Executive Director – *up for re-election at the next Annual Meeting*

Appointed in: March 2002

Qualifications: BSc. (Hons) degree in Actuarial Science and Statistics, Postgraduate Diploma in Strategy and Innovation, University of Oxford and Fellow of the Institute of Actuaries (UK)

Committee: Member of the Audit and Risk Committee

Professional Journey:

Louis Rivalland is currently the Group Chief Executive of Swan General Ltd and Swan Life Ltd.

He is a former President of the Joint Economic Council and of the Insurers' Association of Mauritius. He has played an active role in the development of risk management, investment, insurance and pensions in Mauritius, having chaired or served on various technical committees in these fields.

Skills: Extensive experience in financial services and risk management.

Directorship in listed companies:

- Air Mauritius Limited
- Swan General Ltd
- Swan Life Ltd

Pauline Seeyave

(Born in 1974)

Executive Director

Appointed in: August 2016

Qualifications: Master of Arts, St Catharine's College, University of Cambridge and Associate of the Institute of Chartered Accountants in England and Wales

Professional Journey:

Pauline Seeyave is currently the Group Chief Financial Officer of New Mauritius Hotels Limited. She has 20 years of working experience in the UK and Mauritius. She has managed client portfolios in Audit and Business Assurance and has occupied senior executive roles in banking, across finance, risk management, credit, project finance and corporate banking. She was a past Director of SBM Bank (Mauritius) Ltd, State Insurance Company of Mauritius Ltd and Club Méditerranée Albion Resorts Ltd.

Skills: Extensive experience in risk management, corporate finance and financial reporting.

Directorship in listed companies:

None

François Venin

(Born in 1957)

Executive Director

Appointed in: July 2015

Professional Journey: François Venin is currently the Group Chief Sales and Marketing Officer of New Mauritius Hotels Limited. He is responsible for managing the sales and marketing strategies of the NMH Group's 10 hotels, all overseas offices worldwide and the three tour operating companies, Beachcomber Tours in France, the UK and South Africa. He also assists in the decision-making process on new projects or ventures and manages communication platforms with optimum use of all available digital channels. François Venin was previously the General Manager of Mauricia Beachcomber and Cannonier Beachcomber and had before that worked overseas for Club Méditérranée.

Skills: Strong expertise in sales, communication and marketing strategies. François Venin also has over 39 and 30 years of extensive experience in hospitality and team management respectively.

Thierry Sauzier

(Born in 1968)

Independent Non-Executive Director

Appointed in: January 2017

Resigned as Director in: June 2017

Qualifications: Maîtrise d'Economie Appliquée

Committee: Member of the Audit and Risk Committee (*from 15 February 2017 to 27 June 2017*)

Professional Journey:

Thierry Sauzier has worked in stockbroking and banking in France and Mauritius for 12 years before joining Medine Limited in 2004 as project consultant on Tamarina Golf Estates IRS. He was appointed Managing Director of Medine Property in 2009, a position that he cumulated with the role of Deputy Chief Excecutive Officer of Medine Limited as from 2011. Thierry Sauzier was nominated Chief Executive Officer of Medine Limited in October 2017.

Jacques Silvant

(Born in 1965)

Executive Director

Appointed in: February 2013

Resigned as Director in: January 2017

Qualifications: Degree in Hospitality and Management, France

Professional Journey:

Jacques Silvant joined NMH in 2001 and was until January 2017 the General Manager of the Royal Palm Beachcomber Luxury.

Colin Taylor

(Born in 1965)

Independent Non-Executive Director

Appointed in: February 2013

Resigned as Director in: January 2017

Qualifications: BSc (Hons) Engineering and Business Studies, MSc Management

Committees: Member of the Audit and Risk Committee and Corporate Governance Committee (*up to 25 January 2017*)

Professional Journey:

Colin Taylor is presently the Chief Executive of Taylor Smith Investment and the Honorary Consul of Sweden in Mauritius.

THE SENIOR MANAGEMENT TEAM

Gilbert Espitalier-Noël
Chief Executive Officer
See under the section Directors' Profiles

Pauline Seeyave
Chief Financial Officer
See under the section Directors' Profiles

François Venin
Chief Sales and Marketing Officer
See under the section Directors' Profiles

OPERATIONS IN MAURITIUS

Hotels

Michel Daruty de Grandpré
General Manager of Trou aux Biches Beachcomber Golf Resort & Spa
Graduated from Ecole Hôtelière de Glion in Switzerland.
Joined the NMH Group in April 1980.

Jean Louis Pismont
General Manager of Dinarobin Beachcomber Golf Resort & Spa and Paradis Beachcomber Golf Resort & Spa
Graduated from the Hotel School of Granville and holds a degree from Thonon-les-Bains Hotel Management School, France.
Previous experience in several countries within reputable international hotel chains.
He also oversees the operation of Beachcomber Seychelles Sainte Anne Resort & Spa and Royal Palm Marrakech Beachcomber Luxury. He is additionally the Chairman-in-office of the Association of Hotels and Restaurants of Mauritius (AHRIM).
Joined the NMH Group in 1996.

Lothar Gross
General Manager of Shandrani Beachcomber Resort & Spa
Graduated in Hotels and Restaurants Management in Germany.
Postgraduate degree in Business Economics from the Berlin Hotel Management School.
Previous experience in various other hotels in Mauritius and the Maldives.
Joined the NMH Group in February 2009.

Rico Paoletti
General Manager of Victoria Beachcomber Resort & Spa and Mauricia Beachcomber Resort & Spa
Graduated in Switzerland.
Previous experience in various countries within reputable international hotel chains.
Joined the NMH Group in 2008.

Kervyn Rayeroux
General Manager of Canonnier Beachcomber Golf Resort & Spa
MSc in Hospitality and Tourism Management from the University of Birmingham.
Previous experience in hotels of the Group in Mauritius and the Seychelles, including Shandrani Beachcomber and Paradis Beachcomber.
Joined the NMH Group in November 1993.

Gregory Coquet

General Manager of Royal Palm Beachcomber Luxury

BSc (Hons) in International Hospitality and Tourism Management from Ecole Hôteliere de Glion in Switzerland.
Previous experience in Europe including Hotel Crillon in Paris, Kempinski hotels in Switzerland and Germany.
Joined the NMH Group in May 2016.

FLIGHT AND INLAND CATERING

Olivier L. Nairac

General Manager of Beachcomber Catering

Degree in Business Management from Surrey University.
Previous experience in the agricultural sector and with the Cernol Group.
Joined the NMH Group in January 2007.

BOUTIQUES

Annabelle Dupont

Manager of Beachcomber Shops

Studied Marketing and Management in Paris.
Previous experience in France.
Joined the NMH Group in 1990.

OVERSEAS OPERATIONS

Hotels

Youssef Sabri

General Manager of Beachcomber Seychelles Sainte Anne Resort & Spa

Master's degree in Entrepreneurship (Master Droit, Economie, Gestion à finalité professionnelle, Mention Administration et échanges internationaux, spécialité entrepreneuriat international et PME).
Previous experience with Club Med Hotels.
Joined the NMH Group in June 2016.

PROPERTY

Laurent Piat

General Manager of the Marrakech project (Domaine Palm Marrakech)

Studied Commerce in Montpellier, Paris and Swansea.
Previous experience with an investment bank in New York and Project Manager at Groupe Union in Mauritius.
Joined the NMH Group in 2007.

BRAND AND QUALITY ASSURANCE

Geraldine Koenig

Brand and Quality Assurance Manager

BA Hons Economics / MA, University of Cambridge, UK.
Diploma in Management, University of Amherst, USA.
Previous experience with SGS Group Management Ltd (Geneva) and the Rogers Group.
Joined NMH Group in March 2016.

THE SENIOR MANAGEMENT TEAM

HUMAN RESOURCES AND TRAINING

Bertrand Piat

Group Human Resources Manager

BSc (Hons) Psychology and Economics from City University, London and MA Occupational Psychology from Sheffield University.
Previous experience in Human Resources and Training experience in Corporate and Consulting roles locally and abroad.
Joined the NMH Group in 2009.

FONDATION ESPOIR DEVELOPPEMENT BEACHCOMBER (FED)

Malenn Oodiah

Head of Corporate Communication of the NMH Group and Chairperson of FED

DEA in Sociology from the University of Strasbourg.
Previous experience as freelance columnist & researcher.
Joined the NMH Group in 1990.

TOUR OPERATING AND SALES OFFICES

Sheila Collet Serret

General Manager of Beachcomber Office in Bergamo, Italy

Previous experience as representative for a French tour operator (MVM) in Mauritius.
Joined the NMH Group in 1987.

Michael Edwards

Managing Director of Beachcomber Tours Limited, UK

Previous experience with International Travel Connections Limited, UK, the hotel industry of UK and the Caribbean.
Joined the NMH Group in 2001.

Terry Munro

Managing Director of Beachcomber Marketing (Pty) Ltd, South Africa

Chartered accountant.
Previous experience in own audit practice for 7 years and as Financial Director of the Budget Travel Group for 3 years.
Joined the NMH Group in 1986.

Guy Zekri

Managing Director, Beachcomber Tours, France

Graduated from Ecole Supérieure de Tourisme de Paris.
Over 35 years of experience in the tourism industry and a member of the French Tour Operator Union's Board (SETO).
Joined the NMH Group in March 2016.

Richard Robert

Managing Director of Mautourco

Fellow Member of the Association of Chartered Certified Accountants (FCCA).
Previous experience with the Rogers Group in the Systems & Audit Department.
Joined the NMH Group in 2011.

KEY FIGURES

In Rs million

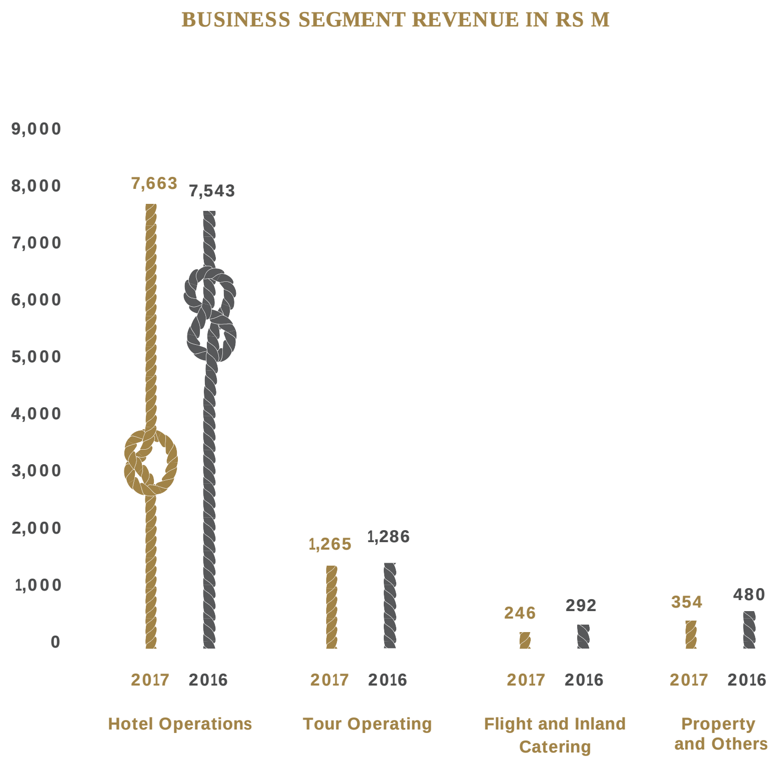
	The Group		
	2017	2016	2015 Restated
STATEMENT OF PROFIT OR LOSS			
Revenue	**9,528**	9,601	9,157
EBITDA	**1,793**	1,183	1,554
Profit/(loss) before tax	**160**	(758)	231
Income tax expense	**(127)**	(209)	(50)
Profit/(loss) for the year	**33**	(967)	181
Non-controlling interests	**71**	31	40
(Loss)/profit attributable to owners of the parent	**(38)**	(998)	141
STATEMENT OF FINANCIAL POSITION			
Non-current assets	**27,605**	27,727	28,320
Current assets	**8,190**	7,781	8,476
Share capital	**5,000**	5,000	5,000
Retained earnings	**4,980**	5,215	6,741
Other reserves	**891**	1,635	1,906
Shareholders' funds	**10,871**	11,850	13,647
Non-controlling interests	**549**	50	59
Total equity	**11,420**	11,900	13,706
Non-current liabilities	**15,563**	15,034	14,791
Current liabilities	**8,812**	8,574	8,299
DISTRIBUTION TO SHAREHOLDERS			
Dividends	**-**	(160)	-
KEY FINANCIAL RATIOS			
Number of room keys available as at 30.09	**1,992**	2,193	2,199
Room nights available	**758,429**	788,512	785,899
Number of guest nights	**1,179,799**	1,191,191	1,088,766
Occupancy (%)	**72**	71	66
TRevPAR (Rs)	**10,089**	9,566	8,600
Earnings per share (Rs)	**(0.08)**	(2.06)	0.29
Dividend per share (Rs)	-	0.33	-
Interest cover (x)	**1.69**	1.44	1.74
Net asset value per share (Rs)	**23.58**	24.57	27.42
Return on equity (%)	**0.29**	(8.13)	1.36
Return on assets (%)	**0.09**	(2.72)	0.49
Net debt/total assets (%)	**47**	48	45
Net debt/equity ratio (%)	**148**	143	

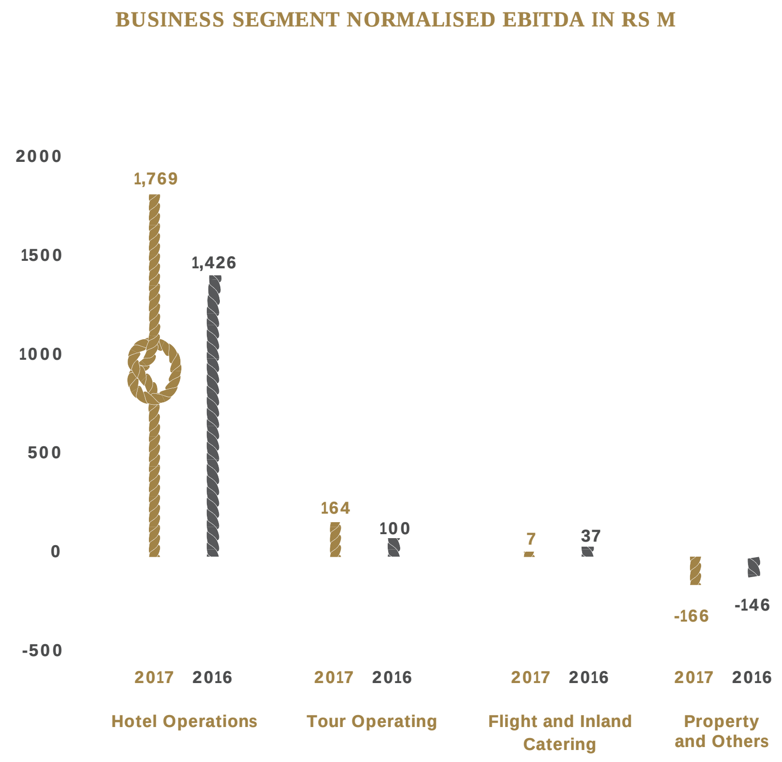
Ratios above exclude leasehold land with an estimated value of Rs 7 billion.

Number of shares	**484,270,608**	484,270,608	484,270,608

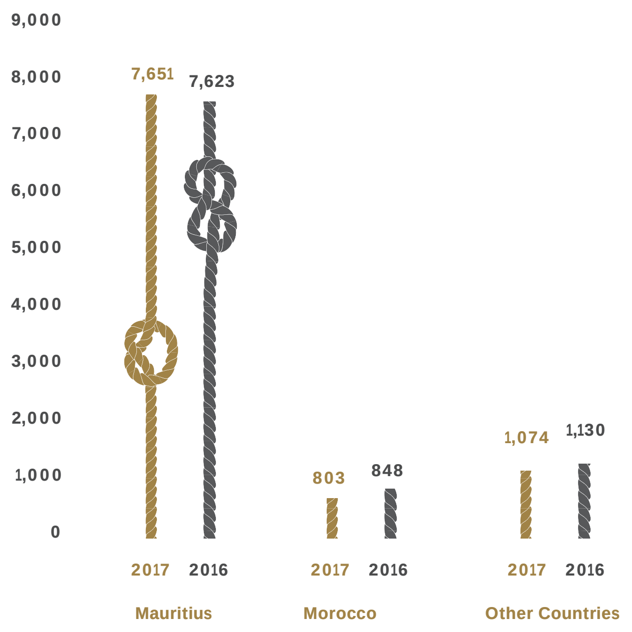
The operations of the subsidiaries are carried out in the countries in which they are incorporated.
There is no restriction on the ability of the above subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans.

SEGMENTAL INFORMATION

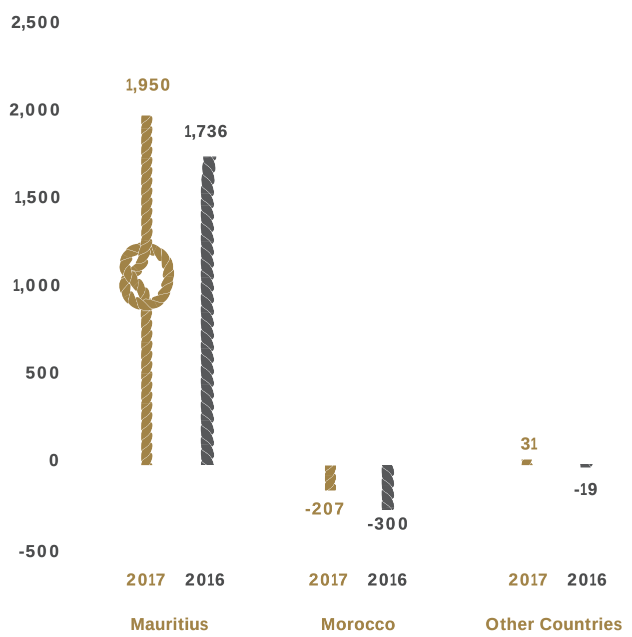




GEOGRAPHICAL SEGMENT REVENUE IN RS M



GEOGRAPHICAL NORMALISED EBITDA IN RS M



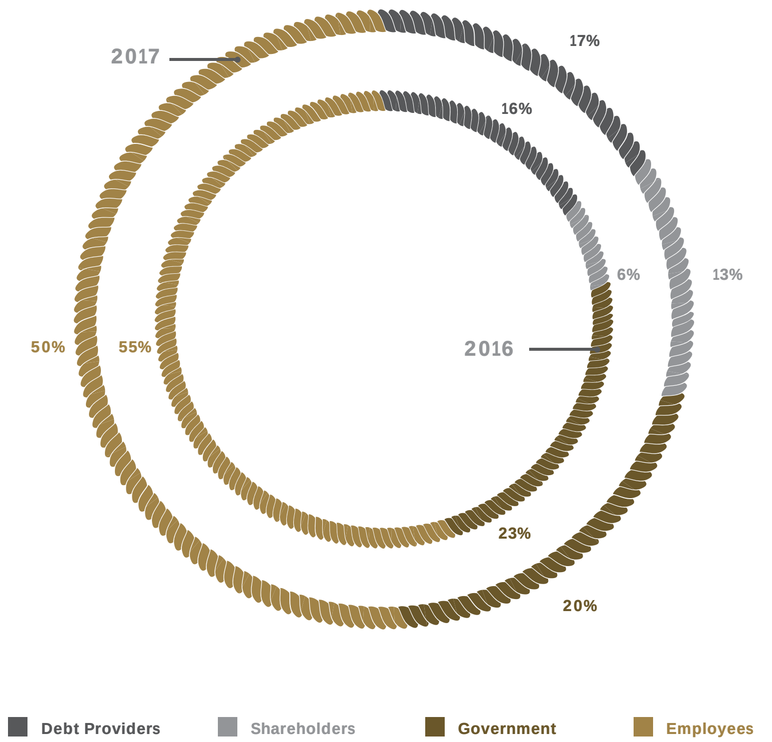
VALUE - ADDED STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER, 2017

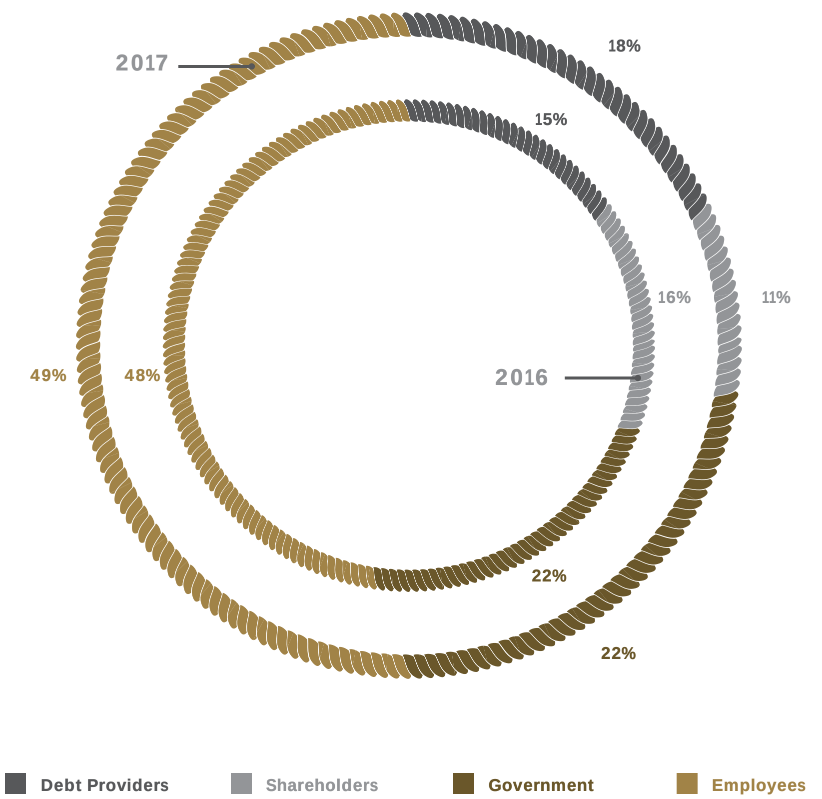
In Rs million

	The Group	The Company
Revenue	9,528	7,118
Value added tax	1,241	1,029
Total revenue	10,769	8,147
Payment to suppliers for material and services	(4,853)	(4,030)
Value added by operations	5,917	4,117
Finance revenue and other income	433	630
Total wealth created	6,350	4,747
Distributed as follows:		
Employees		
Staff costs	3,198	2,325
Government		
Value added tax	814	735
Environment fees	57	57
Corporate tax	71	6
Licenses, leases and other taxes	200	166
Legal charges	125	91
	1,267	1,056
Reinvested to maintain/develop operations		
Depreciation and amortisation	678	387
Retained earnings	33	56
Deferred tax	56	86
	767	529
Providers of capital		
Dividends to minority shareholders	70	-
Interest on borrowings	1,048	837
	1,118	837
Total wealth distributed	6,350	4,747

GROUP WEALTH DISTRIBUTION IN RS M



NMH COMPANY WEALTH DISTRIBUTION IN RS M



PERFORMANCE BY CAPITAL

At NMH, we believe in every aspect of the Beautiful, and to this end, we strive to achieve our milestones through well-defined strategies across our operations.

Financial Capital

Enterprise value of Rs 35.8 bn

Overall increases :
25% Normalised EBITDA
4% GNS
5% ARR
5.5% TRevPAR

Market capitalisation of Rs 11.2 bn

Manufactured Capital

Successful amalgamation of White Palm Ltd with Mautourco Ltd

Reopening of Canonnier Beachcomber Golf Resort & Spa

Les Salines construction works in progress

Successful management transition of Royal Palm Marrakech Beachcomber luxury and Ste Anne Resort to Fairmont and Club Med SAS respectively

Rs 1.06bn worth of investments made during the year

Intellectual Capital

Standard of Beauty and Kindness to achieve our brand promise

Art of Welcome

Art of Caring

Art of Cleanliness

Art of Living

Art of Hosting

Art of Culinary Delights

Art of Taste

Human Capital

More than just employees; we have Artisans

Engaged employees continuously improving the quality of our workforce

A wealth of skill and talent : 54% of our Artisans have over 10 years of experience

Natural Capital

Beachcomber Catering awarded the ISO 50001 certification

All hotels in Mauritius EarthCheck certified

Overall decreases:
6.8% in Energy consumption

8.9% in Water consumption

27.7% in Waste sent to landfill

Over 2,000 indigenous trees planted at Le Morne

Over 80% of lighting used are of LED type

Social Capital

2,000 PEJ beneficiaries since creation

Over 55 craftworkers promoted through our Beautiful Local Hands initiative

575 beneficiaries from 23 activities organised throughout our hotels

More than Rs 1 million as financial support

Duke of Edinburgh's Award

CORPORATE INFORMATION

BOARD OF DIRECTORS:

Hector Espitalier-Noël	Chairman, Non-Executive Director
Sunil Banymandhub	Independent Non-Executive Director
Herbert Couacaud	Non-Executive Director
Gilbert Espitalier-Noël	Chief Executive Officer, Executive Director
Dr. Jyoti Jeetun	Independent Non-Executive Director
Jean-Pierre Montocchio	Non-Executive Director
Alain Rey	Independent Non-Executive Director
Louis Rivalland	Non-Executive Director
Pauline Seeyave	Executive Director
François Venin	Executive Director

COMPANY SECRETARY:

ENL Limited

MANAGEMENT

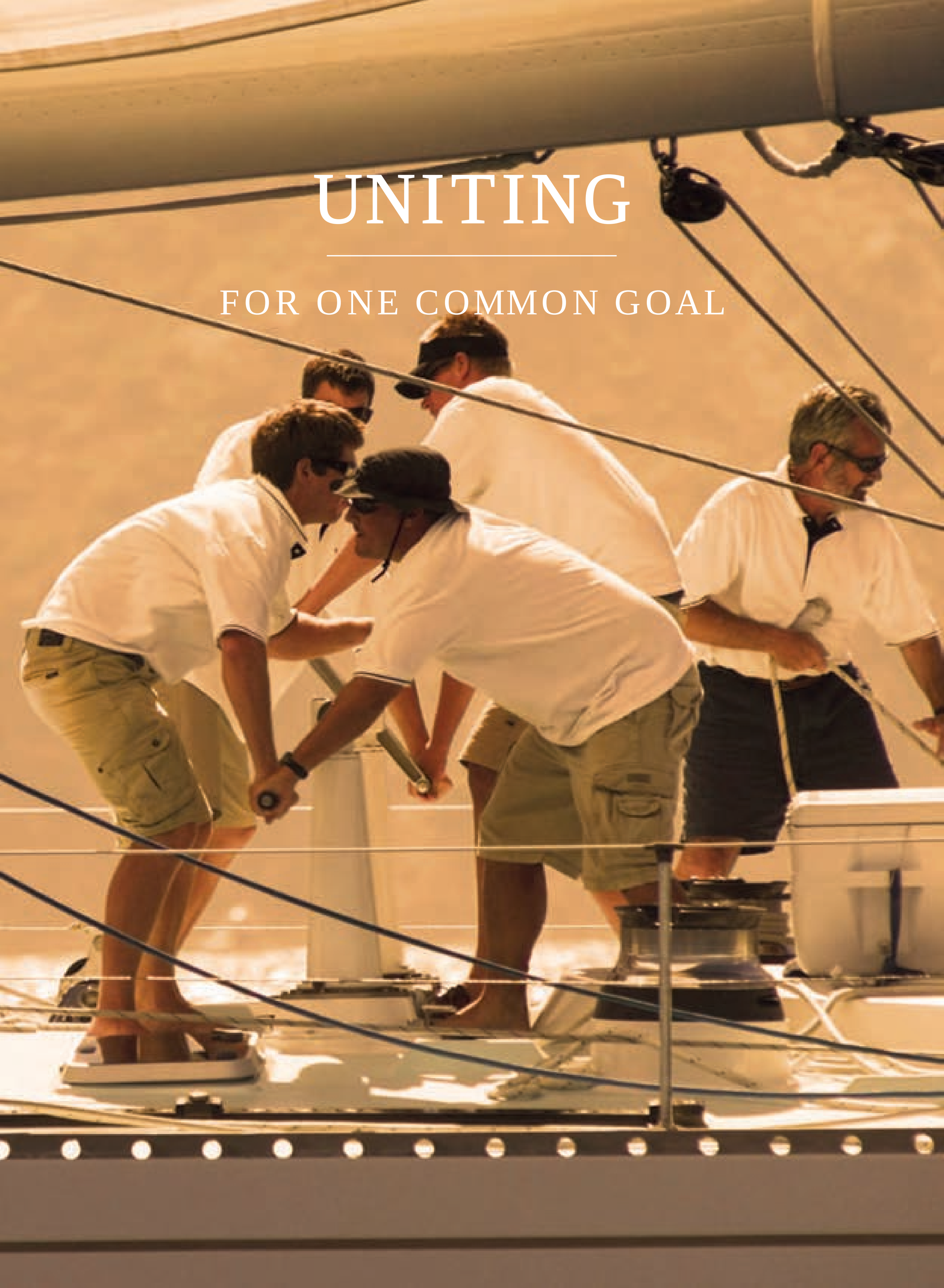
Gilbert Espitalier-Noël	Chief Executive Officer
Pauline Seeyave	Chief Financial Officer
François Venin	Chief Sales and Marketing Officer
Michel Daruty de Grandpré	General Manager of Trou aux Biches Beachcomber Golf Resort & Spa
Jean Louis Pismont	General Manager of Dinarobin Beachcomber Golf Resort & Spa and Paradis Beachcomber Golf Resort & Spa
Lothar Gross	General Manager of Shandrani Beachcomber Resort & Spa
Rico Paoletti	General Manager of Victoria Beachcomber Resort & Spa and Mauricia Beachcomber Resort & Spa
Kervyn Rayeroux	General Manager of Canonnier Beachcomber Golf Resort & Spa
Gregory Coquet	General Manager of Royal Palm Beachcomber Luxury
Olivier L. Nairac	General Manager of Beachcomber Catering
Annabelle Dupont	Manager of Beachcomber Holiday Shop
Youssef Sabri	General Manager of Beachcomber Seychelles Sainte Anne Resort & Spa
Laurent Piat	General Manager of the Marrakech project (Domaine Palm Marrakech)
Geraldine Koenig	Brand and Quality Assurance Manager
Bertrand Piat	Group Human Resources Manager
Malenn Oodiah	Head of Corporate Communication of the NMH Group and Chairperson of FED
Sheila Collet Serret	General Manager of Beachcomber Office in Bergamo, Italy
Michael Edwards	Managing Director of Beachcomber Tours Limited, UK
Terry Munro	Managing Director of Beachcomber Marketing (Pty) Ltd, South Africa
Guy Zekri	Managing Director of Beachcomber Tours, France
Richard Robert	Managing Director of Mautourco

Registrar Services:
New Mauritius Hotels Limited
Beachcomber House
Botanical Garden Street,
Curepipe
Telephone: (230) 601 9000 - Fax: (230) 675 3249
Email: shares@beachcomber.com

Bond Representative:
MCB Registry & Securities Ltd
Raymond Lamusse Building 9-11,
Sir William Newton Street
Port Louis
Telephone: (230) 202 5397-Fax: (230) 208 1167
Email: mcbrs@mcbcm.mu

UNITING

FOR ONE COMMON GOAL



SECTION 2 - MANAGERIAL

CHAIRMAN'S REPORT

Dear Shareholders,

The Board of Directors is pleased to present the Integrated Annual Report 2017 of New Mauritius Hotels Limited ("NMH" or "the Group") for the financial year ended 30 September 2017. In this report, we are embarking on the integrated reporting journey in accordance with the guidelines set out in the Integrated Reporting Framework published by the International Integrated Reporting Council. We plan to have a full-fledged Integrated Report from the next financial year. The aim is to provide a holistic view of our business, the types of capital that we use and the way we create value for our stakeholders.

The year under review has been an eventful one for the Group and several initiatives were undertaken to further consolidate the Group's financial soundness, its asset base, the brand and the team, which are the key elements for sustainable future growth.

EBITDA rose by

51.6%

Strategic Initiatives undertaken

The sale and leaseback of three properties, Victoria Beachcomber Resort & Spa, Mauricia Beachcomber Resort & Spa and Canonnier Beachcomber Golf Resort & Spa to Beachcomber Hospitality Investments ("BHI") was successfully completed during the year. NMH currently holds 55.6% of the shareholding of BHI and our strategic partner, Grit Real Estate Income Group Ltd holds the remaining 44.4%. The proceeds of EUR 100m from the transaction have been used as planned to finance hotel renovations and reduce the Group's indebtedness.

We have signed a hotel management agreement in April 2017 with the internationally renowned Accor Group, already present in Morocco, for the operation of Royal Palm Marrakech Beachcomber Luxury. The hotel is currently managed under the Fairmont luxury brand and we are confident that this initiative will give a boost to the performance of operations in Morocco.

During the year, we have also invested around Rs 800m in the renovation and uplifting of our resorts. Canonnier Beachcomber was closed for a major renovation for four months from May 2017. The 40-room extension of Victoria Beachcomber to cater exclusively for adults was completed in December 2017 and will give a further boost to Group turnover in the coming years. Feedback received so far on these renovation and extension projects is excellent. Beachcomber Seychelles Sainte Anne Resort & Spa was closed in September 2017. The resort will undergo major redevelopment to increase the number of keys from 87 to 295. A memorandum of understanding has been signed with Club Med SAS for the rental of the redeveloped resort upon completion, planned for December 2019.

Further to the rebranding exercise carried out the previous year, significant emphasis continues to be placed on strengthening the Beachcomber brand through the rolling out of standardised processes and procedures and continuous quality assurance across all hotels and business units. Along the same lines, several working groups have been set up to bring innovation and improvement to the guest experience in our resorts. This collaborative and participative process will help consolidate operational excellence through sharing of best practices and success stories. We are pleased also to announce that all our resorts and our Head Office in Mauritius have been certified by EarthCheck, a global recognition of the progress made in improving our carbon footprint. The above self-reinforcing processes require substantial investment in our infrastructure and in the continuous training of them. We are making this a priority to enable our Artisans to deliver the promise of the Beachcomber brand, "The Art of Beautiful" in a sustainable and responsible manner.

Operational Performance

For the year under review, the operational performance of the Group was satisfactory considering the negative impact of the appreciation of the rupee against the EUR and GBP, the closure of hotels for renovation and challenging operating conditions in Morocco and the Seychelles. Occupancy rate improved to 72% and total revenue per available room (TRevPAR) increased by 5%. While turnover showed a slight drop on account of hotel closure, EBITDA rose by 51.6%. The Group returned to profitability on the back of strong operational performance in Mauritius. Tourist arrivals showed significant growth for three consecutive years in Mauritius as the country continues to benefit from its status as a safe destination. While our tour operating and sales offices in the UK, France, South Africa and Italy remain our largest contributors from traditional markets, the share of direct and online bookings continues to progress year on year. With our central reservation team fully operational this year, there is improved visibility across hotels, thus allowing for better cross-selling and improved revenue management.

We are also pleased to note a 15% appreciation in the share price over the past year to Rs 23.05 at 30 September 2017. At the time of writing, NMH's share price stood at Rs 24.15, representing a further 5% gain. While no dividend has been declared on ordinary shares, the Group declared and paid 66 cents per preference share during the financial year. The first window for the conversion of these preference shares is scheduled for January 2018.

Outlook

For the next two years, the focus of Management will be on the development of Les Salines Beachcomber Resort & Spa and redevelopment of Beachcomber Seychelles Sainte Anne. These two projects are expected to add at least 500 keys to the hotel portfolio of the Group by the year 2020, increasing room inventory by some 25%. The planned uplifting programme of our resorts will follow its course and newly refurbished rooms will be available at Paradis Beachcomber Golf Resort & Spa, Shandrani Beachcomber Resort & Spa, Mauricia Beachcomber and Victoria Beachcomber for the next peak season. Continued focus will be placed on revenue management to ensure proper room pricing in order to optimise returns.

The outlook for the year 2018 is promising. The EUR and GBP have appreciated by around 3% and 1% respectively in the first quarter to December 2017. This appreciation, combined with rate increases applied from November 2017, will translate into improved average room revenue and TRevPAR for the coming year, albeit with subdued occupancy rates. With the re-engineering of financial liabilities through the Rs 3bn issue of multi-currency notes in November 2017, part repayment of existing debt and renegotiation of more favourable debt terms, the Group should experience an improvement in finance costs, cash flow and profitability in the coming year.

Having consolidated the foundations, we remain confident in the NMH's ability to complete its major projects, upgrade its resorts and reward its stakeholders. We are certain that together, the Artisans of the Group will take Beachcomber to new heights. We thank them for their continued dedication and support.

We also seize this opportunity to welcome Dr. Jyoti Jeetun on the Board and put on record our appreciation for the contribution of Messrs Jacques Silvant, Colin Taylor and Thierry Sauzier, who retired as Directors during the year.

Hector Espitalier-Noël
Chairman
20 December 2017

EXECUTIVE REPORT

Overview

For the 2016/17 financial year, the Group has pursued its main objective of improving its financial indicators while building on the work from previous years to strengthen its brand, refurbish its resorts, re-energise its team and contribute positively to the economy and the communities within which it operates.

The tourism sector has fared well in Mauritius, fuelled by an improvement in both seat capacity and air access, reflecting the continued effort of the authorities to promote the island as a safe holiday destination. With the number of available hotel beds slightly below the previous year due to renovations, the average occupancy rate in the country showed a slight improvement. In the Seychelles and Morocco, where the Group operates 87-suite and 134-suite resorts respectively, there was a pick-up in the hotel sector but operating conditions remained challenging.

Despite the weakness of the EUR and GBP, the decrease in revenue from sale of properties in Marrakech, the closure of Canonnier Beachcomber Golf Resort & Spa for four months and of Beachcomber Seychelles Sainte Anne Resort & Spa for the last month of the financial year, the Group's turnover for the year ended 30 September 2017 was in line with last year. Normalised EBITDA increased by 25% and EBITDA by 51.6%. The Group's profit before tax increased to Rs 160m compared to a loss of Rs 758m last year. After accounting for a tax charge of Rs 127m (mostly deferred tax), the Group posted a profit after tax of Rs 33m.

The Company, which consists mostly of hotel operations in Mauritius, posted an EBITDA of Rs 1.7bn. The results for the year were impacted positively by a pro rata share of the Rs 2,245m exceptional gain realised from the sale of three hotels to Beachcomber Hospitality Investments (BHI) Ltd. This exceptional profit has been spread on a straight-line basis over the lease term of 15 years, as per accounting standards and represented Rs 124m for the 2016/17 financial year. On the other hand, there was an adjustment of Rs 456m for the value in use of the hotel in Marrakech which negatively impacted the accounts of the Company, without however affecting those of the Group. PAT achieved by the Company for the year amounted to Rs 180m compared to a Rs 2.0bn loss for the previous year.

Mauritius

Hotel operations in Mauritius performed well with an average occupancy of 75%, in line with last year. Guest night spending and average room revenue increased by 4% and 5% respectively. Normalised EBITDA for the Mauritian hotel operations reached Rs 1,841m, an 8% increase over last year.

The Group also proceeded with the amalgamation of White Palm Ltd into Mautourco Ltd, with the latter as surviving entity. The merger will enable improved synergies and operational performance. Mautourco grew its PAT to Rs 31m (2016: Rs 26m)

Canonnier Beachcomber reopened as planned in September 2017, with significantly increased rates. The feedback from tour operators and guests is excellent and forward bookings are in line with expectations. The 40-room wing exclusively for adults at Victoria Beachcomber Resort & Spa opened on 1 December and here again, market feedback on this innovative product is very good.

Work on the access road at Les Salines, Black River is well under way. The Group is working on the 4-star hotel project, Les Salines Beachcomber Resort & Spa and the EIA application was submitted in December 2017. Site enabling works are planned to start in the second quarter of 2018. The mixed-use development on the 365-acre plot of land at the back of the hotel is also under planning.

Seychelles

Beachcomber Seychelles Sainte Anne continued to suffer losses in the year under review. As announced by the Board in a recent communiqué, the Group has signed an agreement with Club Med SAS for the redevelopment and subsequent rental of the enlarged resort to the French hotel company. Work is expected to start in the second quarter of 2018, with the reopening scheduled for the end of 2019. This major development should have a significant impact on the Group's results from the financial year ending September 2020. We are exploring various options for the other assets of the Group in the Seychelles, including the freehold property known as Reef Hotel on Mahé and the 80-acre hotel site on Praslin.

Marrakech

Fairmont Hotels & Resorts officially took over management of Royal Palm Marrakech Beachcomber Luxury on 1 May 2017. The hotel's occupancy improved from 29% in 2016 to 40% in 2017. Losses were reduced to a negative EBITDA of Rs 46m from Rs 148m in the previous year. Domaine Palm Marrakech also recorded a negative EBITDA of Rs 161m compared to Rs 152m in 2016. The stock of villas built in phase 1 is almost sold out but sales remain slow. Management is working on the launching of phase 2 early next year.

Beachcomber Tours

Our tour operating companies overseas continue to be a significant feeder for our resorts and have shown improved performance. Beachcomber Tours South Africa has seen its PAT increase from Rs 54m to Rs 68m. Beachcomber Tours UK recorded a PAT of Rs 11m (2016: Rs 14m), with a 13% fall in GBP. The restructuring exercise launched two years ago at Beachcomber Tours France has been completed. The company now operates far more efficiently, as illustrated by a reduction in losses from Rs 69m in 2016 to Rs 15m in 2017.

One-Off items

The Company recovered Rs 59m from insurance with respect to the fraud experienced in March 2016. We recorded an exceptional profit of Rs 61m from the sale of our minority stake in SWTD Bis Ltée. Closure costs of Rs 101m were also recorded relating to Canonnier Beachcomber and Beachcomber Seychelles Sainte Anne.

Indebtedness

We embarked on several initiatives during the year to reduce indebtedness, and of upmost significance was the sale of three hotel properties to BHI for EUR 155m to finance our capital expenditure and partly repay bank debts. Group indebtedness remained unchanged at Rs 15.2bn year on year whereas Company indebtedness dropped from Rs 14.7bn to Rs 11.7bn. In November 2017, we finalised a major re-engineering of our debt with the Rs 3bn issue of multi-currency notes to repay part of our existing bank debts. This initiative will result in around 100 basis point reduction in the overall cost of debt and reduced capital repayments over the next few years. The expected material drop in financial charges and increase in short-term free cash flows will enable the Group to accelerate its hotel refurbishment programme.

Commitment to Sustainable Practices

Alongside all the measures to improve financial performance, the Group has significantly invested in its Artisans and systems. Ongoing training and workshops have been conducted to promote the Beachcomber Way and the Art of Beautiful. Continuous improvement in service and guest satisfaction remains our priority and we are committed to providing the enabling tools to promote the Beachcomber brand. The youth training programme, “Projet Employabilité Jeunes” continues to be successful and has been reinforced by the involvement of parents and mentors to ensure adequate support to help them to complete their course. The 2016/17 intake consists of 450 trainees and 53 of them have joined the Beachcomber family during the year. We are also aware of the impact of our consumption patterns on the environment and will continue to build on progress made to reach higher recognition from EarthCheck, the first global programme of environmental and social certification specifically designed for the tourism industry.

Way forward

The year under review has been one of further consolidation. The Group is returning to profitability through the materialisation of a number of important initiatives aimed at reducing debt, consolidating the Beachcomber brand, curtailing losses in overseas operations and transforming idle land into cash-generating assets, amongst others. The next financial year will see additional consolidation and improvement in operational excellence, financial performance and commitment to create value in all its dimensions. The Group’s foundations will be further strengthened during the year and it is with renewed confidence that we will start looking for new growth opportunities in the region.

Gilbert Espitalier-Noël
Director and CEO
20 December 2017

Pauline Seeyave
Director and CFO
20 December 2017

BEACHCOMBER COLLECTION OF RESORTS

The Art of Beautiful

It is a way of living and loving.
Here and elsewhere. In the Mascarene Islands
or on the French Riviera on the shores of the Mediterranean.
With elegance, peace and quiet, and luxury, Beachcomber Resorts
cultivate this art of beauty. And in so doing, they create us and reveal
our true selves. Sketches of immortal moments.

by Virginie Luc
Watercolours Claire Coirier

ROYAL PALM
BEACHCOMBER LUXURY

"Lunch at the Royal Palm Le Bar Plage: this above all others is a moment to remember.
Above the unforgettable yellow-fin tuna tartar with sesame oil and candied ginger,
above even the unfailing attention of the Michelin-starred chef, is the ancient legendary Indian almond tree.
Huge in stature and regal in bearing, it seems to wear an invisible sky.
Its large round leaves protect us from the sun, the light shimmering, alive, in the light breeze.
In this fleeting moment, all eternity is contained."

There are places that make us feel we have come home. The Royal Palm Beachcomber Luxury is one of these, a cult place that has forged the reputation not just of the group but of the whole island. It owes its name to its most prestigious guest: the royal palm tree. An avenue lined with the finest specimens leads from the main gate to the reception hall. In front of the entrance, palms and coconuts form a single central copse, like an altar dedicated to the bewitching magic of great trees.

Reserved for a handful of guests, the Royal Palm is unique, principally because it celebrates the elementary forces of Nature: light, space, and time. The perfect proportions of the meticulously designed architecture naturally communicate its values.

Elegance is all around. Your senses are sharpened. As you enter the sea-facing hall the horizon opens out before you. You fall instantly in love with the light breeze, the iridescent blue of the lagoon. The world has never been so generous as here. It offers you its secrets, its treasures. And, in passing, it encourages you to believe that you are one of those treasures. So...

So, all you need to do now is pamper yourself. By the edge of one of the seawater pools, under your own straw parasol, in a ritual walk along the deserted beach or at a table in the wonderful La Goélette restaurant. Your journey, whatever you wish to make of it, will inevitably be protected from the hustle and bustle of the world by the delicate attentions of the hotel's artisans. Unique in itself, the Royal Palm will also make you entirely unique.

DINAROBIN
BEACHCOMBER GOLF RESORT & SPA

"Just before daybreak, before the light lifts the colours and shadows, nature offers a breath-taking sight.
At the foot of the Morne Brabant, a few metres from my bungalow, lies the lagoon,
still and patient, like a slate-grey eye. It takes you body and soul.
The Arab sailors who first set eyes the island must have done so at the white hour of dawn.
And they named it Dina Arobi: the silver island."

Neighbour of the Paradis Beachcomber, the Dinarobin Beachcomber Golf Resort & Spa shares with its elder brother not only a splendid golf course but also all the treasures nature has to offer: the coast of the Morne Brabant peninsula, the bald and mysterious mountain of the "maroons", outlined by a strip of sand so white it looks like icing sugar.

Dispersed in a 20-hectare garden, the bungalows, apartments and villas are spread out around attractive slate swimming pools, where the cautious shadows of birds flit to and fro.

Each space in the park has its secret. Here the tecoma with its large leaves and the plumage of the cardinals which veers towards purple as summer draws nigh. There the giant mango tree which shades the hottest hours. Further on, beds of tradescantia, luminescent under the sun's rays, mark out the entrance to your villa.

The décor has colonial accents with the wood frames and floorboards, the ochre façades and the sugarcane stalks covering the roofs.
The frangipani and Indian almond trees diffuse a subtle perfume that blends with the strands of water in the cascade of pools. But it admits defeat and accepts it must dissolve – like you! – in the lagoon. The sea breeze beckons you to come and swim. And when you get out of the water, its softness envelops you like a silk mantle.

At the Dinarobin Beachcomber, the Indian Ocean is always ready to steel the limelight from the 18-hole golf course or the ultra-sophisticated sports facilities. Big-game fishing, kite-surfing, deep-sea diving among the corals and the dolphins, a trip around Crystal Rock… Eternity is not enough.

PARADIS
BEACHCOMBER GOLF RESORT & SPA

"There are places that soften the border between reality and imagination. La Ravanne restaurant is one of these. Is it a mirage? The wooden deck on the lagoon, the lapping of the water and the myriad stars. The white tablecloths and candles on the tables. The refined gestures, the beautiful multicultural dishes - curry, rougaille, biryani - and dhal puri, little tender and light split pea flatbreads. In the distance, two musicians match the beat of the "ravanne" drums to the beat of my heart. Where does such gentleness, such tranquillity, such goodness come from? This secluded spot reflects the very soul of Mauritius - a country where the world's magic plays on."

From the resort's long beach, you contemplate the Morne Brabant Mountain high above you, where slaves took refuge in the 19th century. Sometimes passing musicians settle at its foot at sunset where they match the beating of our hearts with their percussions and sing the story of their ancestors, which has, with the passing of time, become that of all Mauritians.

The southwest of the island is particularly marked by this fervour. And the inhabitants, like the Artisans of the Paradis Beachcomber resort, are proud to share it with you. So come along, follow the guide: to the top of the mountain refuge, and perhaps it will tell you its secrets. Down in the Black River Gorges, home to the vestiges of an endemic forest which once covered the untamed island. All species of the island's flora and fauna are to be found here. The Chamarel waterfall or the unique Rochester falls are natural reserves for the brilliant white tropicbirds. Set off for one of the villages of huts that line the wild coastline, where you will always find a house to offer you a bite of coconut or a sip of lemonade.

Meanwhile, all the Beachcomber teams are preparing for your return. All you need to do is choose between a round of golf – tee off is right outside your door! – and a hammam, a massage or a last swim in the sea in the setting sun. You also choose between the magnificent buffet and one of the gourmet restaurants. At this precise moment, there is no doubt that legend is blending with the truth: as Mark Twain is supposed to have said when he came to the island, "Mauritius was made first and then Heaven, and Heaven was copied after Mauritius." Without a doubt, the original is here.

TROU AUX BICHES
BEACHCOMBER GOLF RESORT & SPA

"There is a garden unlike any other, encircled by the green lawns of the surrounding golf course: the Trou aux Biches. A natural, uncluttered garden, with a palette of greens and whites, and here and there some splashes of garnet red. Humble yet sophisticated, it enhances the beauty of the place, yielding to what is already there: the colourful notes of the birds, the majesty of ancient trees, the different blues of the sky and the sea, the silky carpet of sand. The garden of the Trou aux Biches is like the face of one beloved."

The grounds of the resort, stretching over nearly forty-five hectares, are among the finest gardens on the island. A masterpiece of simplicity and authenticity, they honour the island's native flora. Screwpines, latanias and hurricane palms were reintroduced with the finest specimens imported in colonial times from India, Asia and Madagascar. A delight to behold, and to inhale. And to hear, too. For there is no doubt that here you are in the kingdom of birds – cardinals, yellow canaries, parrots, and turtle-doves. "It's the most beautiful symphony ever written!" says Ranjeev, 41, with a smile. He has a degree in horticulture from the University of Mauritius and now manages the team of 51 gardeners dedicated to maintaining the grounds of the Trou aux Biches.

In the shade of the frangipani trees, the scented paths lead to the beach, just a few metres away. Simply step through the curtain of palm trees to discover a magical beach running the length of the bay. The lagoon, calm and motionless, sure of its power, is a sight for sore eyes. The appeal is irrepressible. Quietly, in the intimacy of sea and sky mingled, time is suspended.

A salutary swim that reminds you that life can be simply wonderful, on land and in the sea. For the more athletic, a team of professional divers is on hand to show you another dimension of time and space: the ocean depths.

SHANDRANI
BEACHCOMBER RESORT & SPA

"Hush ... The hands caress and relax my body, with the yellow canaries and the cardinals in attendance. I hear, and I feel, the rustle of the wind in the palm trees. I give myself up to Artee's deliciously soothing open-air massage, under the cane roof of the straw hut. With my body free from stress, and smooth with amber oil, my thoughts take wing and the world extends its horizons. "

There are those who choose the Shandrani Beachcomber to celebrate an engagement, a reunion, or a wedding anniversary – the first (cotton) perhaps, or the eleventh (coral) or twenty-fifth (silver). They prepare to experience the magic of special occasions celebrated in the Beachcomber resorts, officiated by the Mauritian Artisans. There are those who have come to the island for the first time and choose the Shandrani Beachcomber as a gateway to the unknown. You can easily recognise them by their amazement at so much beauty, so much attention and refinement: there's the hotel, its outbuildings, its round swimming pools like mirrors of the sky. There's the garden ringing with birdsong and its paths that seek the sea. There are the bare creeks – not morning-after bare, but before-anything-ever bare. They line the resort and watch over the secrets of the undersea life in Blue Bay, the island's most beautiful nature reserve.

There's the benevolence of the Beachcomber artisans, their unparalleled expertise – culinary, athletic, artistic, or therapeutic. But you have chosen the Shandrani Beachcomber as a last stopping-point before you leave. A break, a truce, before going back to the hyper-active western lifestyle.

You, more than anyone, will savour the peace of this place, the calm, the contagious affability of your hosts. The word 'fraternity' seems to recover its meaning.A last motionless journey under a hut open to the mildness of a late afternoon. Hammam, a body scrub with crushed vanilla pods, a shiatsu massage.

Now you are at peace, you are ready. Calmly – the airport is only fifteen minutes away – you prepare to say your goodbyes. It is not easy to leave an island you have loved, or a place where you have been made to feel so at home. Before you go, you take care to pick up a shell from your favourite beach – not those around the lagoon, a sigh from the sea, but the only one that is not protected by the coral reef and has no fear of the ocean waves. Instinctively you put it into your pocket. It's your talisman. From time to time, you close your hand around the shell, as if to reassure yourself that the dream was true.

VICTORIA
BEACHCOMBER RESORT & SPA

"The Victoria Beachcomber – our house at the end of the world. So far and yet so near!
A tropical landscape and a cosy refuge. With body revived, and spirit washed in the waters of the lagoon,
all is forgotten, only the beautiful is remembered: the silence and the dancing colours under the sea.
Above it, the white line of the coral reef stretches across the horizon.
The children running free and wild on the huge beach, the guests wandering dreamily in the luxurious gardens...
So near, so far. And all ours."

To the northwest of the island, between Grand Baie and the capital Port Louis, on this land once dominated by queens, Victoria, and kings, Louis XV, not far from the famous Pamplemousses botanical gardens, the church of Saint-Francis-of-Assisi and its little cemetery where Baudelaire's Dame Créole and Napoleon's chaplain were laid to rest... here, in other words, history is all around.

Between culture and nature, the Victoria Beachcomber houses infinite treasures, and of course its elegant gardens, covering more than ten hectares, home to the apartments, rooms and suites overlooking the sea. But as the days go by, you will discover that the real treasure is elsewhere. In a smile, a singsong voice, a friendly gesture. Each of the Beachcomber artisans – from the manager to the head chef to the sports manager – embodies this benevolent, enthusiastic spirit. In the most natural way possible, you will surrender to a game of boules or beach volleyball, a tennis lesson in the shade of the hurricane palms, or a trip out to sea for some big-game fishing.

For a romantic tête-à-tête or with all the clan, in your room with terrace overlooking the lagoon, in your individual apartment or private suite, the Victoria has something for everyone. And eating out is no different: a restaurant at either end of the beach – one for freshly -, caught fish and the other for Italian specialities, La Casa for romantics, and Le Bar, by the pool edge, for your happy teenage night birds.

Long live Victoria!

CANONNIER BEACHCOMBER GOLF RESORT & SPA

"All the palm trees and screw pines, all the sandy paths on the estate fill my senses, enticing me towards the Pointe aux Canonniers, on the very tip of the peninsula. We imagine what it is like, and we prepare. Soon the path winds between the ruins of an 19th century Fort and a huge banyan tree. We can just make it out between two beds of flax lily. At last, we see it, an intoxicating blue. No fugitives or English invaders here. Just the encounter with the unknown: the golden jubilee of the sand and the lagoon, just as the sinking sun sets the southern horizon ablaze. Words cannot do it justice."

To stay at the Canonnier Beachcomber Golf Resort & Spa is to take a journey within a journey. Here you will meet with memories of rocks, battles, treasures and shipwrecks. The grounds of the Canonnier resort jealously guard the remains of an English fort later transformed into a lighthouse, with its canons facing skywards, silently defying the ocean – or are they rather transfixed by the beauty of this place?

The other distinguished guest in this extraordinary spot is a spectacular tree, over two hundred years old, whose branches are roots that will produce other branches. When you look into the midst of its vast foliage – surprise! You see a spa with massage huts!
With the precision of a goldsmith, and with the greatest respect for the surrounding nature, the island's workers and artisans have renovated this spot – from the well-being centre perched in the tree down to the guest rooms, suites, common areas and even a kids' space.

Everything is designed for harmony – yet not forgetting technological performance – both outside and in. There is perfect balance between the grandiloquent landscapes and the pure, clean interior decoration that uses only noble materials – exotic wood, rattan, fine linens and cottons – all in a palette of white and beige. Large windows let in the morning and evening light to play in the rooms, offering a permanent spectacle of sun and nature. For the ultimate magic of this place is that the Pointe aux Canonniers peninsula is the only viewpoint on the island where you can contemplate both the sunrise and the sunset.

MAURICIA
BEACHCOMBER RESORT & SPA

"As you drive along the west coast, you cannot fail to fall in love with the countryside as it glides past like a canvas pulled by an invisible hand. To the left, behind the rows of long-leaved filao trees, runs the immaculate lagoon. To the right, brightly coloured villages, a motley crowd, a string of Tamil temples, chapels, roadside crosses and altars. At last, in the heart of this euphoria, just around the bend, Grand Baie spreads before us in all its magnificent splendour. And the Mauricia Beachcomber: the resort – and its delightful garden – is a haven of peace. The noise outside accentuates the quiet inside. Pure joy just for the sharing."

At the tip of Grand Baie, between the sea and the village, is the tropical enclave of the Mauricia Beachcomber resort. It has everything you need and more. For all tastes and all ages. Whether you are here alone, for a romantic twosome, or with family or friends, you are bound to find your perfect space and lifestyle.

Read peacefully under the leaf canopy of a big tree, smell the scent of eucalyptus in the hammam or, higher up and closer to the sky, enjoy the soft air on the peaks of the neighbouring mountains. Play a set of beach volley on the sand or wait for the wave to surf beyond the coral reef. Gradually the hours – and soon the days – lose all trace of time. Yet there is one moment when the dusk will call to you and you respond. As evening falls, party-lovers walk back up the beach to the village of Grand Baie, a mini Saint-Tropez that beats to the rhythm of music from all round the world, and dances to sega.

The moon is your companion and, on the road home, the lapping of the water gently calms you down. Soon the noise of the festivities disappears in the rustling of the leaves. You are home.

A fun outing not to be missed, especially when you get back and can savour with even more relish the peace and quiet of your kingdom. The Mauricia Beachcomber is aptly named. Like the island, it is both apart from and in the centre of the world.

BEACHCOMBER FRENCH RIVIERA RESORT & SPA

"Mauritius on the French Riviera... or almost. The palm trees and especially the hospitality of the Beachcomber Artisans could have us believe for one brief moment that we are below the tropic of Capricorn on one the jewel-like Mascarene islands: Mauritius. But we are in fact in the northern hemisphere. The ascetic, contemporary architecture reminds us of the minimalist aesthetics we Westerners enjoy. A very distinguished place where sport - especially tennis - reigns supreme."

On the hilly coast of the South of France, just twenty minutes from the centre of Cannes and Nice-Côte d'Azur airport, the Beachcomber French Riviera, a hotspot for holidaymakers and businessmen and women, is the perfect extension of the estate.

Perfect, necessary even, it proudly offers you:
Space. From the cathedral atrium decorated in 1930s style to the rooms bathed in sunlight, placed around huge swimming pools. From the sports complex which houses the Mouratoglou Tennis Academy, the biggest in Europe, to the ten-hectare garden with its beautiful flowerbeds. From the clear blue sky that nothing interrupts, except perhaps the flattened silhouette of an umbrella pine, to the countryside inland protected by the majestic mountains of the Alpes, the Pays niçois and its provencal villages.

Wellbeing. This comes partly from the uncluttered architecture of the building – clean lines emphasised by a few splashes of colour – and partly from the kindness and consideration of the Beachcomber Artisans.

In the quality of the silence punctuated by the legendary song of the cicadas and in the natural scents released when the sun is at the zenith. In the expert beauty treatment and in the sport that revives your whole body.

The creative cuisine of the Chef, whose "signature dishes" – the delicious Maki de foie gras and mango heart, the unforgettable tuna mi-cuit with mango emulsion – take you on a journey well beyond our borders. The Beachcomber French Riviera is without a doubt the extension of the island at the end of the world.

FACING

NEW CHALLENGES

SECTION 3 - INTEGRATED REPORTS

FINANCIAL AND MANUFACTURED CAPITAL

NMH'S FINANCIAL AND MANUFACTURED CAPITAL

Financial Capital

NMH's sources of capital include shareholders' equity, bank debt and bonds and capital from preference shareholders. It also includes cash flows generated from our portfolio of hotels. These funds are available to finance strategic developments and future growth projects.

Manufactured Capital

Manufactured capital consists of the hotels in our portfolio, which are both owned and managed by us so as to ensure service excellence to our clients and operational efficiency while creating value over the long term.

The principal financial strategies for the year were as follows:

- to maintain, refurbish and uplift our portfolio of hotels in order to consolidate and increase NMH's market share;
- to invest in human capital which translates into quality service exceeding guests' expectation. This strategy is in line with our philosophy, The Beachcomber Way; and
- to maintain a high level of intellectual capital, including information systems to ease the guest experience.

OUR HOTEL PORTFOLIO

Our hotel portfolio listed below is key to value creation for the Group.

Name	Stars	No. of room keys	Occupancy (%)
Mauritius			
Royal Palm	5* plus	69	
Dinarobin	5*	175	
Paradis	5*	293	
Trou aux Biches	5*	333	
Shandrani	5*	327	
Victoria	4* plus	254	
Canonnier	4*	283	
Mauricia	4*	237	
		1971	75
Overseas			
Ste Anne Resorts	5*	87	63
Royal Palm Marrakech*	5*	134	40
Total room keys including non-operational		2192	
Canonnier (Under renovation)		113	
Ste Anne Resorts (Closed)		87	
Rooms not operational at 30 Sept 2017		200	
Total room keys operational at 30 Sept 2017		1992	

**Royal Palm Marrakech*
(Traded as Fairmont as from May 2017)

The above resorts operated under the Beachcomber brand provide superior quality facilities and experiences in a constant endeavour to deliver the best of Mauritian hospitality.

During the period under review, 113 rooms were still under renovation at Canonnier Beachcomber Golf Resort & Spa and 87 other rooms at Beachcomber Seychelles Sainte Anne Resort & Spa, which is closed to enable redevelopment of the property.

KEY MILESTONES ACHIEVED DURING THE YEAR

The main focus was to restructure the Group's borrowings in order to repay part of existing debts and achieve a more reasonable debt -to- equity ratio. To this end, NMH sold three properties (on sale-and-leaseback terms) to Beachcomber Hospitality Investments ("BHI") Ltd, a newly created subsidiary company in which a strategic partner, Grit Real Estate Income Group Ltd (formerly known as Mara Delta Property Holdings) hold a 44.4% interest. This resulted in a decrease of the Group's indebtedness.

In terms of financial performance in 2017, the Group's turnover was at par with the previous year in spite of the weakness of the EUR and GBP, the decrease in revenue from property sales in Marrakech, the closure of Canonnier Beachcomber for four months and of Beachcomber Seychelles Sainte Anne for the last month of the financial year. Normalised EBITDA increased by 25% and EBITDA by 51.6%. The Group's profit before tax increased to Rs 160m compared to a loss of Rs 758m in 2016. After accounting for a tax charge of Rs 127m (mostly deferred tax), the Group posted a PAT of Rs 33m.

Stakeholders	Expectations	Management Response	Achievements 2017
Banks and debt providers	Adequate interest cover and debts level to ensure a good cash liquidity position	Devise a 3-year plan with financial re-engineering strategies such as debt restructuring	Approval of 3-year and debt restructuring plans approved by the Board Strategy devised for non-yielding assets such as Les Salines
Shareholders	Good governance practices in place	Balanced Board composition with appropriate skills	Embark on a 3-year journey of Integrated Reporting to improve quality of information to stakeholders
		ARC with Non-Executive directors as members	Internal audit is now responsible for monitoring the implementation of Risk Management Framework and procedures. High risk areas are reported to stakeholders accordingly.
	Attractive return on investments - Capital appreciation and competitive dividend yields	Quarterly reports published in newspaper and also available on the website	Periodic Investors' meeting

Review of operations

a. Mauritius

- Hotel operations in Mauritius performed well with an average occupancy of 75%, in line with the previous year. Guest night spending and average room revenue increased by 4% and 5% respectively. TRevPAR grew by 5.5% and reached Rs 10,886 in 2017. Normalised EBITDA reached Rs 1.8bn, representing an 8% increase over 2016.
- The Group proceeded with the amalgamation of White Palm Ltd into Mautourco Ltd, with the latter as surviving entity from 1 October 2017. The amalgamation will enable improved synergies and operational performance. The Mautourco Group's PAT increased to Rs 31m (2016: Rs 26m)
- Canonnier Beachcomber reopened as planned in September 2017 with significantly increased rates. The feedback from tour operators and guests is excellent and forward bookings are in line with expectations.
- The 40-room adult-only wing at Victoria Beachcomber opened in December 2017 and here again, market feedback on this innovative product is very good.

- Work on the access road at Les Salines is well under way. The Group is working on the 4-star hotel project, Les Salines Beachcomber Resort & Spa and the EIA application was submitted in December 2017. Construction work is planned to start in the second quarter of 2018. The mixed-use development on the 365-acre plot of land at the back of the hotel is also under planning.

b. Seychelles

- Beachcomber Seychelles Sainte Anne continued to suffer losses in the year under review. As announced by the Board in a recent communiqué, the Group has signed an agreement with Club Med SAS for the redevelopment and subsequent rental of the enlarged resort to the French hotel company. Work is expected to start in the second quarter of 2018, with the reopening scheduled for the end of 2019. This major development should have a significant impact on the Group's results from the financial year ending September 2020.
- Management is also exploring various options for the other assets of the Group in the Seychelles, including Reef Hotel on Mahé and the 80-acre hotel site on Praslin.

c. Marrakech

- Fairmont Hotels & Resorts officially took over the management of the Royal Palm Marrakech Beachcomber Luxury on 1 May 2017. The hotel's occupancy improved from 29% in 2016 to 40% in 2017. The hotel reduced losses to a negative EBITDA of Rs 46m in 2017 from Rs 148m in the previous year. Domaine Royal Palm Marrakech also recorded a negative EBITDA of Rs 161m compared to Rs 152m in 2016. The stock of villas built in phase 1 is almost sold out. Management is cautiously launching phase 2 in a market that remains challenging.

d. Beachcomber Tours

- Beachcomber Tours South Africa continued to post a very satisfactory performance with PAT increasing from Rs 54m to Rs 68m.
- Beachcomber Tours UK recorded a PAT of Rs 11m (2016: Rs 14m) with a 13% fall in GBP.
- The restructuring exercise launched two years ago at Beachcomber Tours France has been completed. The company now operates far more efficiently, as illustrated by a reduction in losses from Rs 69m in 2016 to Rs 15m in 2017.

Evolution of share price and trading on the stock exchange

NMH shares are traded on the Official Market of the Stock Exchange of Mauritius. Compared to the previous year, the share price increased by 15% and market capitalisation reached Rs 11.2bn at year end against Rs 9.7bn in 2016.

Interest Cover

1.69 ▲ **+0.25**

2016: 1.44

Share Price

Rs 23.05 ▲ **+15%**

2016: Rs 20.05

Enterprise Value

Rs 29.2bn ▲ **+6%**

2016: Rs 27.6bn

Other initiatives

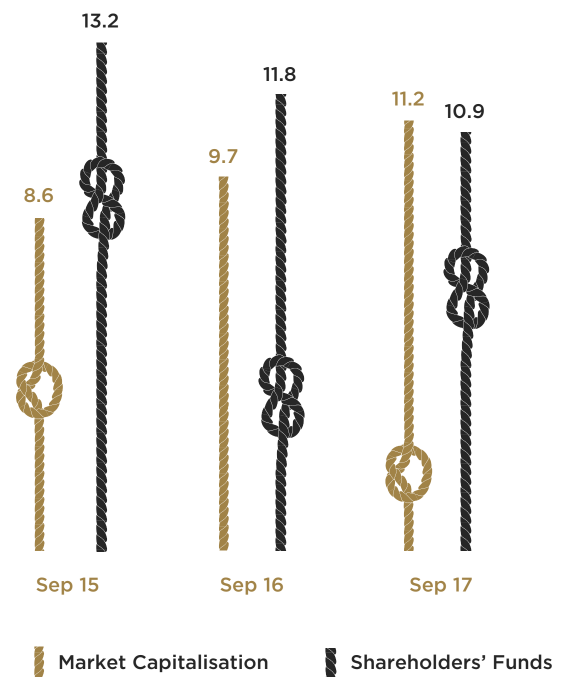
a. Appropriate technology and information systems

With the growth in popularity of online booking systems and increased use of digital technologies, it is an undeniable fact that client sourcing through this distribution channel has to be catered for in our marketing strategy and also in view of meeting the customers' needs and expectations. Our philosophy is to make our guests' stay memorable every step of the way from the moment they book with us until they return to their country of origin.

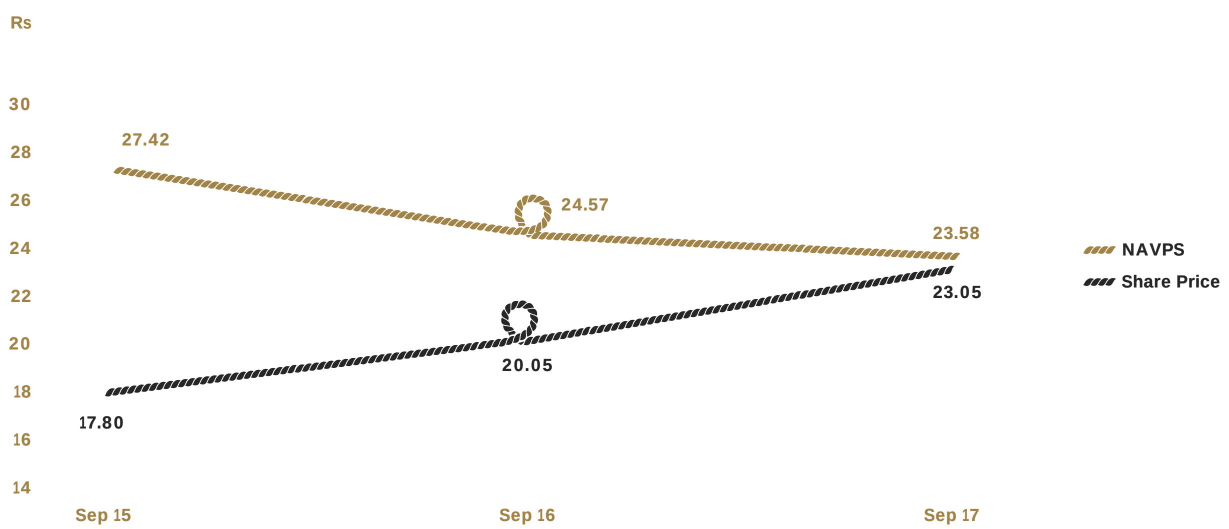
The Company has therefore centralised its reservation process during the year. A more structured team now operates from the Head Office instead of several distinct teams at hotels level, resulting in operational efficiency and improved revenue management.

Moreover, in order to sustain competition with online agencies, the Sales & Marketing Department has reorganised its digital team and is continuously improving the use of its B2B websites to run promotions as well as boost sales. Sales recorded through our website in 2017 increased by a commendable amount of Rs 100m compared to the previous year.

Evolution of Market Capitalisation
v/s. Shareholders' Funds — in Rs Bn



Evolution of ORDINARY SHARE PRICE V/S NAVPS



b. Replacement Capex

In 2017, a total amount of Rs 190m has been incurred for the normal replacement of operating assets in order to maintain the highest quality standards of service to our guests.

c. Renovation and Expansion

- Canonnier Beachcomber closed for four months for major renovation – Rs 408m in progress at 30 September 2017.
- The renovations consist mainly of room refurbishments, major uplifting of public areas as well as improving logistics equipment to ease guests' experience.
- Victoria Beachcomber – expansion of 40 rooms Rs 215m in progress at 30 September 2017.

During the year, the Company has reorganised the Development & Project team and appointed a Quantity Surveyor to ensure completion of renovation projects within time and budget.

MAIN TARGETS AND PRIORITIES

The Company has restructured its debt in November 2017 through a Rs 3bn Multi-Currency Note Programme in order to benefit from lower cost of capital and better terms of repayment. A Rs 1.3bn oversubscription shows the continued trust of providers of debt capital vis-à-vis our Company.

Other initiatives in the pipeline are as follows:

- refinancing of debentures maturing in July 2018 (Rs 96m) and July 2019 (Rs 615m);
- conversion of preference shares in January 2018 and in January 2019;
- normal recurring capex of Rs 300m;
- infrastructure work worth Rs 200m at Les Salines, and
- renovation and expansion works totalling Rs 750m for the following:
  - 13 Villas and 38 Deluxe rooms at Paradis Beachcomber;
  - 250 rooms at Mauricia Beachcomber;
  - refurbishment of Shandrani Beachcomber;
  - completion of renovation works at Canonnier Beachcomber; and
  - completion of expansion works at Victoria Beachcomber.

The Beachcomber Seychelles Sainte Anne redevelopment project at a cost of some EUR 70m will consist in expanding the hotel from 87 to 295 rooms and completion is expected by December 2019 for rental to a third party, namely Club Med.

The Group's borrowings should remain stable in the forthcoming years with appropriate funds for renovations. Dividends are also expected to be paid to shareholders.

INTELLECTUAL CAPITAL

CONSOLIDATING THE BRAND ARCHITECTURE AND THE FUNDAMENTALS

As part of our strategic priorities, 2017 was a year of consolidation with further strengthening of the Beachcomber trade name and brand transversality to help translate the "Art of Beautiful" into our corporate culture.

The main pillars that hold the brand and collection of resorts together are being reinforced, namely:

1. Corporate Identity
2. Standard of Beauty & Kindness (Product & Service)
3. Safety Commitment
4. Sustainability Commitment

There is a defined methodology for each pillar comprising:

Development of related Standards → **Implementation** → **Monitoring**

Involving teams across hotels to participate and help chart out the road map under the ownership of the Brand & Quality Assurance Manager, all of which constitute our Brand Standards.

BEACHCOMBER RESORTS & HOTELS

Brand Pillars

Corporate Identity | Standard of Beauty & Kindness | Safety Commitment | Sustainability Commitment

Collection of Beachcomber Resorts in Mauritius

Royal Palm – Beachcomber Luxury
Dinarobin – Beachcomber Golf Resort & Spa
Paradis – Beachcomber Golf Resort & Spa
Trou aux Biches – Beachcomber Golf Resort & Spa
Shandrani – Beachcomber Resort & Spa
Victoria – Beachcomber Resort & Spa
Canonnier – Beachcomber Golf Resort & Spa
Mauricia – Beachcomber Resort & Spa

1. Corporate Identity

Our Corporate Identity Guidelines published in March 2017 lay out the framework for:

- Brand Essentials (essential components of the brand and their use);
- Guest Journey (brand markers that accompany our guests throughout their Beachcomber experience); and
- Communication.

The Branding Committee is actively involved in the review and approval process relating to the use of our logo and related collaterals. It plays an important role to ensure a no-compromise approach to our visual identity and brand essence.

The year 2017 saw the deployment of sub-brands such as Golf Beachcomber, Spa Beachcomber with our Art of Wellness, and Kids Club Beachcomber across hotels with related training and product markers, amongst others.

2. Standard of Beauty & Kindness

Our Standard of Beauty & Kindness, which translates into our product and service offering to achieve our Brand Promise across our operations, is the key component of our Brand Standards.

The year 2017 saw the design and implementation of:

- the Front Office experience, whereby we strive to deliver our Art of Welcome and Art of Caring;
- the Housekeeping experience, based on the Art of Cleanliness and Art of Living;
- the F&B experience reflecting our Art of Hosting, Art of Culinary Delights and Art of Taste; and
- over and above, our Grooming & Etiquette recalling our Art of Smile, Art of Beauty and Art of Kindness as part of the Beachcomber Way.

The development of each of these standards is the result of close teamwork by key representatives from the different hotels and the commitment of our 5,645 artisans during roll-out.
This whole process reinforces the Beachcomber DNA while preserving the very soul that lies behind the success of each of our resorts.

3. Safety Commitment

In 2017, our Safety & Health Policy was reviewed and relevant standards and processes implemented. This is part of a continual improvement approach as we recognise the importance of providing a safe environment to our guests.

BEACHCOMBER
RESORTS & HOTELS

SAFETY AND HEALTH POLICY

Statement of Intent

This Policy (Statement of Intent) is the declaration of the commitment of Beachcomber Resorts & Hotels in providing Employees, Guests, Contractors and Sub-Contractors and any Visitors with a Healthy and Safe Environment so as to prevent incidences of ill-health and injury, so far as is reasonably foreseeable and practicable, throughout all our units and activities.

Beachcomber Resorts & Hotels aims at eliminating risks and minimizing hazards by adhering to all legal requirements, including those stipulated under the Occupational Safety & Health Act 2005 (OSHA 2005), Food Regulations 1999, FTO guidelines, other TOs recommendations as well as other internal requirements, where deemed appropriate.

In order to ensure compliance with the above and to enable achievement of our policy, we will:

1. Provide appropriate documented references regarding Safety and Health requirements (in the form of policies, procedures, guidelines, regulations, standards or any other arrangements) across all our units and activities.
2. Regard Safety and Health as being of premium importance in all aspects of our operations.
3. Provide for adequate resources in order to enable proper implementation of the policy.
4. Provide information, instruction, training and supervision as required to enable the safe performance of our operations and activities.
5. Establish effective systems to enable communication and consultation with our staff and other persons falling under our jurisdiction.
6. Take appropriate corrective and preventive measures to prevent possible and foreseeable occurrences and recurrences of incidents or accidents.

The "Beachcomber Resorts & Hotels Safety and Health policy" is subject to comprehensive monitoring analysis and reviews through regular inspections, audits and meetings in order to identify risks and to ensure continual improvement in all Safety and Health aspects.

Beachcomber Resorts & Hotels recognizes that the policy objectives can only be achieved with the support and cooperation of all artisans. It is thus imperative that all persons (including management, employees, contractors and visitors) on all units do so whilst adhering to our policy and applicable legal requirements and standards, in order to ensure their own safety as well as that of others.

The Safety and Health Policy forms an integral part of the process enabling Beachcomber Resorts & Hotels to achieve its goal and vision in line with the Branding and Environmental commitments.

Gilbert Espitalier-Noël
CEO

13 February 2017

www.beachcomber.com

4. Sustainability Commitment

Beachcomber Resorts & Hotels is committed to demonstrate compliance with sustainability requirements and has chosen EarthCheck as preferred programme. In 2017, all our resorts received the Bronze Certificate. Our Head Office, Paradis Beachcomber Golf Resort & Spa and Dinarobin Beachcomber Golf Resort & Spa took a step further with the achievement of the Silver Certificate.

This means that we are measuring and benchmarking key data indicators as part our standards and processes. Green Teams are actively involved at Head Office and hotels level as we strive to enhance our commitment towards better water, energy, waste and carbon footprint management, together with active community involvement through responsible actions.

Our brand identity translates into our sales strategy to reflect our commitment to the guest experience.

In order to nurture the brand and increase awareness, we have launched a new advertising campaign around the following themes:

- Families
- Honeymoon
- Golf
- Spa

The tagline developed was, "Where the Beauty of the place inspires the Beauty of the heart". The campaign's visuals also focused on the beautiful locations and innate goodness.

The use of point-of-view shots allowed the viewer to focus on the guest experience and the emotion of the moment, thus encouraging a deeper immersion into each of the scenes depicted in the visuals:

- the simple joys of family vacation beneath the towering Le Morne Brabant Mountain;
- proposing the loved one in the privacy of a secluded beach at Paradis Beachcomber;
- the bond between a golfer and his caddie on the breathtaking golf course shared by Paradis Beachcomber and Dinarobin Beachcomber; and
- an invitation to well-being in the unique setting of the spa at Dinarobin Beachcomber.

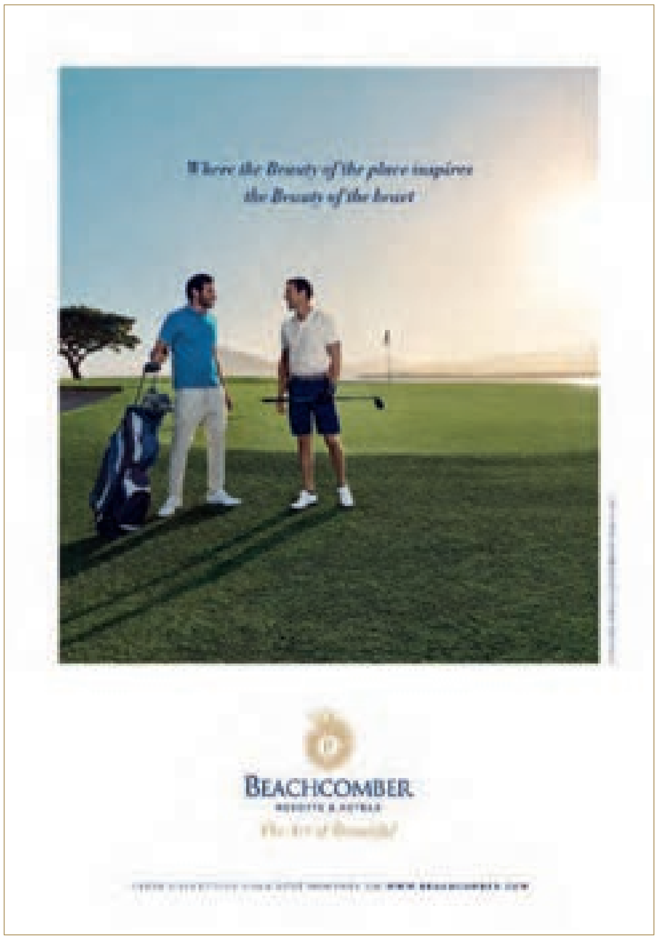
The concept was also rolled out in a brand film, hotel videos; and a series of lifestyle shots. They all present the delightful experiences that guests can enjoy in our hotels. Triggering the senses, they draw out the emotions that our hotels and Artisans will bring our visitors.

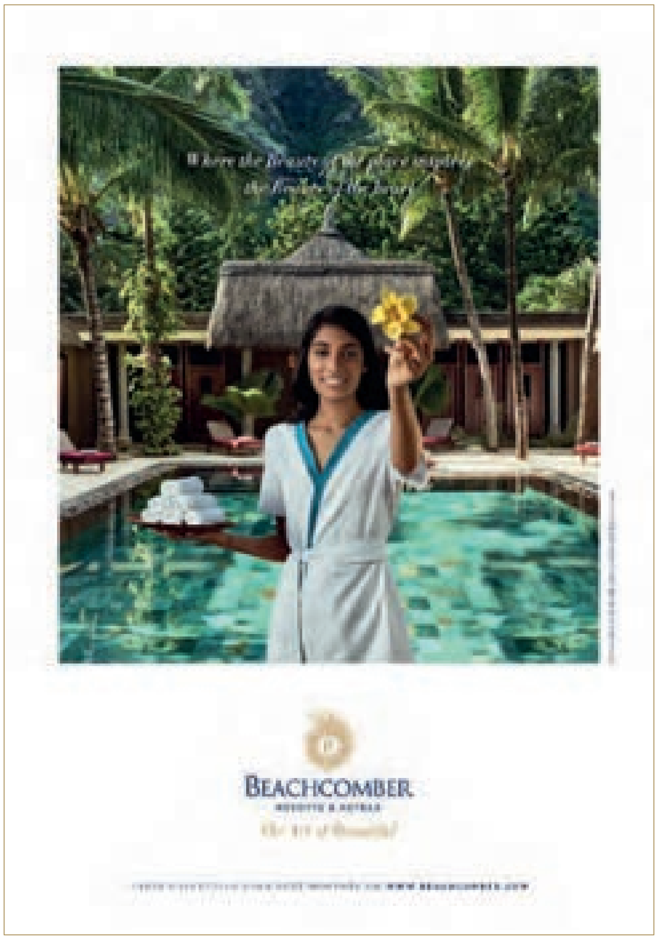
GENERATING SOLID BUSINESS FUNDAMENTALS

1. Key figures

Beachcomber Resorts & Hotels welcomed 197,300 guests in mauritius for the financial year 2017, representing a 6% increase compared to 2016 excluding Canonnier Beachcomber Resort & Spa, which was closed for four months for renovation.
Moreover, we were pleased to welcome 13% repeat guests, which is at par with the previous year. Paradis Beachcomber posted the highest repeat rate with a commendable 31%.

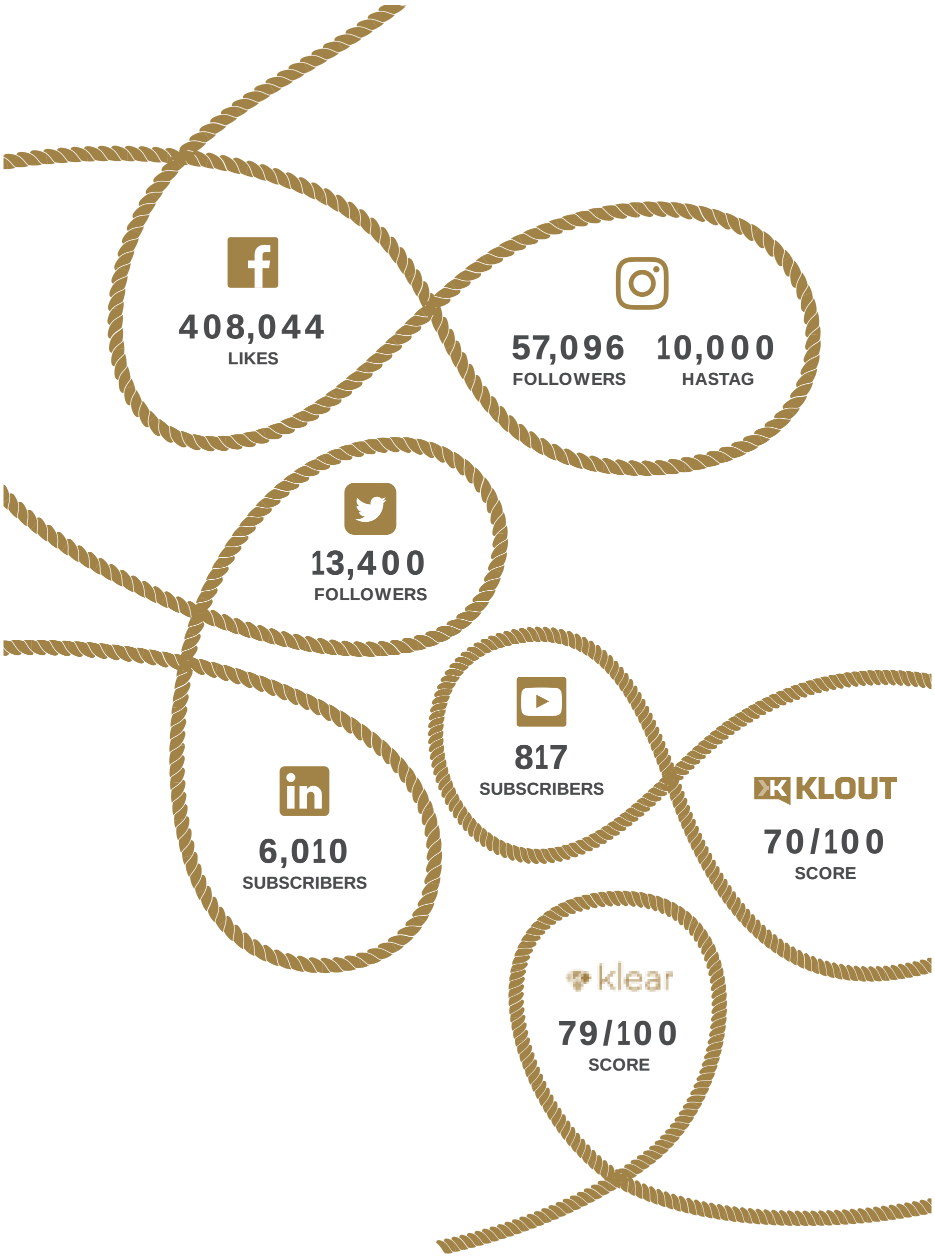
ADVERTISING CAMPAIGN 2017/18





"We achieved overall guest satisfaction of 90% and two thirds of them are likely to recommend Beachcomber hotels."

2. Strong social media presence



The Klear Influence Score

The Klear Influence Score ranges from 1 to 100, representing how influential a user is on social network Influence is about the ability to drive action, NOT how many followers one has, nor is it how many engagements one gets. Influencers get an expert badge if their influence in that specific skill crosses a certain threshold.

The score is calculated with Klear machine learning algorithms predicting the amount of real views an influencer's post will receive. This is done by evaluating deep network patterns that correspond with real people vs automated bots or sporadic usage.
Source: https://klear.com/what-is-influence

The Klout Score

The Klout Score is a number between 1 and 100 that represents your influence. The more influential you are, the higher your Klout Score.

Klout uses more than 400 signals from eight different networks to update its score every day. The majority of the signals used to calculate the Klout Score are derived from combinations of attributes, such as the ratio of reactions generated compared to the amount of content shared.

Source: https://klout.com/corp/score

3. Awards

Royal Palm Beachcomber Luxury

- HolidayCheck Award 2016
- TripAdvisor Certificate of Excellence 2016
- TripAdvisor Travelers' Choice Award 2017

Dinarobin Beachcomber Golf Resort & Spa

- HolidayCheck Award 2016
- TripAdvisor Certificate of Excellence 2016
- TripAdvisor Certificate of Excellence 2017
- Ctrip Award

Paradis Beachcomber Golf Resort & Spa

- HolidayCheck Award 2016
- Traveller's choice 2016
- Trip Advisor Certificate of Excellence 2017

Trou aux Biches Beachcomber Golf Resort & Spa

- Holiday Check 2016
- TripAdvisor Travelers' Choice Award 2016
- TripAdvisor Certificate of Excellence 2017

Shandrani Beachcomber Resort & Spa

- HolidayCheck Award 2016
- TripAdvisor Certificate of Excellence 2016
- TripAdvisor Certificate of Excellence 2017
- Ctrip Award

Victoria Beachcomber Resort & Spa

- HolidayCheck Award 2016
- TripAdvisor Travelers' Choice Award 2017
- TUI Quality Award 2017

Canonnier Beachcomber Golf Resort & Spa

- HolidayCheck Award 2016
- TripAdvisor Certificate of Excellence 2016
- TripAdvisor Certificate of Excellence 2017

Mauricia Beachcomber Resort & Spa

- HolidayCheck Award 2016
- HolidayCheck Award 2017
- TripAdvisor Certificate of Excellence 2016
- TripAdvisor Certificate of Excellence 2017
- Hotels.com Award 2017

We will continue to communicate our achievements, build and consolidate our brand and corporate image as we live up to our values and put our Artisans at the forefront of our success.

HUMAN CAPITAL

"Our intent is that each member of our team is, and will remain, a true Artisan of Beachcomber's very personal idea of hospitality. Our Brand lives through our People."

The Beachcomber Way to Selection and Recruitment

We want Artisans, not just employees:

- our recruitment process is transparent and all vacancies are advertised;
- we focus on Values, over and above Skills and Competencies; and
- our selection process combines panels and various other methods to enhance validity.

The Beachcomber Way to Learning and Development

We invest in the continuous improvement and development of skills and competencies and the promotion of our team members' personal growth as follows:

- dedicated training to continuously improve the quality of our human capital;
- a network of trainers and facilitators, Training Managers or Coordinators;
- a Training Academy Beachcomber, structured and staffed to analyse, source, deliver and evaluate learning initiatives; and
- a Spa and Wellness Training School, Santayarea by Beachcomber Limited, in partnership with French experts in the field.

We welcome trainees and apprentices every year, many of whom are subsequently employed.

The Beachcomber Way to Employee Engagement

We actively promote the Beachcomber culture and values in order to enhance employee engagement through:

- several ongoing training projects; and
- Artisan of the Month and Year Awards.

The Beachcomber Way itself was developed and is being continuously upgraded with the participation of hundreds of Artisans and Leaders in workshops, thus engaging them in the process.

Starting 2018, we shall measure the level of engagement of our employees every two years through the Beachcomber Artisan Survey.

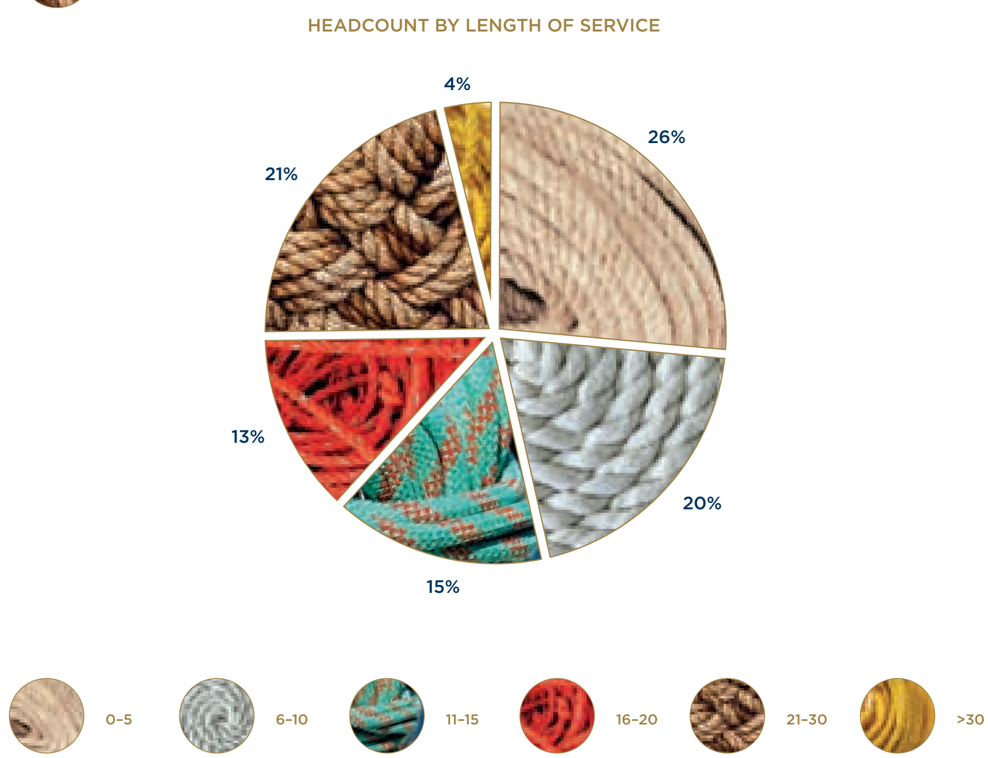
The Beachcomber Way to Remuneration

The aim is to attract, reward and retain talent:

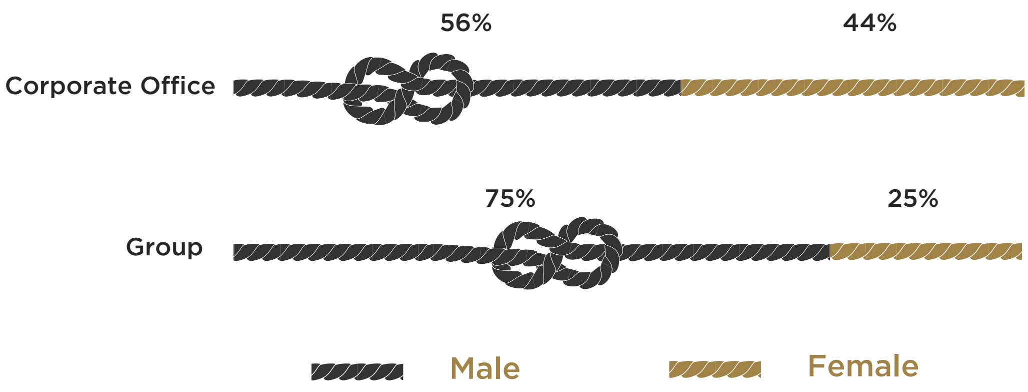
- the opportunity is given to employees to benefit from the financial results and development of the Company. Artisans receive an annual bonus based on the performance of the Company;
- fairness and equity are promoted throughout the organisation;
- remuneration is determined by a range of factors including qualifications, skills scarcity, past performance, personal potential, market norms, responsibilities shouldered and experience;
- full protection against cost of living increases is provided at the lower end of the income ladder;
- our Artisans enjoy a range of attractive benefits. For instance, the Company currently contributes:
  - 16.1% of employees' basic salaries to an in-house defined benefits pension scheme and 8-16% for those on the defined contributions scheme; and
  - 50% of premiums for medical insurance coverage for all employees and their eligible dependents;
- remuneration practices are reviewed and restructured where necessary. Over the years 2016 and 2017, we undertook a thorough review of Beachcomber's remuneration practices in collaboration with the Korn Ferry Hay Group and established a remuneration framework for management and staff roles at Corporate Office, based on broad job bands with clearly defined ranges for salaries, benefits and total packages; and
- employment conditions are regularly surveyed and benchmarked in order to ensure that remuneration packages remain appropriate, motivating and competitive.

KEY METRICS (NOTE: FIGURES RELATE TO MAURITIUS ONLY)

1. Demographics



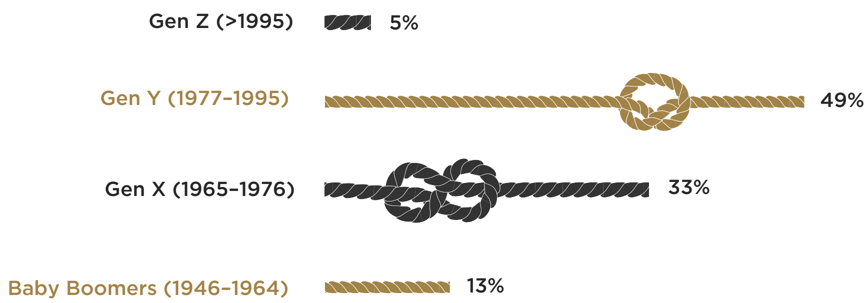
GENDER DISTRIBUTION (%)



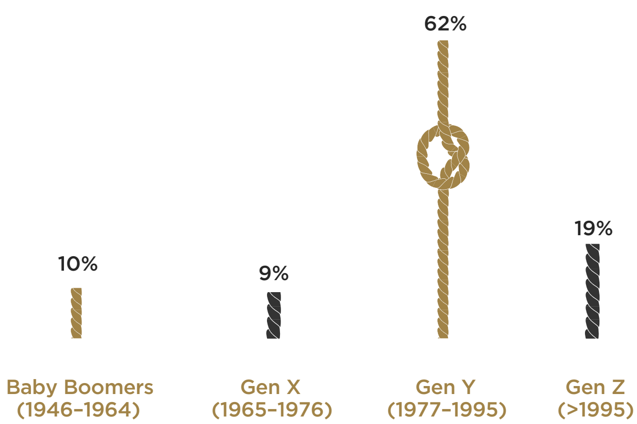
Head Count Ratio Corporate Office: Business Units: 1 - 15

More than half the total number of our employees have over 10 years of service and 25% of them have worked with us for more than 20 years. Beachcomber thus taps a wealth of skill and talent, crafted over many years and demonstrating that we are an employer of choice.

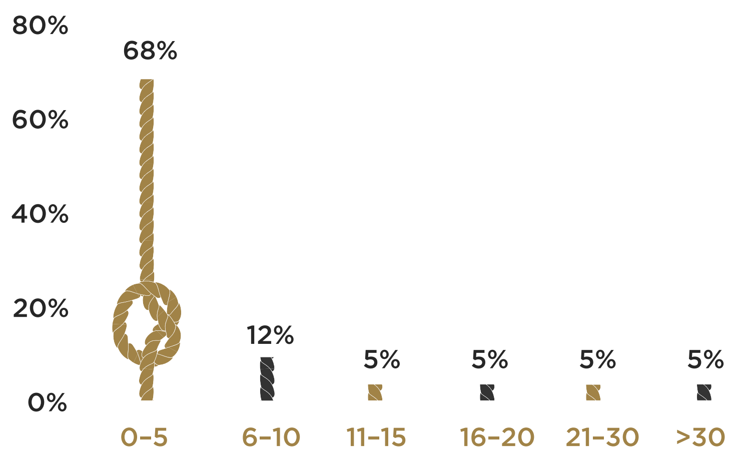
% HEAD COUNT BY GENERATION



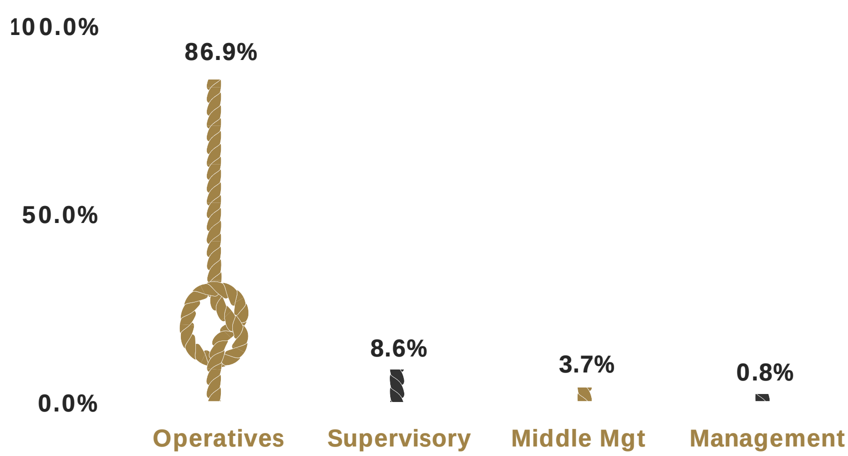
LEAVERS BY GENERATION



LEAVERS BY LENGTH OF SERVICE (%)



LEAVERS BY CATEGORY (%)



2. Movements

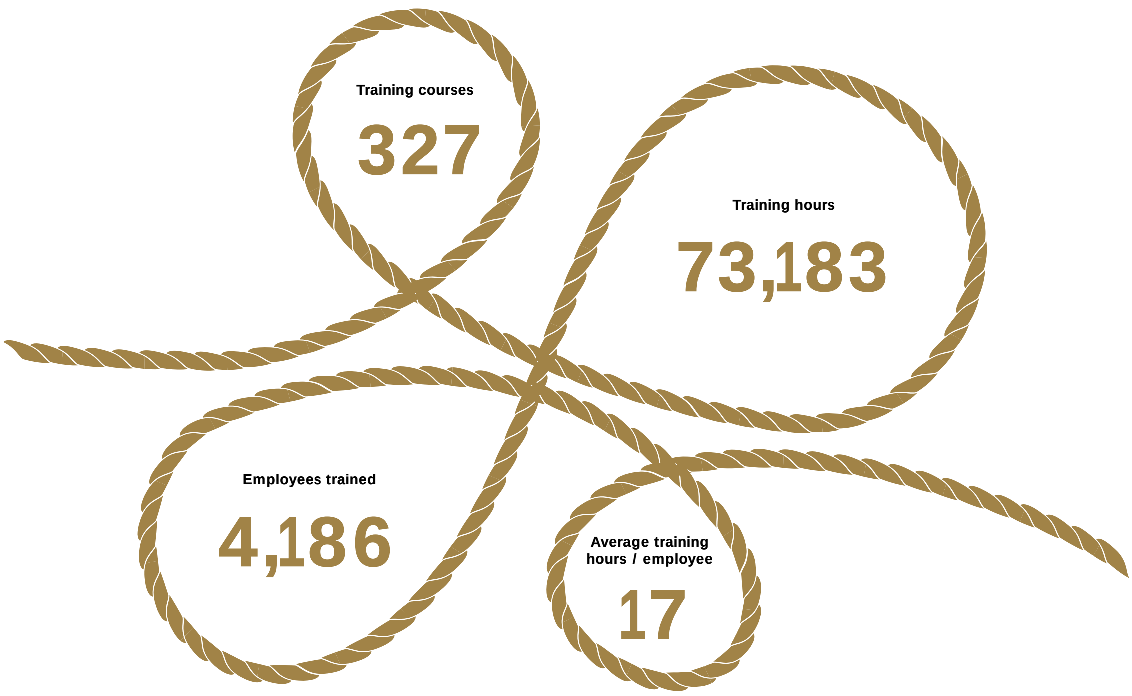
With 54% of our Artisans in Generations Y and Z, our Company can rely on a dynamic and innovative talent pool, while the 46% in Generation X and Baby Boomers connect to the tradition of Beachcomber. The high proportion of persons in Generations Y and Z, which are also those with most leavers (81%), makes the Company vulnerable to the loss of talent, which will particularly be needed to replenish the pool of Artisans in the older age brackets, who will gradually retire.

We shall embark on a series of exercises to better understand the needs and expectations of each generation and how best to respond to those. It will be particularly important to engage and retain the Artisans in the Y and Z brackets.

Most of the Staff Turnover is among operatives, and those counting up to 5 years of service. There is in fact a correlation between those two. **High Staff Turnover is widespread among operatives, in Mauritius and elsewhere, who are known to "job hop".** However, those are precisely the Artisans who promote our Brand Promise, the Art of Beautiful. Strategies will be devised, following the 2018 Engagement Survey, to limit this drain and safeguard the savoir-faire which has been acquired through training.

HUMAN CAPITAL

LEARNING AND DEVELOPMENT



TRAINING BY FOCUS AREAS

Rs 8.9m net of statutory refunds were invested in Training & Development (operations in Mauritius), representing 0.73% of basic salary. This covered almost 91% of our employee base. The Group also welcomed 450 trainees overall, of whom 380 were part of our internal programmes. A total of 53 trainees and apprentices were offered a job, which represents 13.95% of internal trainees.

Promotions at New Mauritius Hotels Limited

We help people grow in their careers. In 2017, 261 Artisans were promoted (5.69%), 13 at Corporate Office and 248 in our 9 Business Units.

	Headcount	Promotions	%
Total	**4583**	**261**	**5.69%**
Business Units	4296	248	5.77%
Corporate Office	287	13	4.53%

Risks and Responses

Risk Area	Risks	Consequences	Responses
• Attraction, selection, training and retention of skills and talent	• Loss of adequate skills and talents • Remuneration not aligned to market	• Artisans not having the required skills to provide quality service • Talent shortage to support growth	• Well established selection and training processes • In-house training structure, the enables continuous enhancement of professional knowledge and skills • Employment conditions are aligned with those of the industry • Ongoing consolidation of Employer Brand
	• Lack of a structured process of succession planning in key management positions	• Lack of leadership talent for replacement and growth	• Structured process to be developed
• Staff engagement	• Low engagement	• Low levels of staff performance • High staff turnover • Quality of service not up to standard • Low levels of guest satisfaction	• Enhance clarity and frequency of communication • Constantly reinforce vision and standards • Employee Engagement Survey • Communicate on Beachcomber Brand • Align recognition and rewards with corporate values and performance; • Benchmark and align remuneration • Emphasise employee welfare and wellness
• Industrial unrest and conflict	• Industrial action	• Service disruption • Damaged reputation	• Maintain ongoing dialogue with the Unions to ensure smooth relations in line with existing Procedure Agreement • Procedure Agreement provides for Arbitration in cases of deadlock so as to avoid industrial action

Way Forward

Our ambition is to further consolidate the Beachcomber Employer Brand as the Mauritius Hospitality Employer of Choice. The main projects in the pipeline for 2018 are as follows:

- launch of an Artisan Engagement Survey, using a recognised method that enables industry benchmarking so as to, *inter alia*, better understand the needs and expectations, and reasons for staff turnover, among the various generations;
- launch of a Management Development Programme in partnership with the Charles Telfair Institute;
- launch of Leading the Beachcomber Way, a proprietary Leadership Development Programme that will, over time, turn our front line and mid-management leaders into 'Master Craftsmen' with the ability and confidence to select the best Artisans, sustain Artisans' inspiration and engagement, take prompt action to correct mistakes and learn from them, take positive and progressive disciplinary action if and when needed and develop their colleague Artisans towards 'fine art';
- appointment of Training Managers or Coordinators in all Units;
- increase in the network of internal trainers;
- implementation across all Business Units of a remuneration framework based on broad job bands with clearly defined ranges for salaries, benefits and total packages;
- development and implementation of a new Performance Management System;
- further improvement of the selection process; and
- going HC-digital (Employer website and Social Media) to facilitate recruitment and further enhance the Employer Brand.

NATURAL CAPITAL

This financial year has been a year of consolidation for Beachcomber Resorts and Hotels. It has been marked by the complete refurbishment of Canonnier Beachcomber Golf Resort & Spa; the first major undertaking on that property since 2005. Apart from a complete restyling of the public areas and rooms, extensive work has been carried out on the technical installations of the hotel.

Various other infrastructure works were commenced in the financial year. This shows the strong commitment of the Group to bring its properties on a par with the latest trends of the industry and offer an improved guest experience.

Major undertakings were as follows:

- 40 new couples-only rooms at Victoria Beachcomber Resort & Spa featuring the first Swim-up rooms on the island, a 160-metre long pool and a dedicated restaurant and bar, with completion due in December 2017;
- redecoration and upgrading in stages of all rooms at Mauricia Beachcomber Resort & Spa by working on 20 rooms at a time to avoid impacting hotel operations, with completion due end 2018; and
- refurbishment of a sample villa at Paradis Beachcomber Golf Resort & Spa to create a much more upmarket and efficient product.

Investment budgets were also made available to further improve technical installations Group-wide with special focus on upgrading high-energy intensity equipment and energy efficiency.

1. Canonnier Beachcomber – Refurbishment

- Complete renewal of heating, ventilation and air conditioning systems and distribution networks with new pipes and insulation to achieve more efficient fluid distribution across the property. After more than 12 years of use, the old network's insulation was completely worn out and ineffective. Estimated savings from installing new insulation amounts to more than 100,000 kWh which in turn represents an equivalent carbon dioxide (CO_2) quota (TEQ) of 57 for the hot water network only.
- Installation of 2 new high-efficiency water-cooled chillers, each with a unitary cooling capacity of 577 kW but also a unitary hot water capacity of 662 kW. Cooling seasonal efficiency is 6.14 kW/kW and heating coefficient of performance (COP) is 4.84 kW/kW. These chillers can simultaneously provide chilled water at 7°C for air conditioning and hot water at 60°C for domestic use. As a result, the hotel is no longer required to operate the existing hot water boiler and will thus save the equivalent of 100 MT of liquefied petroleum gas (LPG) or 300 TEQ of CO_2 per year.
- Implementation in all rooms of an intelligent energy management system which automatically adjusts the room conditions and lighting according to guest occupancy. Previous deployment in 2016 at Paradis Beachcomber and subsequent monitoring have shown a 76% reduction in the electricity consumption of rooms fitted with the system compared to those not fitted with a simple return on investment (ROI) of 1.76 years.
- Building of a state-of-the-art central kitchen fitted with an array of highly efficient and productive equipment.
- Installation of cold rooms based on our Group-wide centralisation philosophy with distribution of refrigerant from one central refrigeration unit. The unit currently used is outfitted with the latest technologies such as variable speed control of compressors, floating high-pressure control, electronic expansion valves and electronically commutated motors on condensers. All these contribute to making the refrigeration system extremely efficient with estimated energy savings of 40% compared to a normal system.
- As is the norm in all Beachcomber hotels, Canonnier Beachcomber is now fitted exclusively with LED lighting.

2. Victoria Beachcomber – Back-of-House Upgrade

- Installation of a new high-efficiency air-cooled water chiller with a microchannel condenser allowing a 30% reduction in the refrigerant load. Cooling capacity is 990 kW while high-temperature hot water production capacity sits at 1,246 kW. Seasonal cooling efficiency is 3.51 kW/kW while efficiency for hot water production is 4.44 kW/kW. This equipment makes the hotel more energy efficient and allows discontinuing the burning of fossil fuels to produce hot water, generating a saving of 147,235 l of diesel and 396 TEQ of CO_2 per annum.
- Installation of a high tension (HT) metering system and a new 1000 kVA generator set. The HT metering system enables the utility to deliver high voltage electricity which is then stepped down at hotel level. This reduces transmission losses to the benefit of both parties. The added benefit is a lower electricity purchase cost, leading to a simple ROI of less than 3 years. This system will boost operational efficiency while ensuring stable power supply to the hotel whose capacity will be sizeably increased with the addition of new Swim-up rooms.

3. Beachcomber Catering – ISO 50001 Certification

- Beachcomber Catering joined the Programme National d'Efficacité Energétique (PNEE) in 2016. The programme includes a full energy audit which showed a lot of positive things but also highlighted several areas where improvement could be made.
- As a follow-up to the PNEE, Beachcomber Catering was offered the possibility of being sponsored to attain the ISO 50001 certification. Given that the ISO culture was already ingrained in the facility through the existing ISO 22000 certification, it was decided to proceed with the project. Accompanied by consultants from Reunion Island under the aegis of the PNEE, Beachcomber Catering successfully completed the audit and received the certification at the end of the financial year.
- After certification, a follow-up energy audit was conducted by the same energy auditor. It was pleasing to see the impact of the investment made in machinery further to the recommendations of the first audit. The new water chillers and refrigeration systems led to an overall 9.9% decrease in the energy consumption per tray produced.

"Beachcomber Catering is the first Mauritian company to be awarded the ISO 50001 certification for energy management. Both this certification and the existing ISO 22000 certification are contributing, among others, to developing an energy efficiency mindset among our Artisans. The benefits of such certification are tremendous for the Group and its stakeholders, our country and our planet."

4. Mauricia Beachcomber – Hot Water System

A novel system was introduced this year at Mauricia Beachcomber. A small water/water heat pump was introduced in lieu of the existing hot water boiler. The aim is to provide the base load for chilled water all year round and produce hot water as a by-product. The results have met expectations with barely no operation from the backup LPG boiler. This has generated savings of 21,000 kg of LPG in 6 months and avoided the release of an equivalent of 61.74 tons of CO_2 in the atmosphere. Moreover, the project is sound financially with a forecasted simple ROI of 18 months.

5. Shandrani Beachcomber & Mauricia Beachcomber – Pool Management System

With three large pools in both hotels and high guest occupancy, it was increasingly complicated to maintain satisfactory water quality while containing pool operating costs. Both Shandrani Beachcomber Resort & Spa and Mauricia Beachcomber have invested in a computer-controlled pool management system similar to those previously installed in all other hotels of the Group. Results and benefits achieved to date have been up to expectation, including a 30% reduction in chlorine use and full traceability of water quality, which is now required by most tour operators.

6. EarthCheck Certification

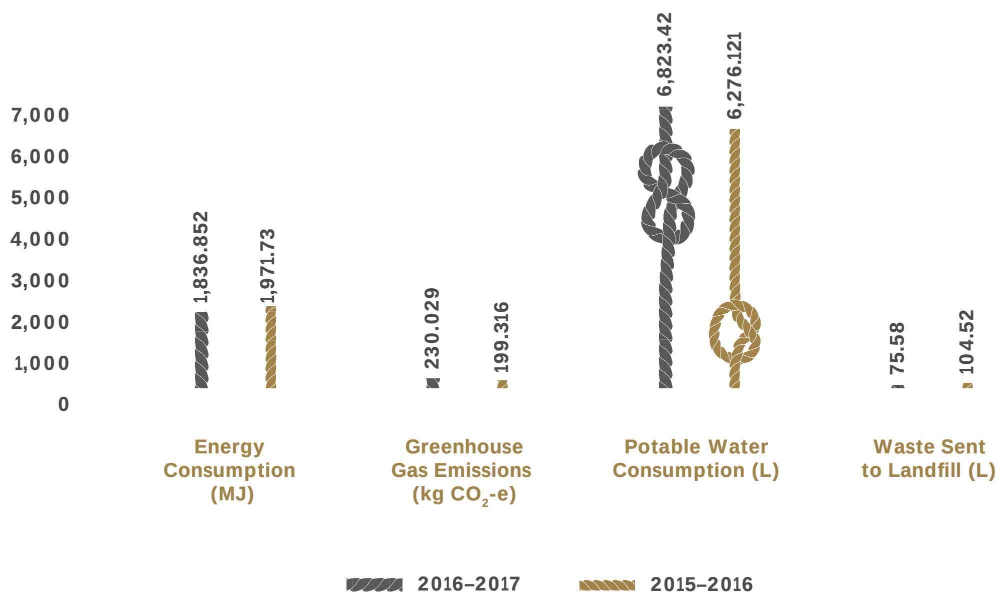
We continued with the deployment of the EarthCheck Certification this year. EarthCheck is the first global programme of environmental and social certification developed specifically for the tourism industry, covering the following areas: the implementation of a sustainable development policy, consumption of water, paper and energy, waste management, the use of pesticides, the use of maintenance and hygiene products as well as involvement with local communities.

"We are proud to report that all our hotels in Mauritius are certified by EarthCheck."

- In line with our certification plan, all 8 Beachcomber hotels in Mauritius and the Head Office building are now EarthCheck certified. Paradis Beachcomber Golf Resort & Spa, Dinarobin Beachcomber Golf Resort & Spa and the Head Office have reached the Silver certification in the programme while other properties have obtained Bronze level certification.
- Sustainability and energy KPIs and benchmarking for all hotels of the Group are now aligned with the EarthCheck standards. Benchmarking in the following four areas is based on guest nights (GN):
  - Energy in MJ/GN
  - Water in L/GN
  - Waste sent to landfill in L/GN
  - Carbon dioxide emissions in Kg CO_2 eq/GN

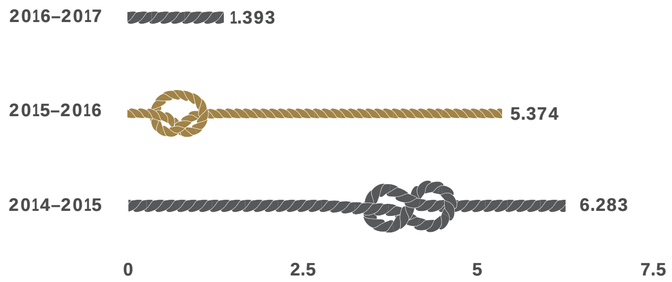
EARTHCHECK

PERFORMANCE 2015–2017/GUEST NIGHT



- Overall energy consumption has decreased by 6.8%.
- Overall water consumption has increased by 8.9%.
- Carbon dioxide emissions have increased by 15.4%. This is an artificial increase since there was an error in the figures reported last year to EarthCheck for one of our hotels.
- Waste sent to landfill has decreased by 27.7% as a direct result of the introduction of proper waste management systems in our hotels.

DINAROBIN BEACHCOMBER WASTE SENT TO LANDFILL (L/GN)



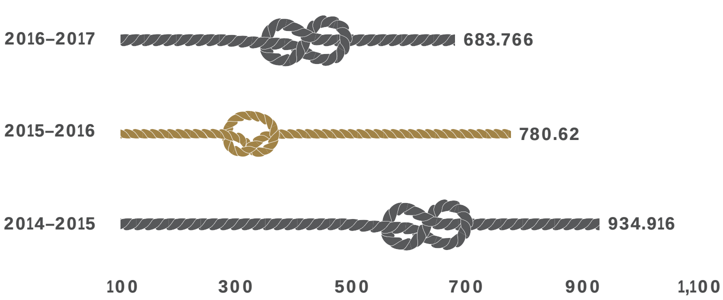
• Several highlights can be observed from more detailed figures extracted from the EarthCheck benchmarking data:

- At Dinarobin Beachcomber, there is a continuous and marked downward trend in the specific waste volume sent to landfill, demonstrating the benefits of proper waste management and in-house composting.

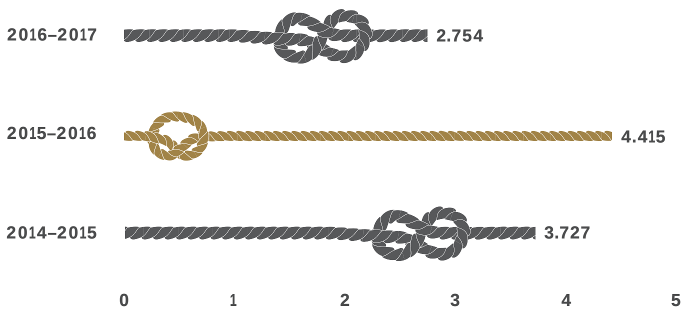
- Paradis Beachcomber, Mauricia Beachcomber and Trou aux Biches Beachcomber continue to be the Group's pacesetters for efficient operations with marked improvements in all four benchmarked areas. While waste minimisation is here also attributable to proper management and in-house composting, other improvements are attributable to the dedication of Management and employees to improving their operational efficiency through EarthCheck and associated actions.

Paradis Beachcomber Golf Resort & Spa

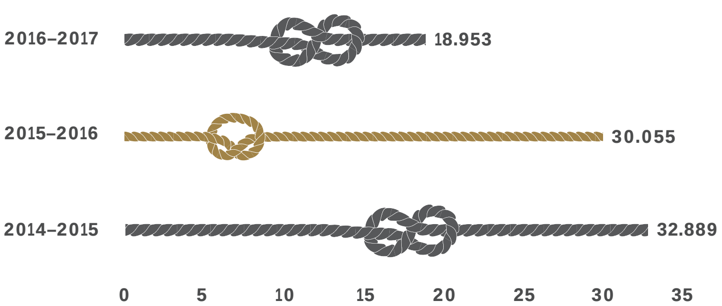
POTABLE WATER CONSUMPTION (L/GN)



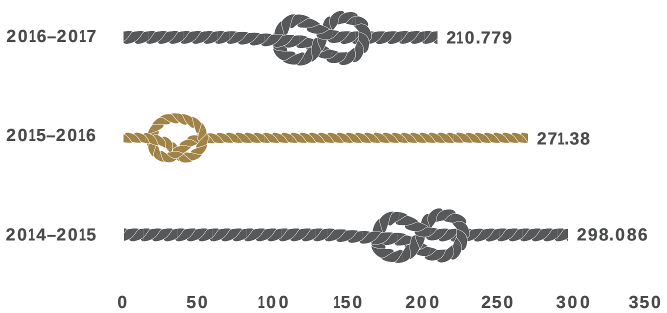
WASTE SENT TO LANDFILL (L/GN)



GREENHOUSE GAS EMISSIONS (kg CO_2-e/GN)

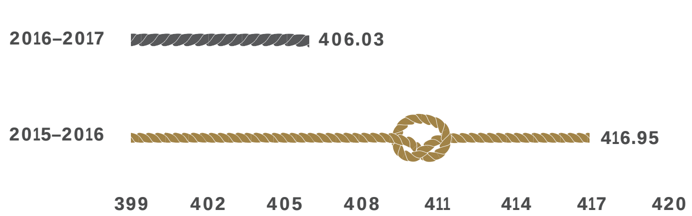


ENERGY CONSUMPTION (MJ/GN)

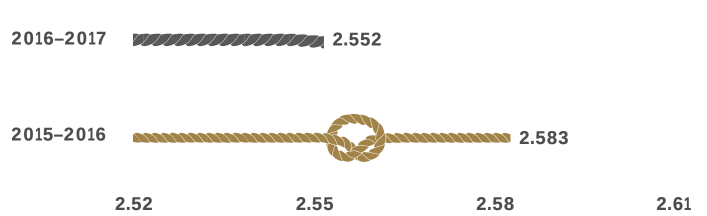


Mauricia Beachcomber Resort & Spa

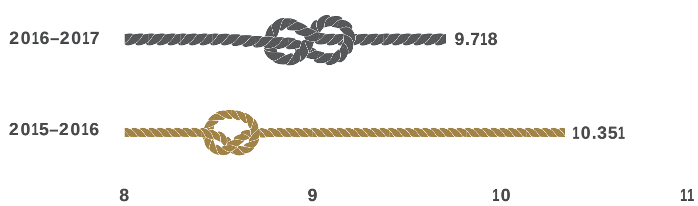
POTABLE WATER CONSUMPTION (L/GN)



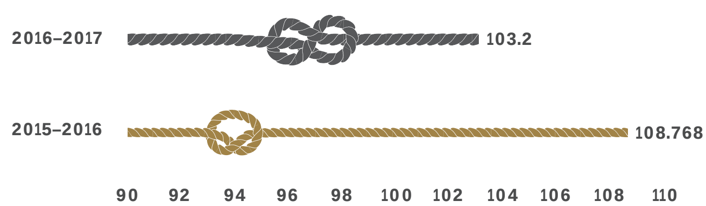
WASTE SENT TO LANDFILL (L/GN)



GREENHOUSE GAS EMISSIONS (kg CO2-e/GN)

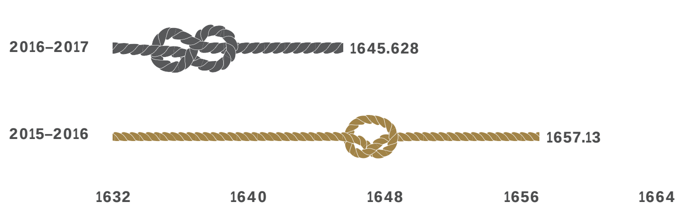


ENERGY CONSUMPTION (MJ/GN)

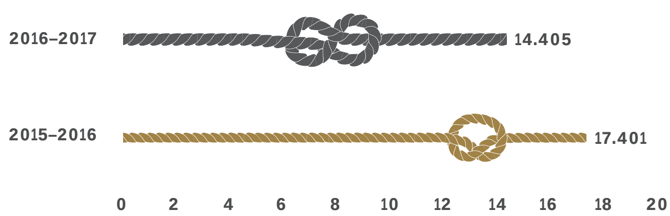


Trou aux Biches Beachcomber Golf Resort & Spa

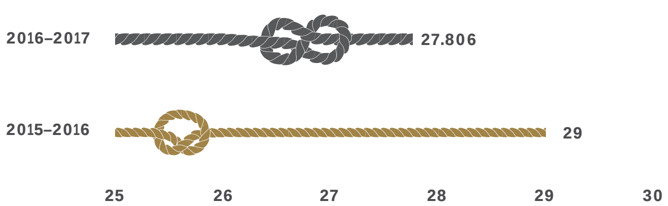
POTABLE WATER CONSUMPTION (L/GN)



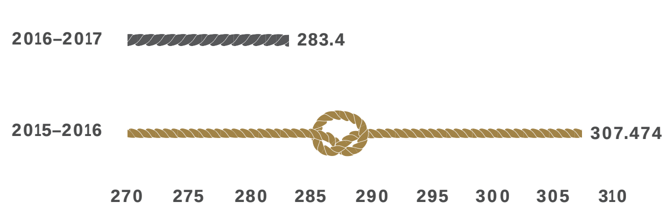
WASTE SENT TO LANDFILL (L/GN)



GREENHOUSE GAS EMISSIONS (kg CO2-e/GN)



ENERGY CONSUMPTION (MJ/GN)



- While several of our hotels performed better than best practice and are leaders in their area, there is much room for improvement for others. It is important to keep the momentum generated by the EarthCheck programme for the good of individual hotels but also for the Group at large.

Other Initiatives worth Highlighting

- Planting of more than 2,000 indigenous trees on Le Morne Peninsula (Paradis Beachcomber and Dinarobin Beachcomber) to help reduce the carbon footprint.
- Use of sea water instead of harmful chemicals for weed control on the lawns of Royal Palm.
- Use at lunchtime of leftover peels from oranges squeezed at breakfast time as containers for a succulent crème brûlée.
- The landmark of 80% LED lighting has been reached in 75% of our hotels with the remaining 25% aiming to achieve the same target by end 2018.
- Increase in the volume of recycled paper and cardboard from 1 to 10 tons per year at Paradis Beachcomber.
- Setting up of a formal collaboration between Paradis Beachcomber and the NGO, Manzer Partazer to recover up to 80 kg of unused food from the hotel buffet every week. The food is portioned at source after the buffet ends. The portions are stored in the hotel freezers for collection in a refrigerated truck and delivery at the nearby Case Noyale Government School where it is unpacked and distributed twice per week. Besides helping to reduce food waste, much needed quality nutrients are also provided to needy children.

Main targets and priorities

In an ever-increasing competitive climate but also in an era where climate change is a reality, with growing guest awareness, our hotels must continue to improve their operational efficiency and keep abreast in terms of innovation. On the sustainable and technical development fronts, the main projects earmarked for 2018 are as follows:

- installation of photovoltaic panels with a total capacity of 1 MW on the roofs of all our properties. This will help us offset our dependency on fossil fuels while showing our continued commitment to a more sustainable future;
- completion of the outfitting of all our hotel rooms with a proper room energy management system. Now that we have ascertained that this system works extremely well with significant energy savings, it must be expanded to all our properties;
- start of the building in Black River of Les Salines Beachcomber Resort & Spa, a new 280-room hotel with 60 Beachcomber-branded apartments. This hallmark of sustainable development is due to be completed in 2 years; and
- refurbishment and expansion of Beachcomber Seychelles Sainte Anne Resort & Spa prior to renting to Club Med for operations. Plans are under preparation for this major project and, owing to the partnership with Club Med, the whole redevelopment will comply with the Building Research Establishment Environmental Assessment Method (BREEAM) certification standards. BREEAM is a sustainability assessment method that is used to masterplan projects, infrastructure and buildings.

SOCIAL CAPITAL

Fondation Espoir Développement Beachcomber ("FED") was created in June 1999 to support the inclusion of vulnerable groups into the socio-economic mainstream and has to date contributed total funding in excess of Rs 150m to various initiatives. The Foundation's priority areas are as follows:

- education and training;
- health, including the fight against drug abuse and disability;
- socio-economic development; and
- conservation and promotion of the natural and cultural heritage of the country.

Moreover, FED has also established a partnership with NGOs through long-term financing and training in collaboration with UNICEF. The Foundation works closely with Beachcomber hotels through committees consisting of the Group's employees to implement social programmes in the surrounding communities.

1. PROJET EMPLOYABILITÉ JEUNES

2,000+

PEJ beneficiaries since creation

Projet Employabilité Jeunes ("PEJ") is an ongoing project launched in 2004 with the aim to improve the employability of beneficiaries, who are mostly out-of-school youths. The latter are prepared to workplace realities through training in the social and academic skills required for a rewarding personal and work life as well as work placements mainly in Beachcomber hotels. This project has enabled FED to strengthen links with civil society organisations, the surrounding communities and various government authorities. In addition, PEJ has reached out to young people and supported hardship cases.

Stakeholders	Expectations	What FED does	KPIs	Achievements 2017
NGOs, employees (recruiters), candidates	Recommended candidates are enrolled	Enrolment and training in various regions of the island	Number of candidates trained	700
			Number of recruits	310
Recruits	Quality training	Provide quality and relevant training	% of recruits obtaining a certificate	74%
	Improve course	New / upgraded contents	Implementation of a new module on conflict management	
	Successful placement	Monitor placements	% of recruits completing a placement	49%
		Provide coaches	Number of coaches hired	130
	Find further training / a job	Arrange job interviews	% of recruits securing training / a job	48%
Hotels	Successful completion of a sufficient number of placements	Organise and monitor placements	Number of placements completed	152
Parents	A job for their child	Training, placements, job interviews	% of recruits securing training / a job	48%

Main Challenges Ahead

The main challenge in the forthcoming years is to reduce and limit the number of school dropouts, especially in the context of major reforms of the Mauritian educational system. The first "Generation Z-ers" will enter the job market very soon. They are typically characterised by their impatience and often experience the Fear of Missing Out (FOMO). One way to motivate them is to introduce a performance-based component in their stipend during placements. FED is also exploring partnerships with other hotels in view of extending the PEJ project. The idea is to recruit successful trainees to whom Beachcomber may not be able provide employment or further training.

Main Targets and Priorities

The key target for FED is to reach more youths, particularly in the Black River region, in view of the opening of Les Salines Beachcomber Resort & Spa. The involvement of more parents in supporting their children continues to be an important issue, hence the need for their active participation and collaboration in our programmes. We also endeavour to maintain the quality and standards of our trainings and shall therefore continue to provide ongoing training and monitoring to coaches.

2. BEAUTIFUL LOCAL HANDS

55+

craftworkers promoted

In 2013, FED launched Beautiful Local Hands to promote local handicraft on the tourism market, especially in Beachcomber hotels, through production and marketing support to small artisans. These 55 craftworkers are mainly women who use their earnings to improve the quality of life for their families or give their children a better education, thereby improving the latter's chances of success in the labour market and breaking the intergenerational cycle of poverty. By allowing these craftworkers to derive an income from traditional Mauritian handicraft techniques using "vacoas" (screwpine) and coco fibre, Beautiful Local Hands promotes these techniques and helps maintain the country's cultural heritage. The project also helps keep these plants growing, and therefore preserve the environment and biodiversity. Furthermore, Beachcomber hotels also derive benefits through a reliable database of quality suppliers.

Stakeholders	Expectations	What FED does	KPIs	Achievements 2017
Artisans	Regular orders paid on delivery	Marketing of the craft products	Sales	Rs 5,300,000
			Number of deliveries	291
Clients	Quality products delivered on time	Production support (design, workshops) to artisans to ensure quality	Number of new product design	10
			% of defective deliveries	1.4%
			% of deliveries behind schedule	3.4%
		Production monitoring	Number of faulty products detected prior to delivery to clients	5

Main Challenges Ahead

In view of promoting quality local handicraft, FED encourages the use of the label Made in Moris and the craft voucher system set up by the Government of Mauritius. This measure shall mitigate the impact of cheaper foreign products available on the market and at the same time, encourage local job creation.

Achievements

A review of the clients' credit policy was carried out in order to reduce debtors and a procedure established to ensure more equitable distribution of orders among craftworkers.

Main Targets and Priorities

The main priority is to boost the sale of items produced by handicraft workers while at the same time distributing orders and sales equitably among them. The objective is to reach an average of Rs 100,000 per artisan on an annual basis which is quasi in line with the reference poverty line and minimum wage quantum. FED also aims to consolidate its workshops in view of improving the production of handicraft goods.

3. REGIONAL COMMITTEES

In collaboration with FED, the regional committees were launched in 2003 with the objective to set up their own social development projects in their respective regions in the following fields:

- alcohol and drug abuse prevention in the North jointly with regional associations and specialist NGOs at national level;
- computer literacy programmes in the South-East and South-West in conjunction with the National Computer Board;
- mentoring for the youth in the South-West in conjunction with the Duke of Edinburgh's International Award programme (Ministry of Youth and Sports); and
- an employment integration project aimed at upper secondary level students from a college in the South-West.

The regional committees also manage their own budget for the financing of NGOs and associations in their region in line with the philosophy and priorities of FED while adapting them to the specific characteristics of their regions. This allows the Foundation to develop links with local associations and authorities as well as specialist NGOs at national level which contribute their expertise in specific fields such as drug addiction and AIDS.

Stakeholders	Expectations	What FED does	KPIs	Achievements 2017
Hotels	Connect with their neighbourhood	Organise actions with meaningful involvement of the hotels	Number of activities Number of beneficiaries	23 575
Members – employees interested in social work	FED support to improve the social situation in their region	Identify social programmes	Number of programmes Number of beneficiaries	5 655
		Organise programme activities with committee members, hotels and other institutions	Number of activities	22
	Share experiences with other regions	Organise joint meetings	Number of meetings	2
Beneficiaries participating in social programmes	Attractive activities	Organise activities	Number of activities	26
Schools, NGOs, Ministry of Youth and Sports and other institutions	Resources/activities to complement their own programme	Organise programme activities with committee members, hotels and other institutions	Number of activities	26
Employees	Financial support for activities of associations, etc.	Financial contribution	Number of contributions Total contributions	137 Rs 1,038,743

Main Challenges Ahead

The idea is to create a network of employees participating in the development of sustainable, social and environmental projects supported by the hotels and NGOs. Sensitisation can be carried out through awareness courses on sustainability and EarthCheck awareness course backed by a web-based forum.

Achievements

a. Social programmes

i. Duke of Edinburgh's Award

- South-West: one launching session, 6 skills sessions and 6 community service activities, visits to Paradis Beachcomber and Dinarobin Beachcomber, three camps and one awards ceremony organised for 85 awardees aged 14 to 20 years.
- South-East: training for 15 leaders and launching with 50 youths.

ii. Roving library for scouts

Collection of second-hand books among Head Office employees for a roving library to motivate 200 scouts of Curepipe/Vacoas and the South to read.

iii. Family Day at Pointe aux Piments

Organising, with the support of Beachcomber hotels in the North, a Family Day at Pointe aux Piments attended by 300 villagers.

b. Collaboration with schools and NGOs

i. Pointe aux Piments Government School

- Funding the salary of a liaison officer to motivate parents to send their children to school.
- Funding for a learning support programme involving Grade VI pupils.

ii. Educational tours

- Visits to Paradis Beachcomber/Dinarobin Beachcomber for 60 students from the South-West, and to Trou aux Biches Beachcomber Golf Resort & Spa for 30 students.
- Prize-giving for 35 pupils from 11 schools in the South-West.

iii. Ecole des Techniciennes de Maison in Black River (Caritas)

Provision of daily transport from Bambous to Black River in Paradis Beachcomber's bus for 10 ladies following life skills training.

Main Targets and Priorities

FED aims at implementing the Duke of Edinburgh's Award in the North and South-East and accompany Bronze awardees from the South-West to Gold level. The Foundation also plans to launch a household skills course for ladies in the North to increase their chances of finding well remunerated house staff jobs. Moreover, a lagoon preservation programme will be launched in collaboration with the NGO, Reef Conservation at Trou aux Biches Beachcomber and Victoria Beachcomber.

4. TOP FED INITIATIVES

Launched in 2015, the Top FED initiatives allow guests to contribute to the programmess of FED through their hotel bill. A friendship bracelet is also available at 1 euro in Beachcomber Boutiques and to All-Inclusive guests. Through this show of solidarity, guests take part in supporting young people from disadvantaged backgrounds in Mauritius. All money raised is donated to the Foundation for its Youth Employability Programme.

Stakeholders	Expectations	What FED does	KPIs	Achievements 2017
Hotels	Top FED enjoys visibility with guests	Documentation, films, etc.	Number of documentation materials	6
	Easy to operate	Experience-sharing among hotels and standardised process	Amount collected	Rs 3,177,419
Guests	Visibility and awareness	Documentation, films	Number of documentation materials	6
	Easy to give or opt out	Standardised process	Amount collected	Rs 3,177,419

Achievements

A standard mechanism is in place across all hotels, hence making the Top FED initiatives easy to manage.

Main Targets and Priorities

The priority is to improve the visibility of FED by giving updated information on FED activities to guests on screens in public areas.

STEERING

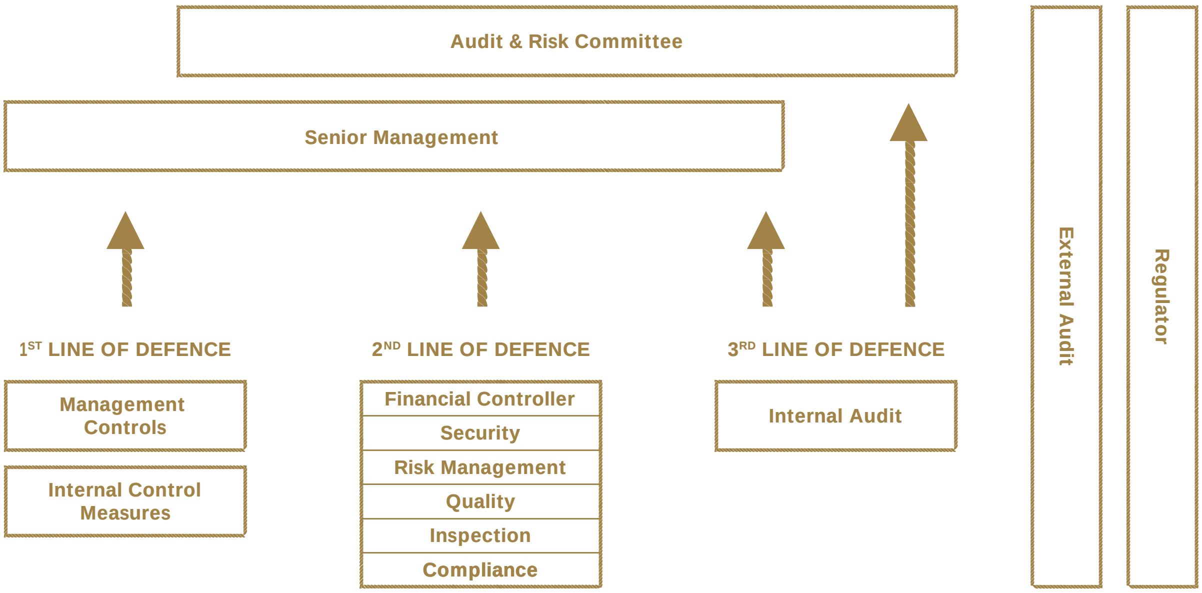
TOWARDS PROGRESS & INNOVATION

SECTION 4 - RISK MANAGEMENT REPORT

OUR RISK MANAGEMENT APPROACH

The Board of NMH is ultimately accountable for the overall risk management across the Group. It is supported in this task by the Audit and Risk Committee ("ARC"), the Management Team and other delegated committees which collectively set the tone and appetite for risk management at NMH. This is cascaded down to our Corporate Office and business units through well established and continuously improved procedures, processes, systems and controls.

Risks are identified, assessed, mitigated and monitored by functional specialists and where deemed necessary, periodically reviewed by internal and external auditors. These activities are grouped into our 'Three Lines of Defence' as shown below:



EMBEDDED RISK MANAGEMENT PROCESSES

NMH has in place a Risk Monitoring Committee comprising senior members of the Management Team to:

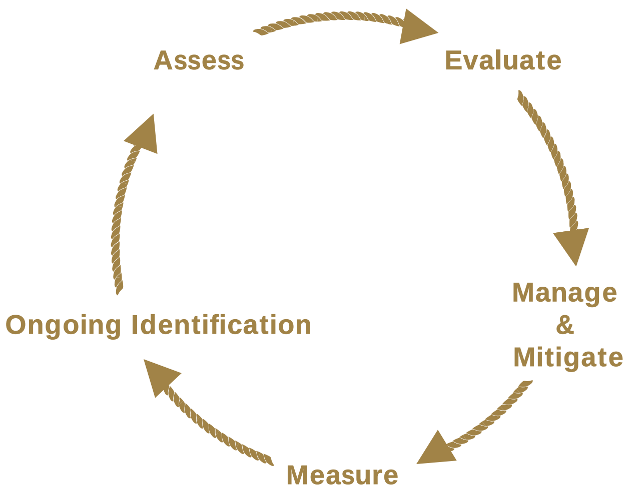
- enable the business to identify, assess, manage and monitor major risks and uncertainties affecting the Group; and
- support the Executive Committee, ARC and Board in monitoring, reviewing and reflecting upon the progress of risk management activities.

The major risks align with our strategy and business priorities, and also identify those issues which are most likely to significantly affect other operational, commercial or reputational matters. These matters are regularly discussed at committee meetings.

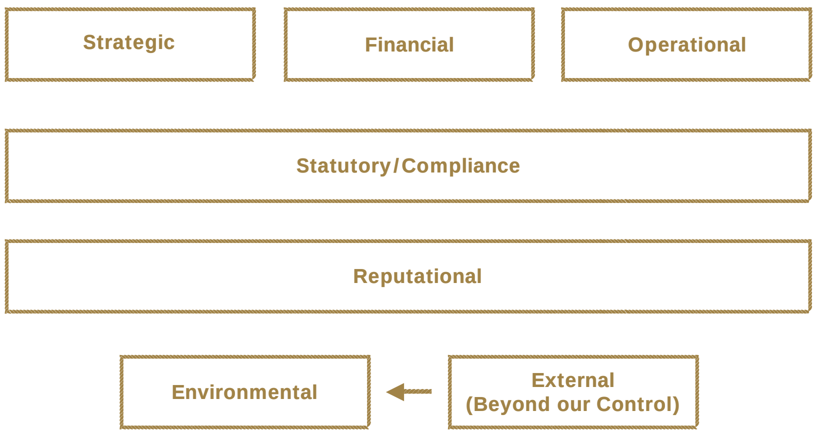
HOLISTIC APPROACH TO RISK MANAGEMENT

NMH carries out risk assessments with the view to identify, prioritise and take informed decisions on risk mitigation measures. Risks are first assessed from an inherent perspective. Internal controls and other mitigation measures are then identified and put in place, resulting in a residual risk assessment.

RISK MANAGEMENT REPORT



NMH thinks holistically about potential risks to the Group. We have identified 3 main pillars, each of which rests on 2 other fundamental layers, namely Statutory and Reputational. The environmental pillar encompasses all the factors which are uncontrollable and affects the Group as a whole.



Strategic risk is the possible losses that may arise as a result of a deviation from the strategic plan and poor business growth. Strategic risks are thus a key feature of the Board and Executive Committee agendas and are considered during decision-making on strategic issues such as the selection of future growth markets, the selection of strategic business partners and decisions pertaining to potential new initiatives, together with human capital management.

Financial risk includes those risks that could impact cash liquidity as well as the delivery of Beachcomber's one- to three-year targets including implementation of projects. These include factors influencing Beachcomber's ability to reduce indebtedness, forex and treasury management, the performance of existing hotels and delivery of projects. These risks are managed by the Chief Financial Officer in conjunction with senior management teams, including project teams.

Operational risk includes a wide spectrum of day-to-day risks that front line hotel Artisans and corporate teams face when dealing with guests or ensuring corporate systems and processes are running smoothly, including technology and information systems. A critical aspect of this is managing the safety and security of our people and assets and the continuity of the business. For some parts of the business, operational risks also include managing third-party service providers and the supply chain. Due to the nature of operational risks, Beachcomber typically mitigates these through internal controls, operational and business processes, systems and tools.

Compliance risk is the potential for losses and legal penalties due to failure to comply with laws or regulations. While the Group uses its best endeavour to comply with the broad spectrum of legislation in place, non-compliance may arise as a result of management oversight or changes in law that may render immediate compliance difficult.

Reputational risk encompasses those risks that could lead to a possible loss of the organisation's reputational capital. They unfold from Strategic, Financial, Operational and Compliance risks. At NMH, we fully realise the importance of a solid brand which at the same time forms part of the customer experience and journey in our hotels. It is quite natural that stakeholders in general ranging from clients to investors prefer to interact and partner with people and brands they can trust and respect. Hence, our challenge is to uplift and ensure the highest reputational level for the Beachcomber brand. As such, reputational risk is factored into our business strategy to reduce downside risks and clear the path for continued growth.

Environmental risk includes risks which arise due to factors beyond our control and affect the Group as a whole. For example, recession in Europe may cause a decrease in tourist arrivals to Mauritius. Whereas these events may to some extent be predicted and some measures can mitigate the consequences, most of these risks cannot be controlled.

RISK MITIGATING STRATEGIES ADOPTED BY MANAGEMENT AND RISK HEAT MAP

Our top Inherent risks

NMH is faced with inherent risks that could materially affect the Group's business, revenue and operating profits. Listed below are the main inherent risks faced by the Group.

Top Risk	Description and Risk Context	Opportunities	Mitigating Strategies
Strategic Risks			
A - Commercial	• Inability to innovate products and services • Inability to sustain competitive edge • Inability to increase our markets	• Capitalise on our savoir-faire to consolidate our existing markets and enter new markets • Consolidate our long and well-established relationship with tour operators	• Regular upgrading of our hotels • Tailor-made marketing strategies to reach target segments • Active participation in professional exhibitions and promotional fairs
B - Projects and Strategic Partnership	• Ineffective partnerships/alliances • Legal and regulatory constraints in target countries • Failure to obtain appropriate licences • Financial performance not up to expectations	• Consolidate our strategy to grow and expand. • Pursue our strategy of improving cash flows • Propose new category of hotels to guests • Increase the visibility of our hotels on the wider stage • Ensure new construction is compliant with legal requirements	• Proper due diligence exercise carried out to review the different risk aspects • Choice of strategic partners is made only after a careful selection process • All projects and strategic partnerships are framed within proper contractual agreements • Financial targets have been set, mutually agreed upon and subject to periodical reviews

Top Risk	Description and Risk Context	Opportunities	Mitigating Strategies
C - Human	• Risk of the Group not being able to retain its key personnel • Risk of personnel not having enough skills to provide quality service to guests • Lack of succession planning in key management positions • Industrial unrest • Service disruption	• Ensure that we remain competitive in the job market by aligning with industry standards • Develop an in-house Self-Development Programme, whereby training requirements are continually assessed and training executed • Put forward the company vision • Establish a clearer line of communication with trade unions	• Selection processes and training programmes are well established and employment conditions are aligned with those in the industry, ensuring that the Group hires, trains and retains highly skilled employees with the required expertise • Our in-house training structure, the Training Academy Beachcomber, enables continuous enhancement of professional knowledge and skills • Emphasis is constantly being laid on the 7 core values of Beachcomber, where the Human factor ranked among the top 2 • Ongoing dialogue is maintained with trade unions to ensure smooth relations

Financial Risk

Top Risk	Description and Risk Context	Opportunities	Mitigating Strategies
D - Foreign Exchange/Treasury	• Market volatility • Delays in receiving monies from debtors	• Optimise the Forex management function • Continuously review and monitor our client creditworthiness criteria	• Mitigating measures include forward currency contracts, currency options and having part of our borrowings in forex • The Group extends credit facilities to only recognised and creditworthy third parties • Credit limit is in place to avoid over-exposure • Advance payments are requested from new clients, until a credit rating is established
E - Debts	• Inability to Renovate our Hotels • Inability to obtain additional finances • Rise in Interest rates leading to higher cost of finance • Inability to meet obligations	• Enhance preventive maintenance programs • Constant negotiation with lending institutions to obtain better rates • Exploring hedging techniques such as Interest Rate Futures • Optimise our treasury management function	• Strategic partnership with the view to raise funds redirected towards renovating our hotels • The Group uses a mix of fixed and variable rate debts • Lending facilities are renegotiated to obtain better terms and conditions

Top Risk	Description and Risk Context	Opportunities	Mitigating Strategies
Operational Risk			
F - Information Technology	• Cyberattacks • Digital transformation • Business continuity	• Establish clear procedures to prevent risk of cyberattacks • Gain competitive advantage through digital transformation • Establish a comprehensive business continuity plan	• Use industry standard - security devices which are regularly monitored and updated with latest patches. The group's overall IT environment is regularly reviewed and reinforced as and when necessary • Our digital transformation strategy aims to create the capabilities of fully leveraging the possibilities and opportunities of new technologies and their impact faster, better and in more innovative ways in the future • Procedures are in place to safeguard the IT installations of all hotels of the Group in order to ensure continuity of business
G - Health & Safety	• Unsafe hotels for guests • Unsafe working environment for employees leading to low morale and higher risks of injury • Safety issues over food • Absence of crisis/incident management procedures	• Ensure continual alignment with H&S and ABTA/FTO standards • For new project to take into account H&S and ABTA/FTO requirements in building designs and structure	• Well established H&S programmes across the Group • Consolidation of our safety management systems
H - Theft, Fraud and Corruption	• Misappropriation of assets • Fictitious payment instructions via emails • Collusion • Delays in enforcing our Code of Ethics and Business Conduct	• Establish a more efficient asset management system • Identify high-risk areas and strengthen controls	• Clearly defined systems and procedures are in place to ensure compliance with internal controls • Systems are subject to regular reviews by the Group's internal audit to assess their efficiency and effectiveness • The Code of Ethics and Business Conduct has been formalised, thereby encouraging all stakeholders to step up to their responsibility to behave ethically and contribute towards the prevention of fraud

Top Risk	Description and Risk Context	Opportunities	Mitigating Strategies
Compliance Risk			
I - Legal and Regulatory Compliance	• Non-compliance with procedures/statutory obligations	• Establish systems that would help the Group prepare for compliance with new legislation	• The Group seeks guidance from legal advisors and insurance consultants to safeguard against exposure to potential losses
Reputational Risk			
J - Brand and Reputation	• Loss of reputation if 'risks', at all levels are not properly managed/mitigated	• Continually align our standards with international standards • Inculcating risk management in the culture of the Group, whereby everyone in the organisation becomes involved in the management of risks	• The Group constantly upgrades its products and adheres to high quality standards in all areas of operations • Standard Operating Procedures (SOPs) in respect of our front line activities are continuously revisited, in line with the Group's philosophy of providing the best customer experience • The Group is EarthCheck certified and constantly strives towards achieving sustainable eco-development • The Group has full-time Health and Safety and Food Safety Officers who continually review processes and ensure compliance with SOPs and international best practices
External Risks			
K - Environmental Risk	• Natural disasters	• Establish a system to ensure that the Group has the minimum resources to weather the full impact of an environmental risk event	• The Group methodically identifies, assesses and responds to environmental risk

"Our challenge is to uplift and ensure the highest reputational level for the Beachcomber brand."

RISK HEAT MAP

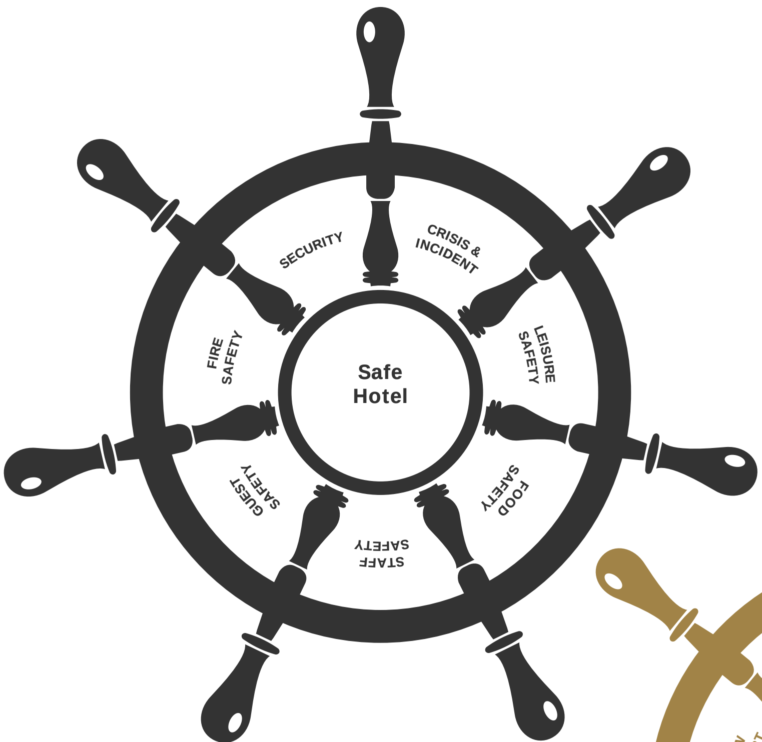
New/Emerging Risks

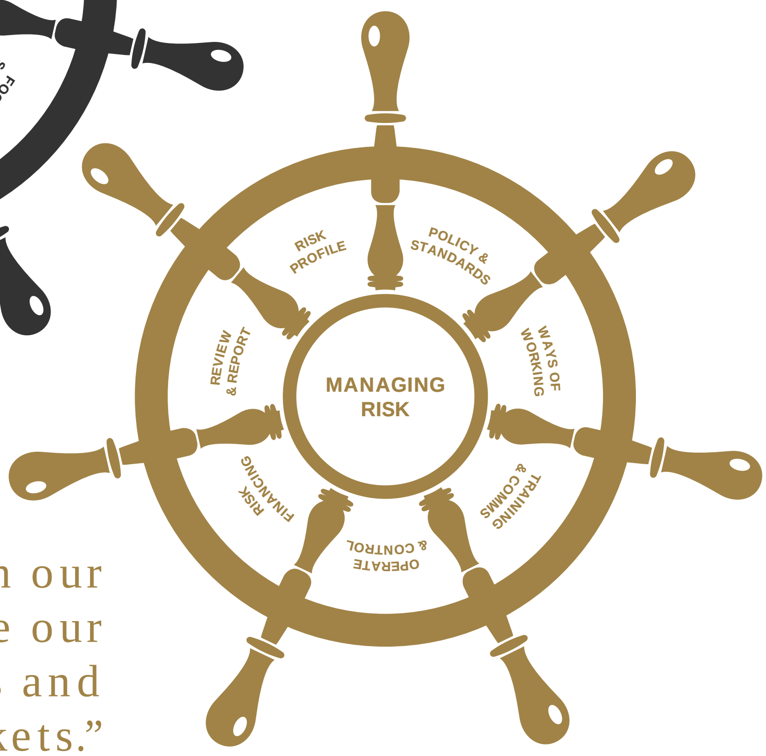
Data protection

The European General Data Protection Regulation (EGDPR) will come into force in May 2018. Its adoption is a requirement in all countries wishing to do business in Europe. Since NMH collects, handles and stores sensitive data in the course of its business activities, there is the risk of non-compliance with the EGDPR. We do our utmost to protect sensitive information and are fully compliant with the Mauritian data protection law. An action plan is in place to help us achieve full compliance with the provisions of the EGDPR.

Health, Safety & Security

Recognising the importance of operating safe hotels, NMH's commitment to safety, security and crisis management in the Group's hotels is a fundamental part of being a responsible business. During the year, NMH therefore consolidated its overall Safety Management under the ownership of the Brand & Quality Assurance Manager with a more disciplined and committed approach.





"We capitalise on our savoir-faire to consolidate our existing markets and enter new markets."

The Group also reviewed its Health & Safety Policy with the aim of eliminating risks and minimising hazards by adhering to all legal requirements, including those stipulated under the Occupational Safety and Health Act 2005, Food Regulations 1999, FTO guidelines, other TOs' recommendations as well as other internal requirements, where deemed appropriate. NMH strongly believes that the Health & Safety Policy forms an integral part of the process enabling the Group to achieve its goal and vision, in line with the Branding and Environmental commitments.

Main Potential Threats to Hotel Business Operations Identified and Mitigated

The 2017 financial year has seen identification and mitigation of the main potential Health, Safety and Security threats the Group faces:

- lawsuits from injured guests;
- sudden deaths, suicide and sexual assault;
- food poisoning;
- drowning;
- legionella outbreak;
- building standards issues;
- workplace hazards;
- leisure management activity;
- fire safety and related loss or damage to property; and
- crises linked to disasters and security failures.

However, given their potential adverse impact, these threats are assessed and monitored on a continual basis, based on our Three Lines of Defence model.

AUDIT AND RISK COMMITTEE

For internal control, internal audit and risk management issues, please refer to pages 117 to 120.

Progress and Achievements

Internal Audit

Internal Audit forms the NMH's third line of defence. It is an independent in-house function with a direct reporting line to the Chairman of the ARC. The internal audit function, through its risk-based approach, provides assurance to the Board of Directors and Senior Management on how effectively the organisation assesses and manages its risks, including assurance on the effectiveness of the first and second lines of defence. It encompasses all elements of NMH's risk management framework (from risk identification, risk assessment and response to communication of risk-related information) and all categories of organisational objectives: strategic, financial, operational, reporting and compliance.

The yearly internal audit plan is presented and approved by the ARC at the beginning of the financial year and focuses on emerging and high-risk areas. Quarterly reviews are made over the Audit plan, where Gaps, if any, are explained to the ARC. The Internal Audit Department is adequately resourced and maintains a consistently high level of professionalism and quality based on International Standards, appropriate knowledge, skills and experience.

"There were no limitations or restrictions in the internal audit's scope of work and access to information."

Implementation reviews are also reported to the ARC on a six-month basis to ensure that Management's commitments towards remedial actions are complied with in terms of what will be done, by who and by when.

During the year, there were no limitations or restrictions in the internal audit's scope of work and access to information.
The Internal Audit Department constantly strives to deliver quality audits together with sound recommendations geared towards improving efficiency and productivity of business processes. Improving on previous years' approach, the focus of the internal audit is now more revolved around emerging and high-risk areas. This, coupled with the recruitment of two additional members, has led to a significant increase in the number of audits performed.

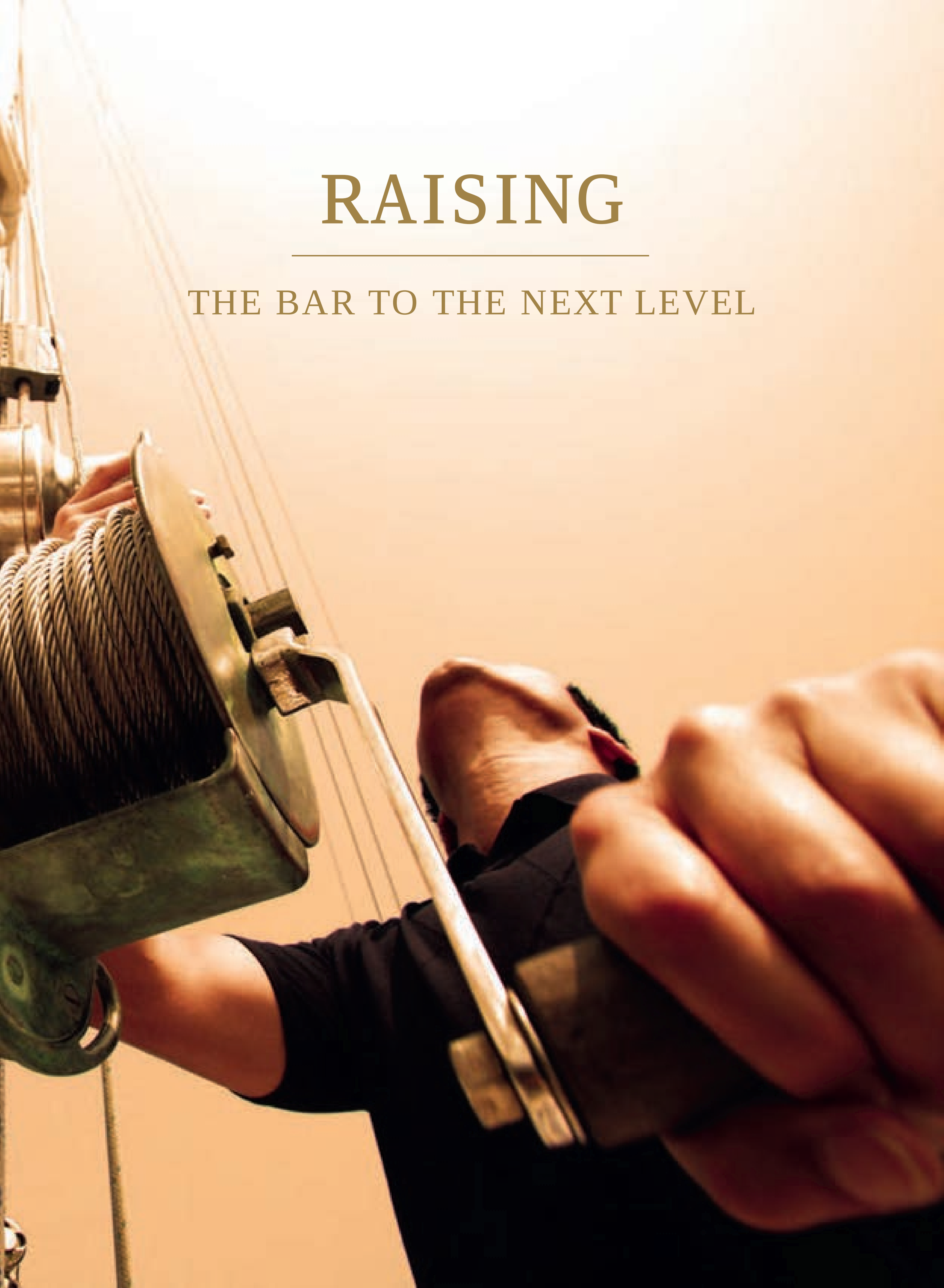
Our Key Performance Indicators (KPIs) are as follows:

BUSINESS UNITS	NUMBER OF AUDITS	
	FY2017	FY2016
Head Office	5	5
Hotels	9 Business Cycles across 8 hotels	5 Business Cycles across 8 hotels
DMC	1	0
Catering	5	1
Overseas Offices	0	2

*Audit of our overseas offices and Beachcomber Catering are carried out on an alternate basis.

RAISING

THE BAR TO THE NEXT LEVEL



SECTION 5 - GOVERNANCE

CORPORATE GOVERNANCE REPORT

The Directors are pleased to present the Corporate Governance Report of NMH. This report describes the corporate governance framework and practices of the Company in compliance with the disclosure requirements under the Code of Corporate Governance for Mauritius (''the Code''). Reasons for non-compliance are provided in the Corporate Governance Report, where applicable.

NMH was incorporated on 24 December 1964 and is listed on the Stock Exchange of Mauritius Limited ("SEM"). Its registered office is situated at Beachcomber House, Botanical Garden Street, Curepipe, Mauritius. The principal activities of the NMH Group consist of hotel operations, tour operating, airline and inland catering services and development of property for sale.

1. SHAREHOLDERS

A. Substantial Shareholders

As at 30 September 2017, the shareholders holding more than 5% of the ordinary shares of the Company were as follows:

	(%)
Rogers and Company Limited	22.76
ENL Land Ltd	12.53
Swan Life Ltd	10.34
Joseph René Herbert Maingard Couacaud	7.05

B. Shareholders' Relations and Communication

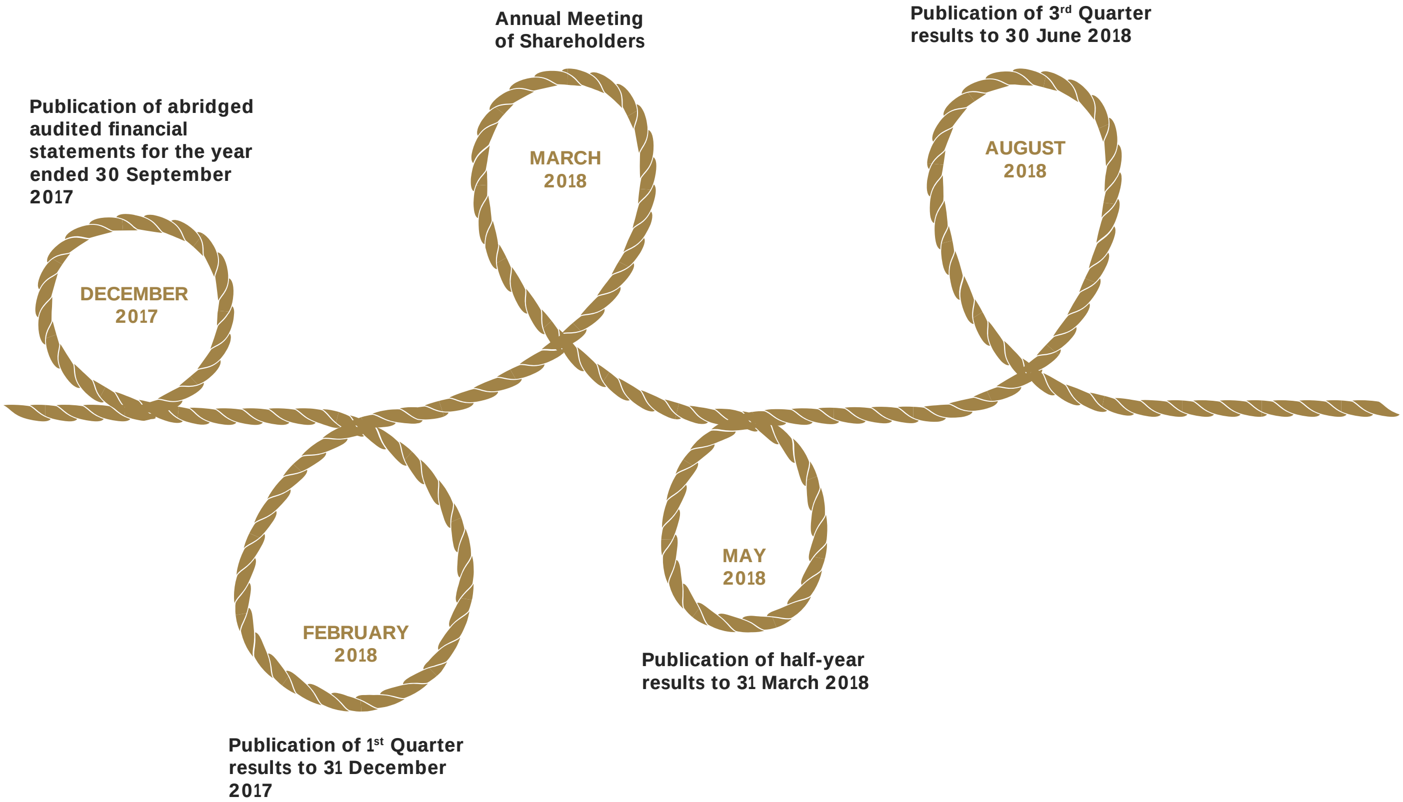
- The Company communicates with its shareholders through its Annual Report, circulars issued in compliance with the Listing Rules of the Stock Exchange of Mauritius Limited, press announcements, publication of unaudited quarterly and audited abridged financial statements, dividend declaration and the Annual Meeting of Shareholders.

- Interim, audited financial statements, press releases and so forth are accessible from the Company's website at www.beachcomber.com

- Analyst meetings are also organised periodically.

- In compliance with the Companies Act 2001, shareholders are invited to the Annual Meeting of NMH at which the Board of Directors is also present. The meeting provides an opportunity for shareholders to raise and discuss matters relating to the Company with the Board.

C. Shareholders' Calendar



D. Dividend Policy

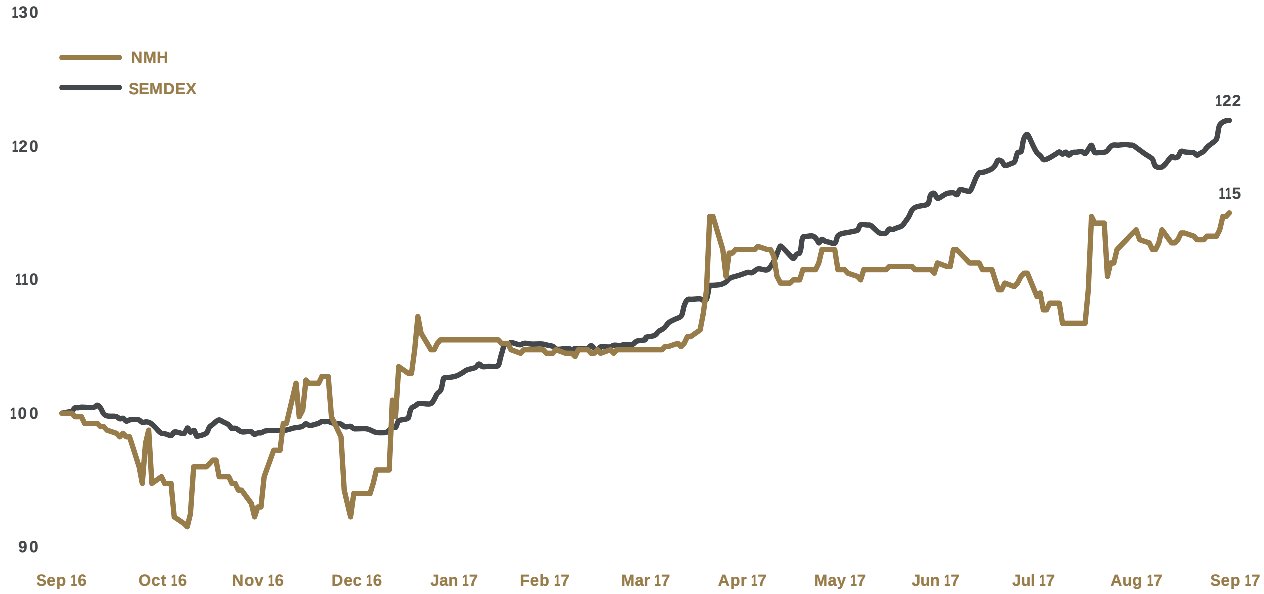
The Company has no formal dividend policy. Payment of dividend is subject to the profitability of NMH, its foreseeable investment, capital expenditure and working capital requirements.

E. Stock Market Information

- The ordinary shares of NMH are listed on the Official List of the Stock Exchange of Mauritius Limited.
- As at 29 September 2017, the ordinary share was trading at Rs 23.05.
- The Company is governed by the Listing Rules of the Stock Exchange of Mauritius Limited.

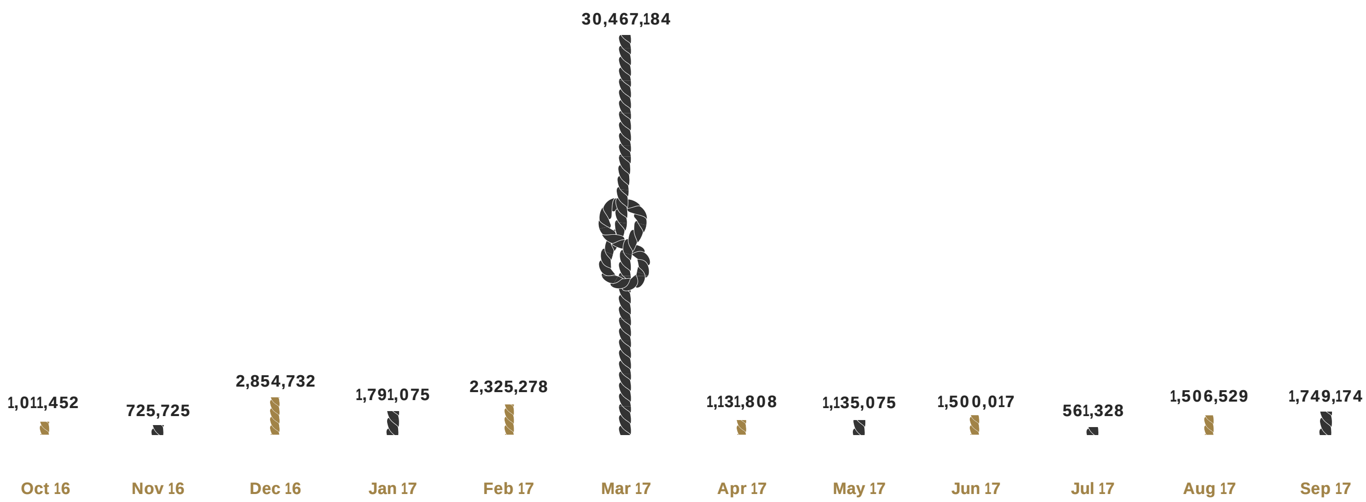
• Hereunder is the graphical representation of the movement of SEMDEX and price movement of the Company's ordinary shares from 1 October 2016 to 30 September 2017 compared to a new base level of 100 at 1 October 2016.

PERFORMANCE OF ORDINARY NMH SHARES AS COMPARED TO THE SEMDEX OVER THE PAST 12 MONTHS



• A graphical representation of the volume of shares traded and market price from 1 October 2016 to 30 September 2017 is provided below.

MONTHLY TRADE VOLUMES OF ORDINARY NMH SHARES



F. Share Ownership

Distribution of ordinary shareholders at 30 September 2017

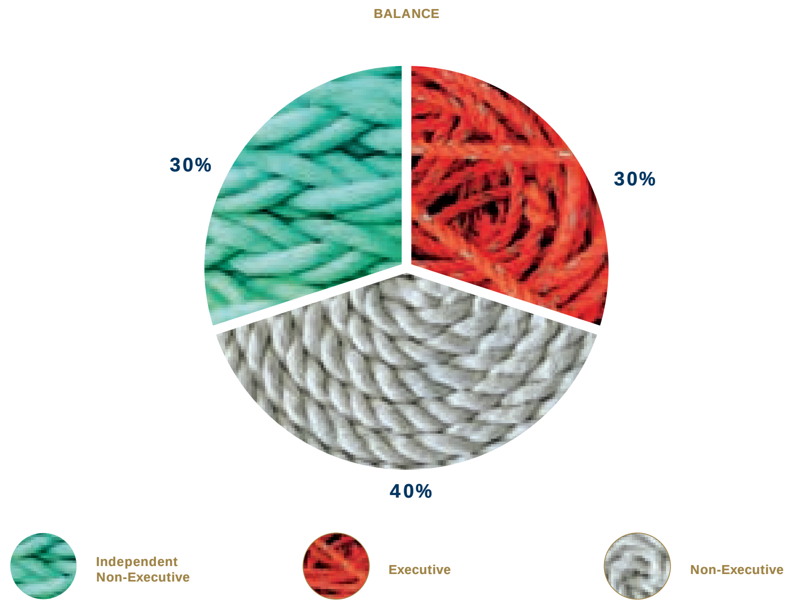
Range of Shareholding Count	Shareholder Count	Number of Shares Held	% Shares Held
1 – 1,000	2,840	935,932	0.19
1,001 – 5,000	2,210	5,593,842	1.16
5,001 – 10,000	699	5,015,489	1.04
10,001 – 25,000	678	10,946,480	2.26
25,001 – 50,000	361	12,941,716	2.67
50,001 – 75,000	164	9,885,154	2.04
75,001 – 100,000	85	7,333,679	1.51
100,001 – 250,000	202	31,371,634	6.48
250,001 – 500,000	72	25,668,264	5.30
500,001 – 1,000,000	43	30,772,746	6.36
1,000,001 – 1,500,000	19	22,703,185	4.69
1,500,001 – 2,000,000	3	4,920,049	1.02
2,000,001 – 2,500,000	3	6,943,217	1.43
2,500,001 – 5,000,000	7	21,379,293	4.41
5,000,001 – 8,000,000	1	5,541,807	1.14
8,000,001 – 25,000,000	2	32,302,189	6.67
Over 25,000,001	4	250,015,932	51.63
Total	7,393	484,270,608	100.00

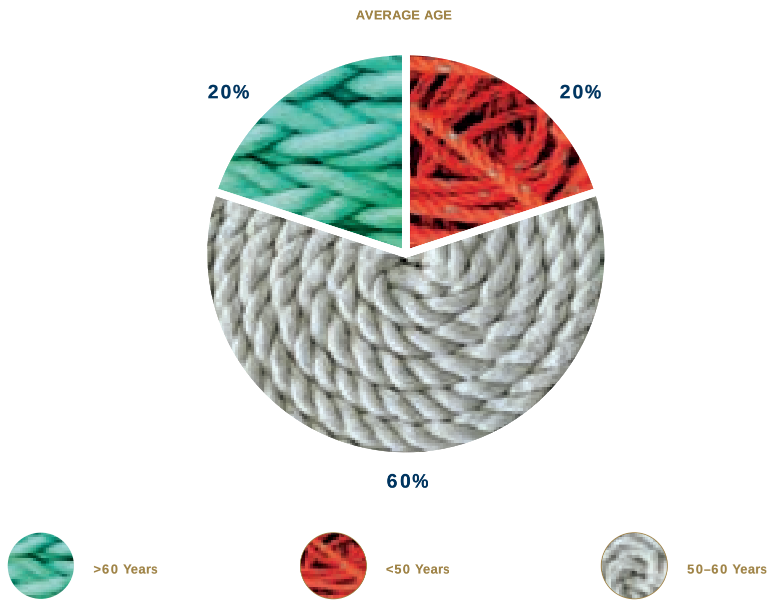
To the best knowledge of the Directors, the spread of shareholders at 30 September 2017 was as follows:

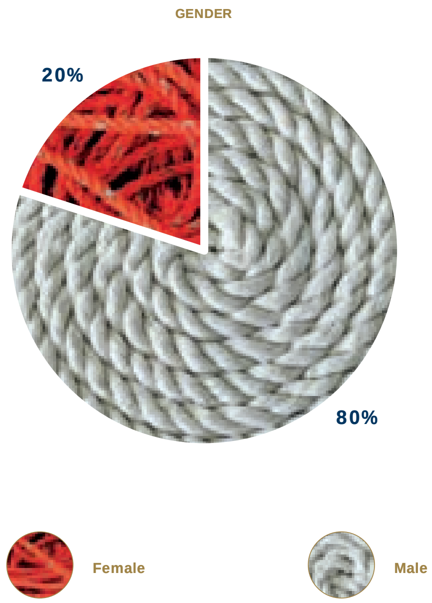
	No. of Shareholders	No. of Shares held	%
Individuals	6,953	143,758,973	29.69
Insurance and Assurance Companies	29	63,390,271	13.09
Investment and Trust Companies	185	38,225,520	7.89
Other Corporate Bodies	123	183,558,998	37.90
Pension & Providence Funds	99	54,612,201	11.28
PLC Groups	4	724,645	0.15
Total	7,393	484,270,608	100

2. BOARD OF DIRECTORS

NMH is governed by a Board of Directors consisting of ten Directors and composed as follows:







- The Board of Directors is the Company's supreme governing body and has full power over the affairs of the Company.

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

- It is the responsibility of the Board of Directors to define general strategic policies and guidelines for the Company, to evaluate the plans and projects submitted by Management and to make sure that results are achieved in accordance with plans.

- In compliance with the Code, the role and function of the Chief Executive Officer ("CEO") is separate from that of the Chairman.

- The Chairman has the responsibility to lead the Board and facilitate constructive contributions by all Directors in order to ensure the Board functions effectively as a whole in discharging its responsibilities. The Board has delegated its powers to the CEO and Management Team to conduct the business of the Company. The CEO is responsible for the execution of the business strategy defined by the Board of Directors, the development of plans and projects and the operational and financial performance of the Company.

- The Board of Directors holds regularly scheduled meetings as well as additional meetings when called by its Chairman and CEO. The annual calendar of Board Meetings is agreed upon at the beginning of the year. The agenda is circulated in advance to Board members and the items therein backed by background information to enable the Board to take appropriate decisions.

- The Directors are aware that the Code recommends that each Director should be elected (or re-elected as the case may be) every year at the Annual Meeting of Shareholders. The Board applies the provisions of the Company's Constitution, which provide that, at each Annual Meeting of the Company, two Directors, who have been longest in office since their appointment or last re-appointment, retire by rotation and are eligible for re-appointment. At the Company's Annual Meeting in 2017, the shareholders re-elected Messrs Hector Espitalier-Noël and Sunil Banymandhub as members of the Board of Directors.

- Newly appointed Directors go through an induction process in order to become familiar with the Group's operations, business environment and Senior Management. Upon appointment, Directors receive an induction pack from the Company Secretary and have a briefing session with the Chief Executive Officer. During the year under review, Messrs Jacques Silvant, Colin Taylor and Thierry Sauzier have resigned as Directors while Mr Alain Rey and Dr Jyoti Jeetun have been appointed as Directors in February and December 2017 respectively.

- Furthermore, during the discharge of their duties, the Directors are entitled to seek independent professional advice at the Company's expense and have access to the records of the Company.

- During the year under review, the deliberations by the Board of Directors included the following:
  - approval of the Annual Report for the year ended 30 September 2016;
  - approval of Financial Results:
    - abridged audited financial statements for the year ended 30 September 2016 for publication purposes; and
    - the unaudited quarterly consolidated results of the Company for publication purposes;
  - preparation of Annual Meeting held in March 2017;
  - consideration of the reports and recommendations of the Audit and Risk Committee and Corporate Governance Committee;
  - approval of significant contracts;
  - review of the Group's operations as reported by the CEO;
  - ongoing review of the strategy of the NMH Group;
  - review of the performance of the Group against budget;
  - review of industry and peer performance;
  - approval of various banking facilities;
  - review of the composition of the Board and Committees;
  - renewal of the Directors' and Officers' Liability Insurance Policy;
  - consideration of the Mandatory Offer by ENL Land Group to shareholders of NMH, receipt of the valuation report of KPMG Advisory Services Ltd, Independent Advisor and approval of the issue of a Reply Document in Compliance with the Securities (Takeover) Rules 2010;

- approval of the structuring of Beachcomber Hospitality Investments Ltd (BHI), the disposal of Victoria Beachcomber, Canonnier Beachcomber and Mauricia Beachcomber to BHI and the leasing back of the afore-mentioned assets to NMH;
- approval of a franchise agreement in respect of a 4-star hotel in France for use of the brand name 'Beachcomber-Riviera';
- approval of a hotel management agreement with Fairmont/Accor Hotels Group with respect to the Royal Palm Marrakech and finalisation of an agreement to market and manage future phases of the Royal Palm residential development under the Fairmont brand;
- approval of a preferred partnership agreement with Mont Choisy Golf Company Limited;
- approval of the renovation of Canonnier Beachcomber Golf Resort & Spa and extension of Victoria Beachcomber Resort & Spa;
- approval of the redevelopment of Beachcomber Ste Anne Resort and lease agreement with Club Med;
- approval of the implementation of a mixed-use project at Les Salines Black River including the construction and lease by BHI to NMH of a 4-star hotel; and
- approval of the implementation of a multicurrency note programme of a maximum aggregate nominal value of Rs 6bn pursuant to which NMH may issue one or more transfers on series of notes.

A. Board Profile

The names and profiles of NMH's Directors are disclosed on pages 26 to 31 of the Annual Report.

B. Directors' Interests and Remuneration

Directors' Interests

Directors inform the Company as soon as they become aware that they are interested in a transaction. The Company Secretary keeps a register of Directors' interests and ensures that the latter is updated regularly.

Remuneration of Directors

- The Company's philosophy on matters of remuneration is geared towards rewarding effort and merit as fairly as possible.
- Pursuant to the above, committees have been set up to regulate and follow up closely all matters relating to remuneration.
- Those concerning Directors, including Executive Directors, are dealt with by the Corporate Governance Committee.
- A central remuneration committee, comprising the General Managers of all business units of the Company, the Chief Financial Officer and the Group Human Resources Manager is also in operation to decide on all matters relating to the remuneration of the Company's personnel at large. These include the salary structure, incentive bonus and profit-sharing scheme. Regular benchmarking is conducted to keep abreast of labour market trends.
- As at 30 September 2017, the Directors' interests in NMH's shares and the actual remuneration and benefits received by the Directors are set out in the table below:

	ORDINARY SHARES				REMUNERATION
	DIRECT		INDIRECT		
	No. of Shares	%	No. of Shares	%	Rs
Sunil Banymandhub	12,500	0.00	-	-	420,000
Herbert Couacaud	34,151,868	7.05	952,977	0.20	420,000
Gilbert Espitalier-Noël	54,324	0.01	8,222,915	1.70	16,489,861
Hector Espitalier-Noël	-	-	8,934,793	1.85	480,000
Jean-Pierre Montocchio	-	-	663,451	0.14	420,000
Alain Rey *(appointed on 17 February 2017)*	-	-	149,056	0.03	262,500
Louis Rivalland	304,200	0.06	42,849	0.01	420,000
Pauline Seeyave	3,117	0.00	-	-	10,338,543
François Venin	-	-	-	-	14,178,592
Thierry Sauzier *(appointed on 27 January 2017 and resigned on 27 June 2017)*	2	0.00	-	-	175,000
Jacques Silvant *(resigned on 27 January 2017)*	-	-	-	-	4,991,204
Colin Taylor *(resigned on 25 January 2017)*	-	-	-	-	210,000

The Directors of the Company did not receive any remuneration from the Company's subsidiaries.

C. Share Dealings by Directors

- The Board of Directors of NMH abides by the principles of the Model Code for Securities Transactions by Directors of Listed Companies as detailed in Appendix 6 of the Listing Rules issued by the Stock Exchange of Mauritius Limited and the Companies Act 2001.
- The Company Secretary keeps the Directors apprised of closed periods and of their responsibilities in respect of the above Code.
- During the financial year under review, none of the Directors have traded in the shares of NMH except for the following:

	Acquired	Disposed
Sunil Banymandhub	12,500	-

D. Board Appraisal

- An appraisal of the Board and its members is carried out once a year with the aim of evaluating the Board's effectiveness and improving its workings.
- A Board appraisal was carried out in July 2017. A questionnaire covering aspects such as the Board Structure, Stakeholder Management and Self Evaluation were sent to all Directors for their ratings. The findings have been considered by the Corporate Governance Committee and by the Board.
- The Board also encourages its members to keep on enhancing their knowledge and competencies through personal development programmes offered by local institutions and/or their professional bodies.

E. Board Committees

BOARD OF DIRECTORS

<table>
<tr><th></th><th>Corporate Governance Committee ('CGC')</th><th>Audit and Risk Committee ('ARC')</th></tr>
<tr><td>MEMBERS</td><td>
Director – Category
Jean Pierre Montocchio – Non-Executive Director, Chairman
Herbert Couacaud – Non-Executive Director
Gilbert Espitalier-Noël – Executive Director
Hector Espitalier-Noël – Non-Executive Director
Sunil Banymandhub (As from February 2017) – Independent Non-Executive Director

<u>Director who ceased to be member of the CGC</u>
Colin Taylor (Up to January 2017) – Independent Non-Executive Director

• In compliance with the Code the CGC was composed of a majority of Non-Executive Directors.
• The Directors are aware that the Code recommends that the Chairperson of the CGC should be an Independent Non-Executive Director. However, the Board of Directors has resolved to appoint Mr Jean Pierre Montocchio, a Non-Executive Director, as Chairperson of the CGC of the Company in view of his professional qualifications, experience and knowledge.
• The Company Secretary acts as Secretary of the Committee.
</td><td>
Director – Category
Alain Rey (As from February 2017) – Independent Non Executive Director, Chairman
Louis Rivalland – Non Executive Director
Jyoti Jeetun (As from December 2017) – Independent Non Executive Director

<u>Directors who ceased to be members of the ARC</u>
Thierry Sauzier (From February 2017 to June 2017) – Independent Non Executive Director
Sunil Banymandhub (Up to February 2017) – Independent Non Executive Director, Chairman
Colin Taylor (Up to January 2017) – Independent Non Executive Director

• In compliance with the Code, the ARC was composed entirely of Non-Executive Directors.
• The ARC is the cornerstone of the Company's system of internal controls and risk management. The Board has delegated its powers on internal control and risk management to the ARC which reviews the risk philosophy, strategy and policies of the Group. The Head of the Internal Audit function has ready and regular access to the Chairperson and other members of the ARC.
• The Company Secretary acts as Secretary of the Committee.
</td></tr>
<tr><td>QUORUM</td><td>The quorum for decisions by the CGC is three members present throughout the meeting provided that, when a decision is called for, at least two of the members shall be Non-Executive Directors.</td><td>The quorum for the transaction of business is two members, at least one must be an Independent Non-Executive Director.</td></tr>
<tr><td>MAIN DUTIES AS PER TERMS OF REFERENCE</td><td>
• To ensure that the disclosure requirements with regard to corporate governance, whether in the annual report or other reports on an ongoing basis, are in accordance with the principles of the applicable Code of Corporate Governance;
• To make recommendations to the Board on all new Board appointments and to review, through a formal process, the balance and effectiveness of the Board, identifying the skills needed and those individuals who might best be seen to be providing such skills in a fair and thorough manner;
• To determine and develop a policy on executive remuneration to avoid potential conflicts of interest.
</td><td>
Financial Statements: To review the quality and integrity of the financial statements of the Group and Company including its annual and half-yearly reports, interim reports and any formal announcement relating to the organisation's financial performance.
Internal Controls and Risk Management systems: To keep under review the adequacy and effectiveness of the Group's systems of internal control, including financial controls and business risk management systems.
Internal Audit: To review and assess the annual Internal Audit work plan; To monitor and review the effectiveness of the Internal Audit function, in the context of the Group's overall risk management system;
External Audit: To consider and make recommendations to the Board, in relation to the appointment, re-appointment and removal of the Company's external auditor;
Reporting Responsibilities: To report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
</td></tr>
<tr><td>MAIN DELIBERATIONS DURING THE YEAR</td><td>
• Reviewed and approved the Corporate Governance Report for the year ended 30 September 2016;
• Reviewed the composition of the Board and Committees;
• Reviewed the findings of the Board Appraisal 2017;
• Reviewed and recommended the payment of bonuses to the personnel.
• Recommended the re-election of Mr Hector Espitalier-Noël and Mr Sunil Banymandhub in compliance with Section 23.6 of the Constitution
</td><td>
• Reviewed and recommended to the Board the approval of:
- The audited financial statements for the year ended 30 September 2016;
- The publication of the audited abridged financial statements for the year ended 30 September 2016;
- The publication of the unaudited quarterly consolidated results of the Company for publication purposes.
• Recommended the re-appointment of Ernst & Young Limited as auditors for the year ended 30 September 2017
• In respect of the Internal Audit function:
- In collaboration with the Internal Audit function, refined the processes for the conduct of Internal Audit assignments;
- Examined reports issued by the Internal Audit function;
- Monitored the implementation of action plans by subsidiaries
• Reviewed the effectiveness of the internal control and risk and management systems.
</td></tr>
</table>

F. Attendance at Board and Committee Meetings

During the year under review, the attendance of the Directors at the Board and Committee meetings of the Company was as follows:

		Board	Audit and Risk Committee	Corporate Governance Committee
No. of Meetings Held		11	4	5
Category	**Directors**		**Attendance**	
Executive	Gilbert Espitalier-Noël	11/11	N/A	5/5
	Pauline Seeyave	11/11	N/A	N/A
	Jacques Silvant *(resigned on 27 January 2017)*	2/2	N/A	N/A
	François Venin	10/11	N/A	N/A
Non-Executive	Herbert Couacaud	6/11	N/A	3/5
	Hector Espitalier-Noël	10/11	N/A	5/5
	Jean-Pierre Montocchio	11/11	N/A	5/5
	Louis Rivalland	8/11	3/4	N/A
Independent Non-Executive	Sunil Banymandhub	8/11	3/3	1/1
	Alain Rey *(appointed on 17 February 2017)*	7/7	1/1	N/A
	Thierry Sauzier *(appointed on 27 January 2017 and resigned on 27 June 2017)*	5/6	1/1	N/A
	Colin Taylor *(resigned on 25 January 2017)*	1/2	1/2	2/3

3. PROFILE OF THE SENIOR MANAGEMENT TEAM

The profile of the Senior Management team is disclosed on pages 32 to 34 of the Annual Report.

4. RELATED PARTY TRANSACTIONS

- Details on related party transactions are contained in Note 15 to the financial statements.
- Shareholders are also apprised of related party transactions through the issue of circulars and press releases by the Company in compliance with the Listing Rules of the Stock Exchange of Mauritius Limited.

5. SHARE CAPITAL

- The share capital of NMH is composed of 484,270,608 ordinary shares of no par value.

6. MATERIAL CLAUSES OF THE COMPANY'S CONSTITUTION

The material clauses of NMH's Constitution are as follows:

- Fully paid-up shares are freely transferable;
- The Company may acquire and hold its own shares;
- A special meeting of shareholders may be called at any time by the Board and shall be so called on the written request of shareholders holding shares carrying together not less than five percent (5%) of the voting rights entitled to be exercised on the issue;
- A Director is not required to hold shares in the Company; and
- The Constitution of the Company provides that the Board shall consist of nine or ten Directors. A quorum for a meeting of the Board is five Directors.

7. SHAREHOLDERS' AGREEMENT AFFECTING THE GOVERNANCE OF THE COMPANY BY THE BOARD

The Directors confirm that, to the best of their knowledge, they are not aware of the existence of any such agreement for the year under review.

8. THIRD-PARTY MANAGEMENT AGREEMENTS

There are no management agreements between third parties (where such third party is a Director of NMH, or a company owned or controlled by a Director of NMH) and NMH.

9. INTERNAL CONTROL, INTERNAL AUDIT AND RISK MANAGEMENT

For internal control, internal audit and risk management issues, please refer to pages 96 to 107.

10. SHARE OPTION PLANS

NMH has no share option plans.

11. CODE OF ETHICAL CONDUCT

NMH is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders.
NMH remains committed to fostering high ethical and moral standards within the Group and has adopted some fundamental principles in the way it conducts its activities as listed below:

- Observing good corporate governance practices, good accounting and management principles and practices, as well as clear, objective and timely communication with their shareholders;
- Balancing their business objectives with corporate social responsibility through valuing their employees, preserving the environment and contributing towards the development of the communities where they are active; and
- Observing their legal obligations in the countries where they are active, directly or indirectly.

12. COMPANY SECRETARY

- In accordance with the terms of a Services Agreement entered into by NMH with ENL Limited in September 2016, the latter provides corporate secretarial services to the Company.
- All Directors have access to the advice and services of the Company Secretary, delegated by ENL Limited.
- The Company Secretary is responsible to the Board for ensuring proper administration of Board proceedings.
- The Company Secretary provides guidance to Directors on matters of company law and with regard to their responsibilities in the statutory environment in which the Company operates.

13. AUDITORS' FEES

The fees paid to the auditors for audit and other services are disclosed on page 129 of the Annual Report.

14. DONATIONS

The aggregate amounts of political and other donations made during the year under review are disclosed on page 129 of the Annual Report.

15. NATURAL AND SOCIAL CAPITAL

For natural and social capital , please refer to pages 84 to 93.

16. HEALTH AND SAFETY

For Health & Safety, please refer to page 101.

17. NEW NATIONAL CODE OF CORPORATE GOVERNANCE (2016)

The new Code of Corporate Governance (2016) for Mauritius was launched on 13 February 2017 and will be implemented during the financial year ending 30 September 2018.

Preety Gopaul, ACIS
For ENL Limited
Company Secretary
20 December 2017

COMPANY SECRETARY'S CERTIFICATE

(Pursuant to Section 166(d) of The Companies Act 2001)

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001.

Preety Gopaul, ACIS
For ENL Limited
Company Secretary
20 December 2017

SECURING

A FOUNDATION FOR GROWTH

SECTION 6 - STATUTORY DISCLOSURES

OTHER STATUTORY DISCLOSURES

(Pursuant to Section 221 of the Companies Act 2001 and Section 88 of the Securities Act 2005)
30 September 2017

Activities

The activities of New Mauritius Hotels Limited ("NMH") are disclosed in Note 1 to the Financial Statements.

Directors

A list of the Directors of the Company and its subsidiaries is available on page 131 of the Annual Report 2017.

Directors' Service Contracts

None of the Directors of the Company and its subsidiaries have service contracts that need to be disclosed under Section 221 of the Companies Act 2001.

Directors' Remuneration and Benefits

Total remuneration and benefits received, or due and receivable, by the Directors from the Company and its subsidiaries were as follows:

Directors of NMH	From the Company		From the Subsidiaries	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Executive Directors				
- Full-time	**41,595**	61,634	-	-
- Part-time	-	-	-	-
Non-Executive Directors	**2,913**	11,377	-	-
Post-employment benefits – Executive Directors	**4,402**	3,507	-	-
	48,910	76,518	-	-

Directors of subsidiaries who are not Directors of the Company	2017	2016
	Rs'000	Rs'000
Executive Directors (2017: 4; 2016: 4)		
- Full-time	**33,067**	30,185
- Part-time	**-**	870
	33,067	31,055
Non-Executive Directors (2017: Nil; 2016: Nil)	**-**	-
Post-employment benefits - Executive Directors	**1,963**	2,674
	35,030	33,279

Directors' Interests in the Equity of NMH

(i) The interests of the Directors in the shares of NMH as at 30 September 2017 are found on page 118.

(ii) As at 30 September 2017, none of the Directors, except for those detailed below, held any direct interests in the equity of the subsidiaries of the Company:

	Beachcomber Hotel SA		Beachcomber Hotel Marrakech SA		Domaine Palm Marrakech SA	
	No. of Shares	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Gilbert Espitalier-Noël	1	0.002	1	0.001	1	0.000
Hector Espitalier-Noël	1	0.002	1	0.001	-	-
Pauline Seeyave	-	-	-	-	1	0.000
François Venin	1	0.002	-	-	1	0.000

Direct and Indirect Interests of Senior Officers (excluding Directors) in the Shares of NMH

As at 30 September 2017, none of the senior officers (excluding Directors), except for those detailed below, held any direct or indirect interests in the equity of the Company:

	Direct		Indirect	
	Number of Shares	**(%)**	**Number of Shares**	**(%)**
Gregory Coquet	660	0.000	-	-
Michel Daruty de Grandpré	2,417,952	0.499	51,000	0.011
Anabelle Dupont	53,067	0.011	-	-
Geraldine Koenig	3,000	0.001	-	-
Olivier L. Nairac	7,518	0.002	131,499	0.027
Bertrand Piat	51,500	0.011	-	-
Laurent Piat	11,050	0.002	-	-

Indemnities and Insurance

A Directors' and Officers' Liability Insurance Policy has been subscribed to by the Company. The policy provides cover for the risks arising out of the acts or omissions of the Directors and Officers of the Company.

Contracts of Significance

During the year under review, there was no contract of significance to which NMH or one of its subsidiaries was a party and in which a Director of NMH was materially interested either directly or indirectly.

Shareholders

At 20 November 2017, the following shareholders were directly or indirectly interested in more than 5% of the ordinary share capital of the Company:

Name of Shareholders	Interest (%)
Rogers and Company Limited	22.76
ENL Land Ltd	12.53
Swan Life Ltd	10.33
Joseph René Herbert Maingard Couacaud	7.05

Donations

The Company has maintained its policy of channelling all requests for social assistance through its solidarity fund, Fondation Espoir Développement Beachcomber (FED), created in March 1999. During the year, the Company contributed Rs 5.5 m (2016: Rs 7.4m) to the fund.

Political donations are dealt with by the Board. For the year under review, an amount of Rs 1.4 m has been donated to political parties (2016: Rs 0.6m).

External Auditors' Fees

Auditors' Remuneration	Group		Company	
	2017	2016	**2017**	2016
Audit fees paid to:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Ernst & Young	**8,764**	8,659	**6,550**	6,400
Other firms	**1,404**	2,876	**-**	-
Fees paid for other services provided by:				
Ernst & Young	**2,100**	1,383	**1,761**	1,291
Other firms	**1,316**	315	**1,000**	-

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In Respect of Financial Statements

The Company's Directors are responsible for the preparation and fair presentation of the financial statements, comprising the Company's and Group's statements of financial position at 30 September 2017, statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the Companies Act 2001.

The Directors are also responsible to ensure that adequate records have been maintained.

The external auditors are responsible for reporting on whether the financial statements are fairly represented.

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

The Directors have made an assessment of the Company as a going concern and have every reason to believe it will continue to operate for the foreseeable future. The financial statements have therefore been prepared on the going concern basis.

The Company's external auditors, Ernst & Young, have full access to the Board of Directors and its committees to discuss the audit and matters arising therefrom, such as their observations of the fairness of financial reporting and the adequacy of internal controls.

STATEMENT OF COMPLIANCE

(Pursuant to Section 75 (3) of the Financial Reporting Act)

Name of Public Interest Entity ('PIE'):	New Mauritius Hotels Limited
Reporting Period:	1 October 2016 to 30 September 2017

We, the Directors of New Mauritius Hotels Limited, confirm that to the best of our knowledge, the PIE has complied with all Sections of the Code of Corporate Governance, with the exception of Sections 2.2.6 and 3.9.2 (b). The reasons for non-compliance are detailed on pages 115 and 119 of the Corporate Governance Report.

Hector Espitalier-Noël
Chairman
20 December 2017

Jean-Pierre Montocchio
Director
20 December 2017

List of Directors of the Company and its subsidiaries

✓ In office A Appointed R Resigned

Director	Wild Africa Safari Limited	White Palm Ltd (amalgamated with and into Mautourco Ltd as from 01 Oct. 2017)	Trans-Maurice Car Rental Ltd	Ste Anne Resorts Limited	Santayarea by Beachcomber Limited	Royal Gardens Ltd	Plaisance Catering Ltd	New Mauritius Hotels Limited	New Mauritius Hotels (Morocco) Ltd	New Mauritius Hotel - Italia Srl	Mautourco Holdings Ltd (incorporated on 11 May 2017)	Mautourco Ltd	Les Salines Development Ltd	Les Salines Golf & Resort Limited	Kingfisher Ltd	Fondation Espoir et Developpement Limitée	Domaine Palm Marrakech S.A	Domaine de L'Harmonie Ltee	Beachcomber Training Academy Limited	Beachcomber Tours Limited	Beachcomber Tours France	Beachcomber Marketing (Pty) Ltd	Beachcomber Limited	Beachcomber International Ltd	Beachcomber Hotel S.A	Beachcomber Hotel Marrakech S.A	Beachcomber Hospitality Investments Ltd	Beachcomber Holidays (UK) Limited	Beachcomber Gold Coast Resort Limited
Banymandhub Kishore Sunil								✓																					
Bell John Eric																✓													
Cieslik David					✓																								
Collet Serret Marie Anne Sheila										✓																			
Coombes Anthony Henri George Richard																								✓					
Corbertt Bronwyn Anne																											A		
Couacaud Joseph Rene Herbert						✓		✓	✓															✓					✓
Daruty De Grandpre Jacques Gerard Michel				✓	✓														✓										✓
Descroizilles Frédérique																A													
Doger De Speville J.R.P Robert						✓																							✓
Edwards Michael Wynn	✓																			✓								✓	
Espitalier-Noël Gilbert		✓	✓	✓	✓		✓	✓			A	✓	✓	✓	✓	A	✓	✓		✓	✓	✓	✓		✓	✓	✓		
Espitalier-Noël Hector				A		✓		✓					✓	✓				A					✓		✓	✓	✓		
Espitalier-Noël Philippe		✓	✓								A	✓																	
Fayd'herbe De Maudave Louis Rene Alexandre		✓	✓								A	✓																	
Fleury Christine Arlette Francoise					✓																								
Jolivet Xavier Marie																	R								R				
Lagesse Jean Marc																													✓
Masson Denys Marcel						✓			✓							R		R						✓					✓
Montocchio Jean Pierre								✓																					
Montocchio Volcy Francis				R			R																						✓
Munro Terence Leslie Ross																						✓							
Nairac Olivier Laurence							✓																						
Oodiah Deena Soondooren																✓													
Piat Jean Bertrand Evenor																R			✓										
Piat Maurice Daniel Laurent																	✓								✓	✓			
Pinault Fabrice Gabriel Rene					A																								
Pismont Jean Louis Fernand Andre																A			✓						A	A			
Pitot Marie Adrien Robert Michel						✓																		✓					
Poussin Jean Paul		✓	✓									✓																	
Rey Alfred Joseph Gerard Robert Alain								A																					
Rivalland Louis								✓																					
Rivet Mathieu																A													
Robert François Richard		✓	✓									✓																	
Sauzier Thierry Raymond								A/R																					
Seeyave Pauline Sybille Cheh			A	A			A	✓			A	A			A		A	A		A			✓				A		
Silvant Jacques Emile					R			R									R		R						R	R			
Taylor Colin Geoffrey								R																					
Taylor Peter Knowles	R																			R								R	
Taylor Timothy						✓																		✓					
Van De Moortele Leon Paul																											A		
Venin François		✓	✓	✓				✓			A	✓			✓	✓	✓		✓	✓		✓			✓				
Zekri Guy																					✓								

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW MAURITIUS HOTELS LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of New Mauritius Hotels Limited (the "Company" or "NMH") and its subsidiaries (the "Group") set out on pages 143 to 221 which comprise the statements of financial position as at 30 September 2017, statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of the Group and Company as at 30 September 2017, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards, and comply with the Companies Act 2001 and Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Recognition of sale and leaseback transaction at Company level

Refer to notes 13, 24 and 43 to the financial statements.

Key Audit Matter - 1	How the matter was addressed in the audit
The Company signed a number of agreements with Leisure Property Northern (Mauritius) Limited (LPNM), a wholly-owned subsidiary of GRIT Real Estate Income Group Limited (Previously known as "Mara Delta Property Holdings Limited"), with respect to Beachcomber Hospitality Investments Ltd ("BHI") on 17 November 2016. The agreements entailed that: • NMH transferred the hotel properties known as Victoria Beachcomber, Canonnier Beachcomber and Mauricia Beachcomber together with the attached leasehold land to BHI for a total consideration of EUR 155m (Rs 6bn) but would continue to manage the hotels. • NMH would hold 55.58% of BHI's share capital, the remaining 44.42% being held by LPNM. • NMH will have a call option to buy back the shares held by LPNM, such option being exercisable between 7th and 10th anniversary of the Shareholder Subscription Agreement. • NMH would pay BHI an annual rental equivalent to 7.5% of the value of the assets, increasing annually. The lease agreement had an initial duration of 15 years commencing 02 December 2016 with 3 successive ten-year renewal periods at the option of the Company for three successive period of ten years. The profit realised on the sale of the 3 hotels to BHI amounted to EUR 62m (Rs 2.2bn). These arrangements have required significant management judgement in determining whether the transaction should be classified as a sale and leaseback transaction, whether the leaseback would be an operating or finance lease and how the profit realised on the deal would be recognised. Due to the significance of these balances in the financial statements and the significant judgements applied by management, the recognition of the transaction as a sale and operating leaseback and of the resulting profit over the 15 year lease were considered as a key audit matter.	Our audit procedures to assess whether the transaction was a sale and leaseback, the lease classification and relevant accounting treatment for the gain on disposal included the following: We obtained management workings and evaluated their assessment relating to the classification of the lease by inspecting the key terms and conditions of the underlying agreements entered into with LPNM and BHI and assessed whether they met the criteria for a sale and leaseback transaction resulting in an operating lease, as prescribed in the prevailing accounting standards. We re-performed the calculation of the present value of the minimum lease payments as a percentage of the fair value of the assets under different possible scenarios under the lease agreement. We held discussions with management to understand their economic views and evaluate their judgements on each case. We have re-performed the calculation of the profit on disposal of assets and ensured that its accounting treatment is in line with IAS 17 Leases. We ensured that the critical assumptions and judgements applied by management have been disclosed appropriately in the financial statements.

Impairment review of investments in Beachcomber Hotel S.A. at Company level and property, plant and equipment at Group level

Refer to notes 13, 24 and 43 to the financial statements.

Key Audit Matter - 2	How the matter was addressed in the audit
Beachcomber Hotel S.A. (BH) is a 100% subsidiary of the Company. The interest in the Moroccan subsidiary as at September 30, 2017 amounted to Rs 4.6bn (2016: Rs 4.1bn). At Group level, the property, plant and equipment is the most significant asset amounting to Rs 3.3bn at year end (2016: Rs 3.7bn). The investment in BH is carried at cost less impairment in accordance with IAS 36. The Company is required to conduct impairment tests where there is an indication of impairment of an asset. Due to a number of internal and external factors affecting the performance of BH, the management concluded that an impairment indication existed at 30 September 2017. The management assessed the recoverability of the investment in subsidiary at Company level and determined the recoverable amount of the assets at Group level using a discounted cash flow ("DCF") model. The assessment of impairment involved significant use of estimates, assumptions and judgements which can have a material impact on the valuation and it includes the following: • Forecasted occupancy rates and guest night spending • Future capital expenditure • Increase in direct costs, staff costs and other operating expenses • Residual value of the property at the end of the useful life • Discount rate Impairment losses of Rs 455m were booked in the statement of profit and loss against investment in subsidiary at Company level. Management considered that no impairment had to be recorded against the carrying amount of the hotel building at Group level. Due to the involvement of significant estimates and a range of judgements applied by management in determining the value in use, we considered the impairment review of BH at Company and Group level to be a key audit matter.	Our audit procedures to assess the impairment of net investments in BH in the Company's financial statements and the impairment of property, plant and equipment in the Group's financial statements included the following: We have assessed the design and implementation of the controls relating to management's impairment review of investments and property, plant and equipment. We also evaluated management's rationale for adopting cash flow projections over a period greater than five years with reference to the guidance in the prevailing accounting standards. We compared the actual results for the current year with management's forecasts for the previous year in order to assess the historical accuracy of the management's forecasting process. We have challenged and evaluated the key inputs and judgements used by management in their impairment assessment with reference to historical trends and our own expectation based on the Group's strategic plan and on our knowledge of the tourism industry in Morocco as a whole. Our internal valuation experts assisted us in the testing of the discount rate and corroborated the results of the valuations based on market data and industry reports. We compared the resulting net present value to the cost of the investment in subsidiary and the carrying value of property, plant and equipment. We performed our own sensitivity analysis which included changes in occupancy rates and discount rate amongst others to assess the impact of changes in these key input on the value in use of the hotel. We reviewed the management's assessment of the residual value of the hotel at the end of its useful life. We have reviewed the appropriateness of the disclosures provided in accordance with IAS 36 'Impairment of Assets'.

Recoverability of deferred tax assets in Beachcomber Hotel S.A (BH) at group level

Refer to notes 13, 24 and 43 to the financial statements.

Key Audit Matter - 3	How the matter was addressed in the audit
Included in the deferred tax assets at Group level of Rs 134.5m is an amount of Rs 130.0m pertaining to Beachcomber Hotel S.A ("BH"). This deferred tax asset is based on part of the tax losses that are available to BH to be set off against future taxable income. The ultimate realisation of the deferred tax asset depends largely on the ability of BH to generate taxable income in order to utilise these losses. The Moroccan subsidiary is in its early stages of operations and has so far not generated any taxable income. Management accordingly has assessed the recoverability of this deferred tax asset based on a financial projections using certain assumptions which have been aligned to reflect the take-over of the hotel operations by Fairmont group as from 1 May 2017. The quantum of the deferred tax asset, combined with the significant uncertainties in the measurement of the asset and the assumptions used in the preparation of forecasts, resulted in this being a matter of most significance to the audit.	Our audit procedures to assess the recoverability of BH's deferred tax asset included the following: We have obtained and evaluated management's judgements relating to the forecast of future taxable profits and evaluated the reasonableness of the assumptions underlying the preparation of these forecasts including the consistency of the assumptions used. We have ensured that the assumptions used in the forecasted profit or loss are in line with those used in the cash flow forecasts prepared for the impairment assessment review of investments in Beachcomber Hotel S.A. at Company level and of property, plant and equipment at Group level as highlighted earlier. We have ensured that the forecasted financial performance and the underlying assumptions of BH are in line with industry norms by comparing them to industry data. We verified that the available tax losses were accurate by tallying the figures with the previous tax returns made to the local authorities. We also confirmed with our tax experts on the number of years that tax losses could legally be carried forward for offset against future taxable profits under the Moroccan law. We performed sensitivity analyses around the key assumptions to check how sensitive is the deferred tax asset recognised in BH at the end of the financial year under review.

Valuation of inventory of villas of Domaine Palm Marrakech ("DPM") at group level

Refer to notes 13, 24 and 43 to the financial statements.

Key Audit Matter - 4	How the matter was addressed in the audit
The Group has residential properties and land for sale in a three phased project in Marrakech which are classified as inventory and are stated at the lower of cost or net realisable value ("NRV") in accordance with IAS 2 Inventory. The carrying value of this stock as at 30 September 2017 amounted to Rs 1.67bn (2016: Rs 1.75bn). The cost of these residential properties and land include development and construction cost directly related to the specific properties or land but also an allocation of other indirect project costs using a specific basis. Failure to meet sale targets in previous years implied that indirect costs accruing to the project have been higher than budgeted, thereby reducing the estimated margin on the project. As there is currently sufficient headroom on the next two phases of the project based on existing projections, these delays did not affect the valuation and overall profitability of these phases at year end. However, they have led to a situation where for certain Phase 1 villas held in inventory, the cost per villa has exceeded their respective NRVs. This has resulted in an impairment charge amounting to Rs 33.6m recognised in profit or loss for the year under review (2016: nil). Given the significant judgement involved to estimate the costs to complete the project, and to determine the timing for the future sale of villas and the risk of material impairment losses due to declining margins and difficult market conditions, we have identified the valuation of the stock of residential properties in Marrakech as a key audit matter.	Our audit procedures to assess the carrying value of the villas classified as inventory included the following: We have obtained the management's valuation review of inventory of villas and ensured that the list is complete and mathematically accurate; we also ensured that the assessment is performed on a unit-by-unit basis to be in line with the relevant accounting standard. We compared the cost of each villa by adding the cost to completion with actual cost incurred to date with the net realisable value less any cost to sell. We have compared the sales price used in arriving at the NRV with the most recent sales transactions for similar villas and to the price offered to potential buyers based on the most recent price list. We have ensured that the sales commission is properly calculated and deducted from the proceeds to arrive at the proper NRV. We verified that the basis of allocating the costs to complete for each villas is consistent with previous years, reasonable and in line with good industry practice. The details of contruction costs for each villa are obtained from an independent QS. We have reviewed the reasonableness of the costs to complete by examining relevant agreements and project costs and ensured that the estimates are reasonable.

Other Information

The directors are responsible for the other information. The other information comprises of the Business Overview Reports, Managerial Reports, Integrated Reports, Risk Management Reports, Governance Report, Other Statutory Disclosures and Directors' Reports which we obtained prior to the date of this Auditor's report. Other information does not include the financial statements and our Auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this Auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and Financial Reporting Act 2004 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group and or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matter

This report is made solely for the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEW MAURITIUS HOTELS LIMITED

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

We have no relationship with or interests in the Group and Company other than in our capacity as auditors, tax advisors and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and whether the disclosure is consistent with the requirement of the Code.

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

ERNST & YOUNG
Ebène, Mauritius
20 December 2017

Roger de Chazal, A.C.A
Licensed by FRC
20 December 2017

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

STATEMENTS OF PROFIT OR LOSS | FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Notes	THE GROUP		THE COMPANY	
		2017	2016	**2017**	2016
		Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Revenue	12	**9,528,216**	9,601,457	**7,118,494**	7,048,524
Direct costs		**(1,880,735)**	(2,047,640)	**(1,089,521)**	(1,098,461)
Staff costs	18	**(3,239,306)**	(3,246,152)	**(2,366,682)**	(2,351,716)
Other expenses	19	**(2,975,315)**	(3,020,789)	**(2,499,587)**	(2,042,980)
Earnings from operating activities		**1,432,860**	1,286,876	**1,162,704**	1,555,367
Other income	23	**339,376**	121,136	**384,489**	157,127
Share of results of associates	30	**8,860**	(6,620)	**-**	-
(Loss)/profit on disposal of property, plant and equipment		**(6,923)**	15,681	**(17,293)**	(65)
NORMALISED EBITDA		**1,774,173**	1,417,073	**1,529,900**	1,712,429
Rebranding and reorganisation costs	17	**-**	(119,237)	**-**	(79,575)
Insurance recovery/(loss) from fraud	16	**59,151**	(115,210)	**59,151**	(115,210)
Gain on disposal of associates	30	**60,931**	-	**60,931**	-
Closure costs	20	**(101,422)**	-	**(67,587)**	-
Gain on disposal of property	43	**-**	-	**123,833**	-
EBITDA		**1,792,833**	1,182,626	**1,706,228**	1,517,644
Finance costs	22	**(1,048,592)**	(981,888)	**(836,990)**	(757,530)
Finance revenue	21	**94,005**	14,774	**245,437**	1,232
Depreciation of property, plant and equipment	26	**(659,203)**	(643,652)	**(384,962)**	(392,530)
Amortisation of intangible assets	28	**(18,732)**	(4,092)	**(2,343)**	(2,341)
Impairment losses	13	**-**	(325,919)	**(455,748)**	(2,271,939)
Profit/(loss) before tax		**160,311**	(758,151)	**271,622**	(1,905,464)
Income tax expense	24(a)	**(127,452)**	(208,747)	**(91,701)**	(85,623)
Profit/(loss) for the year		**32,859**	(966,898)	**179,921**	(1,991,087)
Profit/(Loss) attributable to:					
Owners of the parent		**(38,472)**	(997,678)	**179,921**	(1,991,087)
Non-controlling interests		**71,331**	30,780	**-**	-
		32,859	(966,898)	**179,921**	(1,991,087)
Basic loss per share (Rs.)	25	**(0.08)**	(2.06)		

STATEMENTS OF OTHER COMPREHENSIVE INCOME | FOR THE YEAR ENDED SEPTEMBER 30, 2017

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Profit/(loss) for the year	**32,859**	(966,898)	**179,921**	(1,991,087)
Other comprehensive (loss)/income:				
Other comprehensive (loss)/ income not to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	**(687,846)**	(1,556)	**-**	-
Gain/(loss) on available-for-sale financial assets	**2,573**	(275)	**2,535**	(220)
Gain/(loss) on cash flow hedges	**1,122**	(8,936)	**-**	-
Net other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:	**(684,151)**	(10,767)	**2,535**	(220)
Other comprehensive (loss)/ income not to be reclassified to profit or loss in subsequent periods:				
Remeasurement of employee benefit liabilities	**(302,766)**	(95,228)	**(296,677)**	(92,106)
Tax effect on remeasurement of employee benefit liabilities	**51,492**	16,390	**50,435**	15,658
(Loss)/gains on revaluation of property	**-**	(106,267)	**-**	340,960
Tax effect on gains on property revaluation	**-**	(16,440)	**-**	(57,623)
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods:	**(251,274)**	(201,545)	**(246,242)**	206,889
Other comprehensive (loss)/income for the year, net of tax	**(935,425)**	(212,312)	**(243,707)**	206,669
Total comprehensive loss for the year	**(902,566)**	(1,179,210)	**(63,786)**	(1,784,418)
Total comprehensive loss attributable to:				
Owners of the parent	**(979,015)**	(1,208,336)	**(63,786)**	(1,784,418)
Non-controlling interests	**76,449**	29,126	**-**	-
	(902,566)	(1,179,210)	**(63,786)**	(1,784,418)

STATEMENTS OF FINANCIAL POSITION | FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Notes	THE GROUP		THE COMPANY	
		2017	2016	**2017**	2016
		Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
ASSETS					
Non-current assets					
Property, plant and equipment	26	**24,975,684**	25,055,983	**14,221,174**	17,845,993
Investment properties	27	**343,383**	363,964	**-**	-
Intangible assets	28	**1,668,313**	1,691,095	**1,211,897**	1,214,240
Investment in subsidiaries	29	**-**	-	**8,307,319**	7,357,517
Investment in associates	30	**478,919**	474,727	**19,062**	19,062
Available-for-sale financial assets	31	**4,114**	1,541	**3,782**	1,247
Long term loan receivable	32	**-**	-	**1,719,142**	-
Deferred tax assets	24(b)	**134,556**	139,540	**-**	-
Total non-current assets		**27,604,969**	27,726,850	**25,482,376**	26,438,059
Current assets					
Inventories	33	**4,644,037**	4,648,055	**2,707,655**	2,597,033
Trade and other receivables	34	**2,253,745**	2,524,345	**1,161,737**	1,008,415
Other financial assets	35	**-**	50,252	**-**	22,874
Income tax prepaid	24(a)	**31,895**	12,822	**13,017**	12,822
Cash in hand and at banks	36	**1,260,151**	545,903	**474,074**	71,416
Total current assets		**8,189,828**	7,781,377	**4,356,483**	3,712,560
Total assets		**35,794,797**	35,508,227	**29,838,859**	30,150,619
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Stated capital	37	**5,000,000**	5,000,000	**5,000,000**	5,000,000
Retained earnings		**4,979,512**	5,214,847	**2,073,990**	1,301,721
Other components of equity	38	**891,250**	1,634,930	**887,464**	1,374,289
		10,870,762	11,849,777	**7,961,454**	7,676,010
Non-controlling interests		**548,999**	50,006	**-**	-
Total equity		**11,419,761**	11,899,783	**7,961,454**	7,676,010
Non-current liabilities					
Convertible preference shares	39	**1,761,130**	1,758,122	**1,761,130**	1,758,122
Borrowings	39	**10,324,488**	10,114,968	**6,418,328**	9,536,694
Deferred tax liabilities	24(b)	**1,908,100**	1,908,377	**1,517,439**	1,831,055
Deferred income	43	**-**	-	**1,971,493**	-
Employee benefit liabilities	40	**1,569,415**	1,252,537	**1,541,968**	1,225,588
Total non-current liabilities		**15,563,133**	15,034,004	**13,210,358**	14,351,459
Current liabilities					
Trade and other payables	41	**2,669,045**	2,856,181	**2,671,659**	2,853,095
Borrowings	39	**6,052,055**	5,680,651	**5,774,580**	5,261,331
Other financial liabilities	35	**71,142**	8,724	**71,142**	8,724
Deferred income	43	**-**	-	**149,666**	-
Income tax payable	24(a)	**19,661**	28,884	**-**	-
Total current liabilities		**8,811,903**	8,574,440	**8,667,047**	8,123,150
Total liabilities		**24,375,036**	23,608,444	**21,877,405**	22,474,609
Total equity and liabilities		**35,794,797**	35,508,227	**29,838,859**	30,150,619

Approved by the Board of Directors on December 20, 2017 and signed on its behalf by:

Hector Espitalier-Noël
CHAIRMAN
20 December 2017

Alain Rey
CHAIRMAN OF THE AUDIT AND RISK COMMITTEE
20 December 2017

THE GROUP

	Notes	Attributable to owners of the parent company								
		Stated Capital	Retained Earnings	Foreign Exchange Difference Reserves	Available for sale Financial Assets Reserves	Revaluation Reserves	Other Reserves	Total	Non controlling Interests	Total Equity
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at October 1, 2015		5,000,000	6,411,085	(1,186,103)	10,970	2,357,387	624,583	13,217,922	58,738	13,276,660
(Loss)/profit for the year		-	(997,678)	-	-	-	-	(997,678)	30,780	(966,898)
Other comprehensive loss for the year		-	(77,270)	(10,363)	(275)	(122,750)	-	(210,658)	(1,654)	(212,312)
Total comprehensive (loss)/income for the year		-	(1,074,948)	(10,363)	(275)	(122,750)	-	(1,208,336)	29,126	(1,179,210)
Depreciation transfer for buildings		-	46,408	-	-	(46,408)	-	-	-	-
Tax effect of depreciation transfer for buildings		-	(7,889)	-	-	7,889	-	-	-	-
Investment in subsidiary		-	-	-	-	-	-	-	600	600
Dividends	11	-	(159,809)	-	-	-	-	(159,809)	(38,458)	(198,267)
As at September 30, 2016		5,000,000	5,214,847	(1,196,466)	10,695	2,196,118	624,583	11,849,777	50,006	11,899,783
As at October 1, 2016		5,000,000	5,214,847	(1,196,466)	10,695	2,196,118	624,583	11,849,777	50,006	11,899,783
(Loss)/profit for the year		-	(38,472)	-	-	-	-	(38,472)	71,331	32,859
Other comprehensive (loss)/income for the year		-	(248,389)	(694,727)	2,573	-	-	(940,543)	5,118	(935,425)
Total comprehensive (loss)/income for the year		-	(286,861)	(694,727)	2,573	-	-	(979,015)	76,449	(902,566)
Depreciation transfer for buildings		-	62,079	-	-	(62,079)	-	-	-	-
Tax effect of depreciation transfer for buildings		-	(10,553)	-	-	10,553	-	-	-	-
Investment in subsidiary		-	-	-	-	-	-	-	492,093	492,093
Dividends	11	-	-	-	-	-	-	-	(69,549)	(69,549)
As at September 30, 2017		**5,000,000**	**4,979,512**	**(1,891,193)**	**13,268**	**2,144,592**	**624,583**	**10,870,762**	**548,999**	**11,419,761**

THE COMPANY

	Notes	Stated Capital	Retained Earnings	Available for sale Financial Assets Reserves	Revaluation Reserves	Total Equity
		Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
As at October 01, 2015		5,000,000	3,500,281	556	1,119,400	9,620,237
Loss for the year		-	(1,991,087)	-	-	(1,991,087)
Other comprehensive (loss)/income for the year		-	(76,448)	(220)	283,337	206,669
Total comprehensive (loss)/income for the year		-	(2,067,535)	(220)	283,337	(1,784,418)
Depreciation transfer for buildings		-	34,679	-	(34,679)	-
Tax effect of depreciation transfer for buildings		-	(5,895)	-	5,895	-
Dividends	11	-	(159,809)	-	-	(159,809)
As at September 30, 2016		5,000,000	1,301,721	336	1,373,953	7,676,010
As at October 01, 2016		5,000,000	1,301,721	336	1,373,953	7,676,010
Profit for the year		-	179,921	-	-	179,921
Other comprehensive (loss)/income for the year		-	(246,242)	2,535	-	(243,707)
Total comprehensive (loss)/income for the year		-	(66,321)	2,535	-	(63,786)
Disposal of property		-	809,552	-	(809,552)	-
Tax effect of disposal of property		-	-	-	349,230	349,230
Depreciation transfer for buildings		-	34,985	-	(34,985)	-
Tax effect of depreciation transfer for buildings		-	(5,947)	-	5,947	-
As at September 30, 2017		**5,000,000**	**2,073,990**	**2,871**	**884,593**	**7,961,454**

	Notes	THE GROUP		THE COMPANY	
		2017	2016	**2017**	2016
		Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Operating activities					
Profit/(loss) before tax		**160,311**	(758,151)	**271,622**	(1,905,464)
Adjustments to reconcile profit before tax to net cash flows					
Non-cash:					
Depreciation and impairment on property, plant and equipment	26	**659,203**	921,042	**384,962**	392,530
Amortisation of intangible assets	28	**18,732**	4,092	**2,343**	2,341
Profit/(loss) on disposal of property, plant and equipment		**6,943**	(15,681)	**(106,542)**	65
Loss on disposal of other financial assets		**1,450**	-	**-**	-
Gain on disposal of associates		**(60,931)**	-	**(60,931)**	-
Foreign exchange differences		**(206,158)**	(18,038)	**(82,707)**	42,890
Impairment loss on available-for-sale financial assets		**-**	2,696	**-**	-
Impairment loss on investment in associates	13	**-**	48,529	**-**	-
Impairment loss on investment and intercompany receivable		**-**	-	**455,748**	2,271,939
Impairment of inventory	33 (e)	**33,581**	-	**-**	-
Provision for bad debts		**2,934**	30,595	**-**	3,406
Dividend income	23	**(42)**	(28)	**(65,041)**	(25,670)
Interest income	21	**(12,029)**	(10,253)	**(165,487)**	(1,232)
Interest expense		**937,746**	951,076	**765,848**	727,642
Loss/(gain) on other financial assets	23	**85,292**	(3,742)	**85,292**	(3,742)
Share of (profit)/loss of associates	30	**(8,860)**	6,620	**-**	-
Decrease in employee benefit asset	40	**14,112**	31,249	**19,703**	30,069
Working capital adjustments:					
Decrease/(increase) in inventories		**35,766**	160,786	**(49,078)**	(26,783)
Decrease/(increase) in trade and other receivables		**267,666**	335,448	**63,491**	(376,660)
(Decrease)/increase in trade and other payables		**(187,136)**	(307,071)	**(181,436)**	125,779
Income tax paid	24	**(107,404)**	(37,996)	**(5,847)**	(7,620)
Net cash flows generated from operating activities		**1,641,176**	1,341,173	**1,331,940**	1,249,490
Investing activities					
Purchase of property, plant and equipment		**(1,011,736)**	(517,249)	**(807,622)**	(402,677)
Proceeds from sale of property, plant and equipment		**84,111**	39,702	**63,640**	17,419
Acquisition of associates		**(1,890)**	-	**-**	
Proceeds from disposal of associates		**60,931**	-	**60,931**	-
Proceeds from disposal of other financial assets		**27,743**	-	**-**	-
Dividend received		**6,600**	5,270	**65,041**	25,670
Interest received	21	**12,029**	10,253	**165,487**	1,232
Net cash flows used in investing activities		**(822,212)**	(462,024)	**(452,523)**	(358,356)
Financing activities					
Proceeds from borrowings		**8,536,540**	9,181,490	**5,254,787**	9,069,129
Repayment of term loans		**(7,086,564)**	(8,760,453)	**(6,895,266)**	(8,640,693)
Repayment of finance lease liabilities		**(125,596)**	(97,348)	**(89,628)**	(104,839)
Repayment of debentures		**(102,566)**	(466,964)	**(102,566)**	(469,944)
Proceeds from issuance of shares to minority shareholders		**492,093**	600	**-**	-
Proceeds from shareholder loan		**-**	-	**3,677,712**	-
Advances to subsidiaries		**-**	-	**(789,892)**	(233,825)
Interest paid		**(1,013,429)**	(1,128,511)	**(817,940)**	(810,035)
Dividends paid to equity holders of the parent		**-**	(159,809)	**-**	(159,809)
Dividends paid to non-controlling interests		**(69,549)**	(38,458)	**-**	-
Net cash flows generated from/(used in) financing activities		**630,929**	(1,469,453)	**237,207**	(1,350,016)
Net increase/(decrease) in cash and cash equivalents		**1,449,893**	(590,304)	**1,116,624**	(458,882)
Cash and cash equivalents at October 1,		**(2,061,537)**	(1,459,545)	**(2,344,657)**	(1,859,647)
Net foreign exchange difference		**(3,201)**	(11,688)	**(8,026)**	(26,128)
Cash and cash equivalents at September 30,	36	**(614,845)**	(2,061,537)	**(1,236,059)**	(2,344,657)

NOTES FOR THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

CORPORATE AND GROUP INFORMATION

1. CORPORATE INFORMATION

The financial statements of New Mauritius Hotels Limited (the 'Company') and consolidated with its subsidiaries (the 'Group') for the year ended September 30, 2017 were authorised for issue in accordance with a resolution of the Directors on December 20, 2017. New Mauritius Hotels Limited is a public limited company incorporated in Mauritius and is listed on The Stock Exchange of Mauritius. Its registered office is situated at Beachcomber House, Botanical Garden Street, Curepipe, Mauritius.

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

2. GROUP INFORMATION

Information on subsidiaries:

Name of Corporation	Main business activity	Country of incorporation	Effective % holding 2017	Effective % holding 2016
Beachcomber Limited	Investment	Mauritius	**100**	100
Kingfisher Ltd	Investment	Mauritius	**100**	100
Beachcomber Training Academy Limited	Hotel training	Mauritius	**100**	100
Les Salines Development Ltd	Investment	Mauritius	**100**	100
Les Salines Golf and Resorts Limited	Hotel Project	Mauritius	**100**	100
Ste Anne Resorts Limited	Hotel operations	Seychelles	**100**	100
Beachcomber Gold Coast Resort Limited	Dormant	Seychelles	**100**	100
Beachcomber Marketing (Pty) Ltd	Tour operating	South Africa	**51**	51
Beachcomber Tours	Tour operating	France	**100**	100
Holiday Marketing (Pty) Ltd	Tour operating	Australia	**75**	75
Beachcomber Tours Limited	Tour operating	England	**100**	100
New Mauritius Hotel - Italia Srl	Tour operating	Italy	**100**	100
Wild Africa Safari Ltd	Dormant	England	**100**	100
Beachcomber Holidays Limited	Dormant	England	**100**	100
Beachcomber Hotel Marrakech S.A.	Investment	Morocco	**100**	100
Beachcomber Hotel S.A.	Hotel operations	Morocco	**100**	100
Domaine Palm Marrakech S.A.	Property development	Morocco	**100**	100
White Palm Ltd	Tour operating	Mauritius	**51**	51
Mautourco Ltd	Tour operating	Mauritius	**51**	51
Transmaurice Car Rental Ltd	Car rental	Mauritius	**51**	51
Societe Pur Blanca	Investment	Mauritius	**51**	51
Santayarea by Beachcomber Limited	Hotel training	Mauritius	**56**	56
Domaine de l'Harmonie	Services	Mauritius	**100**	100
Beachcomber Hospitality Investments Limited	Real Estate	Mauritius	**56**	-

The operations of the subsidiaries are carried out in the countries in which they are incorporated.
There is no restriction on the ability of the above subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans.

Information on associates

Name of Corporation	Year-end	Class of shares	Percentage held	
			2017	2016
			%	%
South West Tourism Development Co Ltd	June 30,	Ordinary shares	**31**	31
SWTD Bis Ltée	June 30,	Ordinary shares	**-**	31
Launderers (Hotels & Restaurants) Ltd	June 30,	Ordinary shares	**50**	50
Parure Limitée	June 30,	Ordinary shares	**48**	32
Societe Cajeva	June 30,	Parts	**50**	50

Investment in associates consist of investments in unquoted shares or parts in entities domiciled in the Republic of Mauritius.

BASIS OF PREPARATION AND OTHER SIGNIFICANT ACCOUNTING POLICIES

3. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

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

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

4. SUMMARY OF OTHER SIGNIFICANT ACCOUNTING POLICIES

(a) 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 recognised 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 recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(b) 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 and relevant disclosures are provided in related notes.

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 the statement of 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 statement of 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 statement of profit or loss. The losses arising from impairment are recognised in the statement of 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 assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is 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 assets 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
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 the statement of profit or loss.

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of 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 assets
For available-for-sale financial assets, 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 iin the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised directly in other comprehensive income.

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

(c) 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, borrowings, derivatives and preference shares and relevant disclosures are provided in related notes.

Subsequent measurement

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

Interest-bearing loans and borrowings

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

(d) 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 the 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 has transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

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

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

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

(e) 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.

(f) 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.

(g) 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.

(h) Other taxes

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.

(i) 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 the statement of 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 the statement of 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.

(j) Revenue recognition

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

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

Revenue from hotel operations

Revenue is recognised upon consumption and acceptance by customers.

Revenue from airline 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.

Revenue from tour operating

Commissions are recognised on completion of the services performed.

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.

Interest income

Recognised as it accrues (taking into account the effective interest rate on the asset).

Dividend revenue

Recognised when the shareholder's right to receive payment is established.

5. CHANGES IN ACCOUNTING POLICIES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended IFRS and IFRIC interpretations adopted in the year commencing October 1, 2016:

Effective for accounting period beginning on or after

Amendments	**Effective for accounting period beginning on or after**
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	January 1, 2016
Equity Method in Separate Financial Statements (Amendments to IAS 27)	January 1, 2016
Annual Improvements 2012-2014 Cycle	January 1, 2016
Disclosure Initiative (Amendments to IAS 1)	January 1, 2016
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016

Where the adoption of the standard or interpretation or improvement is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

The amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets:

- clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment
- introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated
- add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The amendments are applied prospectively and did not have any impact on the Group and the Company, given that it has not used a revenue-based method to depreciate its non-current assets.

Equity Method in Separate Financial Statements (Amendments to IAS 27)

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

The amendments did not have any impact on the Group and the Company which continues to present these investments at cost, less any impairment, if any.

Annual Improvements 2012-2014 Cycle

Makes amendments to the following standards:

- IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued
- IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements
- IAS 19 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid
- IAS 34 — Clarify the meaning of ‘elsewhere in the interim report’ and require a cross-reference

The amendments did not have any impact on the Group and the Company.

Disclosure Initiative (Amendments to IAS 1)

The amendment address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity’s share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;

- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

The amendments did not have any impact on the Group and the Company.

6. STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

New or revised standards and interpretations:

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 9 Financial Instruments	January 1, 2018
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
IFRS 16 Leases	January 1, 2019
IFRS 17 Insurance contracts	January 1, 2021
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date deferred indefinitely
IAS 7 Disclosure Initiative – Amendments to IAS 7	January 1, 2017
IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12	January 1, 2017
IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2	January 1, 2018
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4	January 1, 2018
Transfers of Investment Property (Amendments to IAS 40) 1 January 2018	
IFRS 12 Disclosure of Interests in Other Entities	
Clarification of the scope of the disclosure requirements in IFRS 12	January 1, 2017
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	January 1, 2018
IFRS 1 First-time Adoption of International Financial Reporting Standards	
Deletion of short-term exemptions for first-time adopters	January 1, 2018
IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice	January 1, 2018
IFRIC *Interpretation 23 Uncertainty over Income Tax Treatments*	January 1, 2019

The above new standards and amendments to existing standards issued but not yet effective are not expected to have a significant impact on the Company and its subsidiaries except for IFRS 9, IFRS 15 and IFRS 16 as listed below.

IFRS 9

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The new standard includes revised guidance on the classification and measurement of financial assets, including impairment and supplements the new hedge accounting principles published in 2013.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. New Mauritius Hotels Limited and its subsidiaries plan to adopt the new standard on the required effective date i.e. October 1, 2018. The classification and measurement and impairment requirements are applied retrospectively by adjusting the opening balance sheet at the date of initial application, with no requirement to restate comparative periods.

Classification and measurement

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instruments are not measured at fair value through profit and loss (FVTPL). Debt instruments are subsequently measured at amortized cost (AC), fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVTPL). The classification and measurement of financial assets into the categories mentioned above will depend on how these are managed (the entity's business model) and their contractual cash flow characteristics. There is a fair value option that allows financial assets to be designated at FVTPL at initial recognition if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally classified at FVTPL, however entities have an irrevocable option to present changes in fair value of non-trading instruments in other comprehensive income without recycling to profit or loss.

IFRS 9 retains almost all of the existing requirements from IAS 39 on the classification of financial liabilities, including those relating to embedded derivatives except for financial liabilities classified at FVTPL using the fair value option. The amount of change in fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss.

Impairment

The incurred loss model for provisioning under IAS 39 is replaced by an expected credit loss model for provisioning under IFRS 9. In case of the Group, the new impairment requirements are applied to debt instruments accounted for at amortized cost or at FVOCI; most loan commitments; and lease receivables under IAS 17 Leases.

Under IFRS 9, impairment is measured as either 12 month expected credit loss (ECL) (stage 1) or Life time ECL (stage 2/stage 3). Financial assets in stage 1 can be shifted to stage 2 in case of significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some assets such as leases, the Group may apply the simplified approach whereby the lifetime expected credit losses will always be recognized.

The assessment of credit risk, and the estimation of ECL, are required to be unbiased and probability weighted, and should incorporate all the available information which is relevant to the assessment including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL, should take into account the time value of money.

As a result, the recognition and measurement of impairment is intended to be more forward looking than under IAS 39.

Hedge accounting

IFRS 9 includes a new general hedge accounting model, which aligns hedge accounting more closely with risk management. The new model does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness under IAS 39; however, under the new model more hedging strategies that are used for risk management may qualify for hedge accounting. The standard does not explicitly address macro hedge accounting strategies, which are being considered in a separate project. To remove the risk of any conflict between existing macro hedge accounting practice and the new general hedge accounting requirements, IFRS 9 includes an accounting policy choice to remain with IAS 39 hedge accounting. The impact of the new standard is currently being assessed.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers.

However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16 *Leases*). Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard will also specify a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and corresponding cash flows with customers. The impact of the new standard is currently being assessed.

IFRS 16 Leases

The IASB issued the new standard for accounting for leases - IFRS 16 *Leases* in January 2016. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The impact of the new standard is currently being assessed.

7. BASIS OF CONSOLIDATION AND FINANCIAL INFORMATION ON MATERIAL PARTLY-OWNED SUBSIDIARIES

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at September 30, 2017.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

1. derecognises the assets (including goodwill) and liabilities of the subsidiary
2. derecognises the carrying amount of any non-controlling interests
3. derecognises the cumulative translation differences recorded in equity
4. recognises the fair value of the consideration received
5. recognises the fair value of any investment retained
6. recognises any surplus or deficit in profit or loss
7. reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Group Business, Operations and Management

Financial information of subsidiaries that have material non-controlling interest is provided below:

The proportion of equity interest held by material non-controlling interests is:

Name	Country of incorporation and operation	2017	2016
Mautourco Ltd	Mauritius	**49%**	49%
Beachcomber Marketing (Pty) Ltd	South Africa	**49%**	49%
Beachcomber Hospitality Investments Ltd	Mauritius	**56%**	0%

	2017	2016
Accumulated balances of material non-controlling interest:	**Rs'000**	Rs'000
Mautourco Ltd	**35,046**	35,751
Beachcomber Marketing (Pty) Ltd	**16,086**	18,347
Beachcomber Hospitality Investments Ltd	**498,558**	-
Profit and other comprehensive income allocated to material non-controlling interest:		
Mautourco Ltd	**15,359**	12,807
Beachcomber Marketing (Pty) Ltd	**33,348**	26,443
Beachcomber Hospitality Investments Ltd	**18,683**	-

This information is based on amounts before inter-company eliminations.

The summarised financial information of these subsidiaries is provided on pages 166 and 167.

Summarised statements of profit or loss for the year ended September 30, 2017:

	Mautourco Ltd	Beachcomber Marketing (Pty) Ltd	Beachcomber Hospitality Investments Ltd
	Rs'000	**Rs'000**	**Rs'000**
Revenue	**443,507**	**216,179**	**367,241**
Cost of sales	**(245,615)**	**-**	**-**
Administrative and other expenses	**(172,232)**	**(156,385)**	**(6,259)**
Finance revenue	**-**	**27,788**	**525**
Finance costs	**(4,546)**	**-**	**(277,835)**
Other income	**18,070**	**6,942**	**-**
Profit before tax	**37,184**	**94,524**	**83,723**
Income tax	**(5,839)**	**(26,467)**	**(13,129)**
Profit for the year from continuing operations	**31,345**	**68,057**	**70,594**
Total comprehensive income	**26,561**	**66,736**	**90,068**
Attributable to non-controlling interests	**15,359**	**33,348**	**18,683**
Dividends paid to non-controlling interests	**(13,720)**	**(34,961)**	**(20,867)**

Summarised statements of profit or loss for the year ended September 30, 2016:

	Mautourco Ltd	Beachcomber Marketing (Pty) Ltd	Beachcomber Hospitality Investments Ltd
	Rs'000	Rs'000	Rs'000
Revenue	418,908	189,125	-
Cost of sales	(214,979)	-	-
Administrative expenses and other	(178,290)	(142,985)	-
Finance revenue	24	28,813	-
Finance costs	(3,782)	-	-
Other income	10,416	-	-
Profit before tax	32,287	74,953	-
Income tax	(6,160)	(20,987)	-
Profit for the year from continuing operations	26,137	53,966	-
Total comprehensive income	22,392	54,171	-
Attributable to non-controlling interests	12,807	26,443	-
Dividends paid to non-controlling interests	(9,800)	(28,658)	-

Summarised statements of financial position as at September 30, 2017:

	Mautourco Ltd	Beachcomber Marketing (Pty) Ltd	Beachcomber Hospitality Investments Ltd
	Rs'000	**Rs'000**	**Rs'000**
Property, plant and equipment and other non-current financial assets (non-current)	**160,762**	**7,661**	**6,435,709**
Trade, cash and bank balances and other current assets	**121,130**	**454,541**	**47,956**
Trade and other payables and current liabilities	**(162,026)**	**(429,374)**	**(257,790)**
Interest-bearing loans and borrowing and other non-current liabilities	**(45,223)**	**-**	**(5,094,993)**
Total equity	**74,643**	**32,828**	**1,130,882**
Attributable to:			
Equity holders of parent	**39,597**	**16,742**	**632,323**
Non-controlling interest	**35,046**	**16,086**	**498,558**

Summarised statements of financial position as at September 30, 2016:

	Mautourco Ltd	Beachcomber Marketing (Pty) Ltd	Beachcomber Hospitality Investments Ltd
	Rs'000	Rs'000	Rs'000
Property, plant and equipment and other non-current financial assets (non-current)	128,616	5,317	-
Trade, cash and bank balances and other current assets	113,047	426,131	-
Trade and other payables and current liabilities	(125,000)	(394,006)	-
Interest-bearing loans and borrowing and other non-current liabilities	(40,583)	-	-
Total equity	76,080	37,442	-
Attributable to:			
Equity holders of parent	40,329	19,095	-
Non-controlling interest	35,751	18,347	-

Summarised cash flow information for year ending September 30, 2017:

	Mautourco Ltd	Beachcomber Marketing (Pty) Ltd	Beachcomber Hospitality Investments Ltd
Cash flow from/(used in)	**Rs'000**	**Rs'000**	**Rs'000**
Operating activities	**30,224**	**124,489**	**327,509**
Investing activities	**(17,870)**	**24,953**	**(6,059,669)**
Financing activities	**(36,313)**	**(71,530)**	**5,760,278**
Net increase in cash and cash equivalent	**23,959**	**78,092**	**28,118**

Summarised cash flow information for year ending September 30, 2016:

Cash flow from/(used in)	Rs'000	Rs'000	Rs'000
Operating activities	39,828	(7,854)	-
Investing activities	(12,752)	27,121	-
Financing activities	(27,630)	(62,160)	-
Net decrease in cash and cash equivalent	(554)	(42,893)	-

8. 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.

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal liabilities comprise of bank loans, overdrafts, finance leases and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Group's operations. The Group has various financial assets, such as trade and other receivables and cash and cash equivalents which arise directly from its operations.
The Group's activities, therefore, expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(i) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group trades only with recognised, creditworthy third parties. The Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history. Advance payments are requested where necessary until positive credit rating is established. The Group has also insurance covers to reduce the financial losses in case of default by customers.
With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and available-for-sale financial investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as stated in the statements of financial position or notes to the financial statements.
The following table shows the maximum exposure to credit risk for the components of the Statements of financial position.

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cash and cash equivalents	**1,260,151**	545,903	**474,074**	71,416
Available-for-sale financial assets	**4,114**	1,541	**3,782**	1,246
Trade and other receivables*	**1,955,139**	1,478,361	**970,784**	840,302
Long term loan receivable	**-**	-	**1,719,142**	-
Foreign exchange forward contracts	**-**	50,252	**-**	22,874
	3,219,404	2,076,057	**3,167,782**	935,838

*Trade and other receivables exclude prepayments.

(ii) Market risk

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

The sensitivity analysis in the following sections relates to the position as at September 30, 2017 and 2016. The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial statements in foreign currencies are all constant. The analysis excludes the impact of movements in market variables on the carrying value of pension and other post retirement obligations, provisions and on the non-financial assets and liabilities of the Group.

(a) Foreign currency risk

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

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

		THE GROUP	THE COMPANY
	Increase in rates	Effect on profit/loss before tax	Effect on profit/loss before tax
2017	**%**	**Rs'000**	**Rs'000**
Euros	**5%**	**(271,658)**	**(81,516)**
Pound Sterling	**5%**	**8,985**	**3,488**
Rands	**5%**	**1,342**	**(15,040)**
United States Dollars	**5%**	**4,387**	**1,979**
Australian Dollars	**5%**	**1**	**1**
Seychelles Rupees	**5%**	**(2,888)**	**-**
Moroccan Dirham	**5%**	**6,357**	**1,348**
2016			
Euros	5%	(136,113)	(130,462)
Pound Sterling	5%	5,682	1,929
Rands	5%	(12,624)	10
United States Dollars	5%	(4,671)	(5,132)
Australian Dollars	5%	13	9
Seychelles Rupees	5%	(23,875)	-
Moroccan Dirham	5%	(17,042)	-

A decrease in the rates has an equal and opposite effect on profit/loss before tax.

9. Financial risk management objectives and policies (Cont'd)

Currency profile

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

	THE GROUP				THE COMPANY			
	FINANCIAL ASSETS		FINANCIAL LIABILITIES		FINANCIAL ASSETS		FINANCIAL LIABILITIES	
	2017 Rs'000	2016 Rs'000	**2017 Rs'000**	2016 Rs'000	**2017 Rs'000**	2016 Rs'000	**2017 Rs'000**	2016 Rs'000
Euros	**218,678**	758,592	**5,695,365**	3,480,842	**327,877**	449,027	**1,981,923**	3,058,273
Pound Sterling	**338,599**	281,106	**158,901**	167,463	**78,336**	54,682	**8,586**	16,106
Rands	**402,938**	88,671	**376,092**	341,148	**1,029**	2,522	**301,830**	2,331
United States Dollars	**230,265**	110,511	**142,532**	203,940	**197,139**	53,298	**157,569**	155,943
Australian Dollars	**16**	368	**-**	105	**16**	181	**-**	-
Seychelles Rupees	**145,748**	421	**18,617**	341,264	**26,969**	-	**-**	-
Mauritian Rupees	**815,424**	205,765	**13,393,296**	14,250,476	**817,160**	376,106	**13,955,892**	15,919,935
Moroccan Dirhams	**1,067,622**	630,601	**1,125,379**	1,108,096	**-**	-	**-**	-
Other	**114**	22	**39**	-	**114**	22	**39**	-
	3,219,404	2,076,057	**20,910,221**	19,893,334	**1,448,640**	935,838	**16,405,839**	19,152,588

	THE GROUP		THE COMPANY	
	2017 Rs'000	2016 Rs'000	**2017 Rs'000**	2016 Rs'000
Net exposure, excluding Mauritian Rupees	**(5,112,945)**	(3,772,566)	**(1,818,467)**	(2,672,921)

(b) Interest rate risk

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

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

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

	Increase in rates %	THE GROUP Effect on profit/loss before tax/Equity Rs'000	THE COMPANY Effect on profit/loss before tax/Equity Rs'000
2017			
Interest-bearing loans and borrowings in Rs	**1.00%**	**76,398**	**73,692**
Interest-bearing loans and borrowings in EUR	**0.25%**	**15,660**	**2,084**
Interest-bearing loans and borrowings in MAD	**0.25%**	**1,232**	**-**
Interest-bearing loans and borrowings in SCR	**0.25%**	**17**	**-**
Interest-bearing loans and borrowings in USD	**0.25%**	**340**	**340**

9. Financial risk management objectives and policies (Cont'd)

(b) Interest rate risk (Cont'd)

	Effect on Increase in rates	THE GROUP Effect on profit/loss before tax/Equity	THE COMPANY profit/loss before tax/Equity
	%	Rs'000	Rs'000
2016			
Interest-bearing loans and borrowings in Rs	1.00%	101,920	100,903
Interest-bearing loans and borrowings in EUR	0.25%	7,543	7,332
Interest-bearing loans and borrowings in MAD	0.25%	78	-
Interest-bearing loans and borrowings in SCR	0.25%	115	-

A decrease in the rates has an equal and opposite effect on profit before tax.

(c) Liquidity risk

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

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

The Group	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
2017						
Trade and other payables	**-**	**1,955,139**	**-**	**-**	**-**	**1,955,139**
Borrowings*	**1,874,996**	**93,612**	**4,617,953**	**6,040,871**	**7,933,241**	**20,560,673**
Other financial liabilities	**-**	**44,660**	**26,482**	**-**	**-**	**71,142**
	1,874,996	**2,093,411**	**4,644,435**	**6,040,871**	**7,933,241**	**22,586,954**
2016						
Trade and other payables	-	2,330,871	-	-	-	2,330,871
Borrowings*	3,623,965	457,241	2,495,191	9,748,028	4,132,370	20,456,795
Other financial liabilities	-	8,724	-	-	-	8,724
	3,623,965	2,796,836	2,495,191	9,748,028	4,132,370	22,796,390

* Borrowings include future interest costs.

The Company	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
2017						
Trade and other payables	**-**	**688,029**	**-**	**-**	**-**	**688,029**
Borrowings*	**1,710,133**	**24,999**	**4,159,689**	**4,554,066**	**4,607,521**	**15,056,408**
Other financial liabilities	**-**	**44,660**	**26,482**	**-**	**-**	**71,142**
	1,710,133	**757,688**	**4,186,171**	**4,554,066**	**4,607,521**	**15,815,579**
2016						
Trade and other payables	-	2,587,719	-	-	-	2,587,719
Borrowings*	3,432,596	388,137	2,264,185	9,243,585	3,911,485	19,239,988
Other financial liabilities	-	8,724	-	-	-	8,724
	3,432,596	2,984,580	2,264,185	9,243,585	3,911,485	21,836,431

* Borrowings include future interest costs.

(d) Equity price risk

The directors have assessed that the impact of a 5% increase or decrease in price of its available-for-sale financial assets will not be significant.

10. Capital Management

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

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

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The actual gearing is higher as anticipated by management and is pincipally due to the financing of projects as part of the Group's strategy. The gearing ratio will improve once cash is generated from the projects. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents. Total capital is based on equity attributable to equity holders of the parent' as shown in the statement of financial position. The gearing ratios at September 30, 2017 and September 30, 2016 were as follows:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest bearing loans and borrowings	**20,560,673**	20,456,795	**15,056,408**	19,239,988
Less interests costs included above	**(2,423,000)**	(2,903,055)	**(1,102,370)**	(2,683,841)
Less cash in hand and at bank	**(1,260,151)**	(545,903)	**(474,074)**	(71,416)
Net Debt	**16,877,522**	17,007,837	**13,479,964**	16,484,731
Equity	**10,870,762**	11,849,777	**7,961,454**	7,676,010
Equity attributable to equity holders of the parent	**10,870,762**	11,849,777	**7,961,454**	7,676,010
Gearing Ratio (Net debt/equity)	**155%**	144%	**169%**	215%

11. DISTRIBUTIONS
Accounting Policy

Cash dividend to equity holders

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

	GROUP AND COMPANY	
	2017	2016
	Rs'000	Rs'000
Dividend expense	**-**	159,809

No dividend was declared by the Company for the year ended September 30, 2017. The Company declared and paid a final dividend of Rs 0.33 per Ordinary share for a total of Rs 159M for the year ended September 30, 2016 in December 2016.

12. SEGMENTAL REPORTING

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

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

- Hotel operations - carried out in Mauritius, Seychelles and Morocco
- Tour operating - carried out in Mauritius, France, United Kingdom, Italia, South Africa.
- Airline and inland catering - carried out in Mauritius.
- Property development - carried out in Morocco and to be started in Mauritius.

Business segments

For the year ended September 30, 2017	Hotel operations	Tour Operations	Flight & Inland Catering	Property Development and others	Group
	Rs.'000	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**
Revenue	**7,662,751**	**1,264,711**	**246,049**	**354,705**	**9,528,216**
Profit/ (loss) after tax	**172,296**	**70,672**	**(7,237)**	**(202,872)**	**32,859**
Segment assets	**27,910,782**	**1,475,280**	**370,644**	**5,559,172**	**35,315,878**
Investment in associates	**-**	**-**	**-**	**478,919**	**478,919**
Total assets					**35,794,797**
Segment liabilities	**21,884,086**	**1,137,806**	**134,765**	**1,218,379**	**24,375,036**
Other segment information:					
Capital expenditure	**961,109**	**89,067**	**7,042**	**-**	**1,057,218**
Depreciation and impairment on property, plant and equipment	**580,195**	**47,474**	**12,616**	**18,918**	**659,203**
Amortisation of intangible assets	**4,036**	**14,696**	**-**	**-**	**18,732**
For the year ended September 30, 2016					
Revenue	7,543,084	1,285,561	292,820	479,992	9,601,457
(Loss)/profit after tax	(663,773)	(25,447)	23,024	(300,702)	(966,898)
Segment assets	27,494,251	1,413,474	402,872	5,722,903	35,033,500
Investment in associates	-	-	-	474,727	474,727
Total assets					35,508,227
Segment liabilities	20,655,174	1,134,604	111,822	1,706,844	23,608,444
Other segment information:					
Capital expenditure	563,976	79,079	17,629	2,015	662,699
Depreciation and impairment on property, plant and equipment	570,987	57,209	12,609	2,847	643,652
Amortisation of intangible assets	3,654	-	-	438	4,092

Geographical segments	Mauritius	Europe	Morocco	Other Countries	Group
For the year ended September 30, 2017	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**	**Rs.'000**
Segment revenue	**7,650,801**	**501,829**	**802,907**	**572,679**	**9,528,216**
Segment assets	**24,560,993**	**934,949**	**8,127,030**	**2,171,825**	**35,794,797**
Capital expenditure	**889,274**	**9,674**	**111,696**	**46,574**	**1,057,218**

Geographical segments	Mauritius	Europe	Morocco	Other Countries	Group
For the year ended September 30, 2016	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Segment revenue	7,622,751	524,845	848,706	605,155	9,601,457
Segment assets	23,677,330	954,104	8,422,355	2,454,438	35,508,227
Capital expenditure	547,645	4,867	74,090	36,097	662,699

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

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Functional currency

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

Going concern

The Board of directors has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future.

At September 30, 2017, the Group and the Company had net current liabilities of Rs 622m (2016: Rs 793m) and Rs 4.3bn (2016: Rs 4.4bn) respectively. On the other hand, the net cash position of the Group and the Company improved by Rs 1.4bn and Rs 1.1bn respectively.

The Directors believe that there is no going concern issue at Group and Company level given the availability of undrawn banking facilities (refer to note 36(a)) and certain elements such as deposits from guests and buyers of villas which are recorded in current liabilities but will not result in cash outflows in the next year. Moreover, the issue of multi-currency notes raised after the reporting period will enable the Group to reduce its bank indebtedness and optimise its financing structure. The launch of further strategic initiatives such as the development of a 295 room hotel in Seychelles and sale of residential properties at Les Salines will improve the overall cash flow position and profitability of the Group and the Company.

The Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

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

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 28(a).

Net investment in foreign operations

The Company has receivable balances from its overseas subsidiaries. The Directors reviewed those balances and concluded that, effective October 1, 2015, part of those balances qualified as ''net investment in foreign operations''. These amounts are regarded as monetary items that are receivable from foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future. Further amounts transferred during the financial year ended September 30, 2017 were regarded as net investment in foreign operations and included under investment in subsdidiaries. (refer to note 29 (ii) for more details)

Accordingly, the foreign exchange differences arising at the individual financial statements of the Company and its subsidiaries have been reclassified from profit or loss to other comprehensive income (foreign exchange reserves) upon consolidation in accordance with paragraph 32 of IAS 21 - The Effects of Changes in Foreign Exchange Rates.

SIGNIFICANT TRANSACTIONS AND EVENTS

13. Impairment losses

Included in impairment losses are the following:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Investment in subsidiaries (note (a) and (b))	**-**	-	**455,748**	2,271,939
Property, plant and equipment (note (b))	**-**	277,390	**-**	-
Investment in associates (note (c))	**-**	48,529	**-**	-
	-	325,919	**455,748**	2,271,939

Impairment of financial and non financial assets

At Company level, the impairment loss relates wholly to Investment in Beachcomber Hotel S.A. (2016: Investments in Domaine Palm Marrakech S.A - Rs 1,675m and Beachcomber Hotel S.A - Rs 596m).

At group level, in prior year, an amount of Rs 277m was recognised as impairment loss on Property, plant and equipment of Beachcomber Hotel S.A.

(a) Domaine Palm Marrakech S.A

For the year ended September 30, 2016, the recoverable amount for Domaine Palm Marrakech S.A was determined using discounted cash flow techniques. In preparing the financial forecasts, the Board took into consideration the financial model of the villa project which had been redesigned with the appointment of a real estate specialist during the financial year. Other factors influencing the sale of villas such as the global economic situation as well as the geo political situation in the region was taken into account.

13. Impairment losses (Cont'd)

Key assumptions used in recoverable amount calculations

The recoverable amount of Domaine Palm Marrakech S.A. was most sensitive to the following assumptions:

- Completion of phases 1, 2 and 3 of the sale of villas within timeframe:

Phase 1 consisted of the sale and delivery of 93 villas while Phase 2 consisted of 18 plots of bare land and 40 villas. Approval was obtained in the prior year from the Moroccan authorities to modify the master agreement with the Moroccan Government so as to allow the sale of bare land in Phase 2 of the property project. Phase 3 would consist of the sale and delivery of 150 villas and would expect to start after 2025. Marketing of villas for Phase 2 had already started.

- Maintaining selling price and gross margins on villas:

Average selling prices and gross margins for Phase 1 villa sales were based on existing rack prices and average margins achieved in past years.

Average selling prices, margins and contribution on sales of villas in phase 2 and 3 were based on management estimates and were expected to be higher than phase 1.

Discount rates:

Discount rates represented the current market assessment of the risks specific to a cash generating unit, taking into consideration the time value of money and individual risks of the underlying assets that had not been incorporated in the cash flow estimates. The discount rate (9.7%) calculation was based on the specific circumstances of the Group and was derived from its weighted average cost of capital (WACC). The WACC took into account both debt and equity. The cost of equity was derived from the expected return on investment by the Group's investors. The cost of debt was based on the interest bearing borrowings the Group is obliged to service.

Impairment and sensitivity of changes in assumptions:

Due to the low sales volume and continued difficulties in the prior year, the Board of Directors decided to adopt a conservative approach in the forecasts for the sale of villas. The Board has therefore considered it prudent to impair its investment and intercompany receivable from the moroccan subsidiary at Company level to allow for a potential downturn. In the prior year, an impairment of Rs 1,675m was charged against the investment in Domaine Palm Marrakech S.A. and represented a full write down of investment pertaining to the construction and sales of villas. The remaining carrying amount of investment and intercompany receivable from the moroccan subsidiary amounted to Rs 484.9m and is represented by the underlying non-current liabilities of the Company such as the golf course, Country Club and investment properties.

The Board of Directors remain committed towards the completed of phases 1, 2 and 3 and meeting the above targets. The net cash flows from sale of villas were slightly below targets for the financial year ended September 30, 2017, and therefore, there were no reversal of impairment charge on the investment leg pertaining to construction and sale of villas.

The Directors had used prudent assumptions in preparing the financial forecast but recognised that downward pressure on sales prices and/or margins and delays in receiving revenue from sales of villas can have a further significant impact on recoverable value of the Project at Group level whereby the carrying amount of the villas under inventory may be lower than their net realisable value.

(b) Beachcomber Hotel S.A

The recoverable amount for the hotel has been determined using discounted cash flow techniques. The Board of Directors has decided to adopt a prudent stance with respect to the carrying value of the hotel investments at Company level and the carrying value of the underlying hotel assets at Group level. Consequently, impairment losses of Rs 455.7m (2016: Rs 596m) and nil (2016:Rs 277m) were booked in the statement of profit and loss respectively against investments in subsidiaries at Company level and against the carrying amount of the hotel building at Group level respectively. As from May 1, 2017, the Royal Palm Marrakech management was taken over by Fairmont, a well established international hotel operator. The Board of Directors is confident that the Group will benefit from the network of Fairmont and this will have a positive impact on the hotel performance in future years.

Key assumptions used in recoverable amount calculations

The significant assumptions as follows are deemed conservative: (i) the occupancy rate is capped at 55% as from 2021 (ii) Guest night spending (GNS) for the coming years will increase by 34% between 2018 and up to 2022 but will remain below the industry average for comparable hotels in Marrakech; the GNS will increase by 4%/5% year on year as from 2022 (iii) Capital expenditure is kept relatively low for the next few years as the hotel is new but will increase as from 2022 (iv) the residual value was estimated at the end of its useful life.

Discount rates:

A discount rate of 10.69% representing the current market assessment of the risks specific to a cash generating unit was used. The discount rate calculation was based on the specific circumstances of the Group and was derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service.

(c) Other impairment

Marguerite Morroco Hospitality
In financial year 2016, the Group recognised an impairment loss of Rs 48m in respect of its investment held in Marguerite Morroco Hospitality following the poor past and expected performance of the associate.

14. EVENTS AFTER REPORTING DATE

Accounting Policy

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's consolidated financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

Events which occurred after the reporting date and which require disclosure in the financial statements for the year ended September 30, 2017 is as follows:

1. On October 1, 2017, The Group proceeded with the amalgamation of White Palm Ltd into Mautourco Ltd with the latter remaining as the surviving entity. The amalgamation will allow for improved synergies and increased operational performance.
2. On November 10, 2017, the Company has signed an an agreement with Club Med SAS (Club Med) for the redevelopment and subsequent rental of Sainte Anne Resort in Seychelles.The resort, which has been operated by the Group as a 87-room complex over the past 15 years, will be refurbished and extended as per Club Med's standards and requirements and would comprise a total of 295 rooms. NMH will transfer the Sainte Anne property to Beachcomber Hospitality Investments Ltd (BHI) in exchange for BHI shares, and the redevelopment costs estimated at EUR 70m will be financed by BHI through a combination of cash equity from BHI's minority shareholder and long term Euro-denominated debt. The Group's shareholding in BHI will remain at 55% after the issue of the new shares. Once redeveloped, the resort will be leased to Club Med for an initial term of 12 years. The resort was closed in September 2017 after an agreement was reached with the personnel for the implementation of a redundancy package. Redevelopment works are expected to start in the second quarter of 2018, with hand over to Club Med planned for the end of 2019.
3. On November 15, 2017, the Company has successfully completed its multi-currency note programme for an aggregate amount of Rs 3bn. The proceeds will be used to refinance the Company's existing financial liabilities and to benefit from lower interest rates and repayment of debts over longer tenor.
4. On November 30, 2017, the extension of Beachcomber Victoria Resort and Spa for 40 additional rooms was completed. These rooms have been transferred by NMH to BHI for a consideration of EUR 7.2m.

15. Related party transactions and disclosures

For the purposes of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or if they and the Group are subject to common control. Related parties may be individuals or other entities.

		THE GROUP		THE COMPANY	
		2017	2016	**2017**	2016
		Rs'000	Rs'000	**Rs'000**	Rs'000
The following transactions have been entered into with related parties:					
(i) Included in Revenue are:	Nature of goods or services				
Subsidiaries:					
Beachcomber Marketing (Pty) Ltd	Hotel packages	**-**	-	**649,183**	504,781
Beachcomber Tours	Hotel packages	**-**	-	**446,113**	467,174
Beachcomber Tours Limited	Hotel packages	**-**	-	**359,690**	378,651
Beachcomber Hospitality Investments Ltd	Management fees	**-**	-	**2,115**	-
Ste Anne Resorts Limited	Management fees	**-**	-	**9,175**	10,294
Santayarea by Beachcomber Ltd	Management fees	**-**	-	**10,401**	-
Beachcomber Hotel Marrakech S.A.	Promoter's fees	**-**	-	**1,134**	2,394
Domaine Palm Marrakech S.A.	Promoter's fees	**-**	-	**2,168**	1,009
White Palm Ltd	Rental income	**-**	-	**-**	-
		-	-	**1,479,979**	1,364,303
Associate:					
Parure Limitee	Space rental	**1,451**	2,489	**1,451**	2,489

(ii) Included in Other income are:

	Nature of goods or services	THE GROUP		THE COMPANY	
		2017	2016	**2017**	2016
		Rs'000	Rs'000	**Rs'000**	Rs'000
Subsidiaries:					
Beachcomber Hospitality Investments Ltd	Profit on disposal	**-**	-	**123,833**	-
Beachcomber Hospitality Investments Ltd	Dividend income	**-**	-	**46,094**	-

(iii) Included in Other expenses are:

	Nature of goods or services	THE GROUP		THE COMPANY	
		2017	2016	**2017**	2016
		Rs'000	Rs'000	**Rs'000**	Rs'000
Subsidiaries:					
Beachcomber Tours SA	Incentive commission	**-**	-	**5,057**	4,817
Mautourco Ltd	Incentive commission	**-**	-	**-**	504
White Palm Ltd	Incentive commission	**-**	-	**-**	157
Beachcomber Hospitality Investments Ltd	Rent	**-**	-	**365,240**	-
Beachcomber Training Academy Limited	Training courses	**-**	-	**3,509**	3,446
Santayarea by Beachcomber Ltd	Training courses	**-**	-	**4,800**	5,600
Associate:					
Launderers (Hotels & Restaurants) Ltd	Laundry services	**128,417**	132,739	**128,417**	132,739
Other related parties:					
New Mauritius Hotels Superannuation Fund	Rent	**28,728**	26,512	**28,728**	26,512
ENL Property Limited	Consultancy fees	**13,269**	9,947	**13,269**	9,947
ENL Limited	Secretarial fees	**1,075**	125	**1,075**	125

15. Related party transactions and disclosures (Cont'd)

(iv) Included in Finance costs are:

	Nature of goods or services	THE GROUP 2017 Rs'000	THE GROUP 2016 Rs'000	THE COMPANY 2017 Rs'000	THE COMPANY 2016 Rs'000
Interest on call account with subsidiaries:					
Beachcomber Marketing (Pty) Ltd	Interest on call a/c	-	-	19,661	21,471
		-	-	19,661	21,471
Included in interest on finance lease:					
Beachcomber Limited		-	-	3,253	5,673
Included in interest on loans and overdrafts:					
Subsidiaries:					
Beachcomber Limited	Interest on loans	-	-	22,420	20,547
Beachcomber Limited	Interest on loans capitalised	-	-	9,855	47,013
Ste Anne Resorts Limited	Interest on loans	-	-	14,857	12,626
		-	-	47,132	80,186
(v) Included in Finance income:					
Subsidiaries:					
Beachcomber Hospitality Investments Ltd		-	-	164,451	-

(vi) Included in the Trade receivables balance are:

	THE GROUP 2017 Rs'000	THE GROUP 2016 Rs'000	THE COMPANY 2017 Rs'000	THE COMPANY 2016 Rs'000
Subsidiaries:				
Beachcomber Tours	-	-	88,840	120,788
Beachcomber Tours Limited	-	-	28,890	19,553
Beachcomber Marketing (Pty) Ltd	-	-	54,929	54,264
White Palm Ltd	-	-	912	1,097
Trans-Maurice Car Rental Ltd	-	-	-	52
Mautourco Ltd	-	-	2,195	1,172
	-	-	175,766	196,926

(vii) Year end balances receivables from associates:

	THE GROUP 2017 Rs.'000	THE GROUP 2016 Rs.'000	THE COMPANY 2017 Rs.'000	THE COMPANY 2016 Rs.'000
Associates:				
Parure Limitee	207	541	207	541
Societe Cajeva	12,803	12,748	12,803	12,748
	13,010	13,289	13,010	13,289

15. Related party transactions and disclosures (Cont'd)

(viii) Year-end balances receivable from related parties

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Subsidiaries:				
Ste Anne Resorts Limited	**-**	-	**26,969**	50,000
Beachcomber Gold Coast Limited	**-**	-	**107,357**	107,357
Kingfisher Ltd	**-**	-	**2,350**	2,350
New Mauritius Hotels - Italia Srl	**-**	-	**31,111**	28,299
Les Salines Development Ltd	**-**	-	**21**	20
Les Salines Golf and Resort Limited	**-**	-	**63,698**	53,420
Beachcomber Training Academy Limited	**-**	-	**12,892**	11,194
Plaisance Catering Limited	**-**	-	**75**	75
Beachcomber Hospitality Investments Ltd	**-**	-	**223,441**	-
White Palm Ltd	**-**	-	**5,683**	-
Domaine de L'Harmonie Ltd	**-**	-	**2,977**	-
Santayarea by Beachcomber Ltd	**-**	-	**8,025**	3,100
	-	-	**484,599**	255,815
Other related party:				
New Mauritius Hotels Superannuation Fund	**156**	15,860	**156**	15,860

(ix) Included in the loan at call payable to subsidiaries balance are:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Subsidiary:				
Loan at call payable to Beachcomber Marketing (Pty) Ltd	**-**	-	**299,594**	320,149
	-	-	**299,594**	320,149
Shareholder's loan receivable from related party included under long term loan receivables				
Beachcomber Hospitality Investments Ltd	**-**	-	**1,719,142**	-

(x) Long term receivables included in investment in subsidiaries

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Ste Anne Resorts Limited	**-**	-	**1,029,298**	729,774
Beachcomber Hotel S.A.	**-**	-	**93,556**	102,969
Domaine Palm Marrakech S.A.	**-**	-	**44,033**	-
	-	-	**1,166,887**	832,743

Refer to Note 29(ii) for more details.

15. Related party transactions and disclosures (Cont'd)

(xi) Included in other payables balance are:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Subsidiaries:				
Beachcomber Tours	**-**	-	**5,616**	10,705
Beachcomber Marketing (Pty) Ltd	**-**	-	**7,294**	7,148
Holiday Marketing (Pty) Ltd	**-**	-	**-**	71
Beachcomber Tours Limited	**-**	-	**2,437**	10,259
Mautourco Ltd	**-**	-	**1,484**	2,728
White Palm Ltd	**-**	-	**3,372**	1,100
Beachcomber Training Academy Limited	**-**	-	**80**	-
Beachcomber Hospitality Investments Ltd	**-**	-	**31,375**	-
Ste Anne Resorts Limited	**-**	-	**3,184**	-
	-	-	**54,842**	32,011
Associate:				
Launderers (Hotels & Restaurants) Ltd	**14,766**	9,872	**14,766**	9,872
Other related parties:				
Fondation Espoir Developpement (Not for profit organisation)	**168**	356	**168**	356
ENL Property Limited	**-**	1,067	**-**	1,067
ENL Limited	**-**	125	**-**	125
ENL Corporate Services	**5**	-	**5**	-

(xii) Year-end balances payable to related parties

Subsidiaries:				
Beachcomber Hotel S.A.	**-**	-	**2,237**	-
Beachcomber Tours Limited	**-**	-	**6,975**	-
Beachcomber Limited	**-**	-	**1,364,090**	1,465,569
	-	-	**1,373,302**	1,465,569

(xiii) Interest bearing loans and borrowings from related parties included in "term loans":

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Loans payable to GRIT Real Estate Income Group Limited	**1,374,101**	-	**-**	-
Loans payable to Beachcomber Limited	**-**	-	**316,703**	927,820
Loans payable to Ste Anne Resorts Limited	**-**	-	**261,471**	309,465
	1,374,101	-	**578,174**	1,237,285

(xiv) Borrowings from related parties included in "obligations under finance leases":

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Beachcomber Limited	**-**	-	**24,492**	54,091

15. Related party transactions and disclosures (Cont'd)

- Terms and conditions of transactions with related parties

Outstanding balances at year-end are unsecured and settlement occurs in cash. New Mauritius Hotels Limited has acted as guarantor for a EUR 1.5m loan, EUR 2.5m and EUR 5m granted to Ste Anne Resorts Limited. For the financial year, the Company assessed recoverability of amounts owed by related parties and an impairment loss of Rs 455.7m was recorded for amount due by Beachcomber Hotel S.A. (2016: impairment losses of Rs 1,675m and Rs 596m were recorded for Domaine Palm Marrakech S.A. and Beachcomber Hotel S.A. respectively). Refer to note 13 for more details. The Group assessed provision for impairment from its associates and no impairment was noted. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Notes 13 and 28.

Loans from related parties

Loan payable at call to Beachcomber Marketing (Pty) Ltd bears fixed interest rate at 7.5%.

Loans payable to Beachcomber Limited comprise of three loans of Rs 66.7M (2016: Rs 77.8M) , Rs 100M (2016: Rs 100M) and Rs 150M (2016: Rs 125M). The first loan bears an interest rate of PLR+1%; the second loan bears a fixed interest rate of 6.75%, and the third loan bears an interest rate of PLR-1.25%.

The maturity of the loans due to Beachcomber Limited is between 2017 and 2023.

Loans payable to Ste Anne Resorts Limited comprises of four loans of EUR 133,333 (2016: EUR 177,778), EUR 0.6M (2016: EUR 0.8M), EUR 2.5M (2016: EUR 2.5M) and EUR 3.3M (2016: EUR 4.25M). The first two loans bear an interest rate of Libor 1 month +4% and the other two loans bear an interest rate of Libor 1 month +5.25%. The maturity of these loans is in 2020.

Finance lease facilities taken from related parties.

The Company benefited from leasing facilities from leasing companies through Beachcomber Limited regarding kitchen and gym equipment. The lease was contracted between Beachcomber Limited and the lessor. The amount due by the Company to Beachcomber Limited amounts to Rs 24M (2016: Rs 54M).

Interest is payable at a rate of 8.5% p.a, and the lease is payable within 2 years.
New Mauritius Hotels Limited has confirmed its continuous financial support to its subsidiaries, namely Ste Anne Resorts Limited, White Palm Ltd and Mautourco Ltd because all of them are in a net current liability position as at September 30, 2017.

(xv) Compensation of key management personnel

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Short term employee benefits and termination settlements	**173,563**	190,481	**106,748**	105,180
Post-employment benefits	**12,423**	10,753	**10,656**	8,079
Termination settlement	**-**	17,500	**-**	17,500
	185,986	218,734	**117,404**	130,759

16. Insurance recovery/(loss) from fraud

In March 2016, a fraud of some Rs 115M had been committed to the detriment of the Company through devious electronic means and impersonation. The fraud resulted in 2 transfers to a foreign bank account. During 2017, the Company has received an amount of Rs 59m as final insurance settlement pertaining to this matter.

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Insurance recovery/(loss) from fraud	**59,151**	(115,210)	**59,151**	(115,210)

17. Rebranding and reorganisation costs

		THE GROUP		THE COMPANY	
	Notes	**2017**	2016	**2017**	2016
		Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Rebranding expenses	(i)	**-**	35,796	**-**	33,462
Reorganisation expenses	(ii)	**-**	83,441	**-**	46,113
		-	119,237	**-**	79,575

(i) This relates to rebranding expenses incurred in 2016 by the Group to reposition the Beachcomber brand and the re-shaping of the corporate identity.

(ii) This relates to the consulting and professional fees incurred for the setting up of the Beachcomber Hospitality Investments Ltd (BHI) and the termination settlement of key management personnel in 2016.

18. Staff costs

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Wages, salaries, fees and bonuses	**2,248,966**	2,365,661	**1,633,672**	1,641,032
Social security costs	**298,454**	221,120	**159,923**	150,515
Other employee benefits and related expenses	**691,886**	659,371	**573,087**	560,169
	3,239,306	3,246,152	**2,366,682**	2,351,716

19. Other expenses

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Operating supplies and cleaning expenses	**445,452**	427,948	**341,531**	353,219
Repairs and maintenance	**244,061**	281,751	**217,221**	216,516
Utility costs	**544,297**	574,515	**403,826**	417,665
Marketing expenses	**791,016**	825,794	**494,098**	499,598
Guest entertainment	**101,429**	109,209	**97,285**	100,860
Administrative expenses	**523,397**	435,467	**260,635**	179,406
Operating lease rentals	**181,738**	208,127	**554,619**	146,107
Licences, patents, insurance and taxes	**143,925**	157,978	**130,372**	129,609
	2,975,315	3,020,789	**2,499,587**	2,042,980

20. Closure costs

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Staff costs	**83,556**	-	**49,721**	-
Other expenses	**17,866**	-	**17,866**	-
	101,422	-	**67,587**	-

Closure costs relates to payroll costs and other expenses incurred by the Company during the closure of Le Cannonier Beachcomber Golf Resorts & Spa. At Group level, the staff costs also include an amount of Rs 33.8m paid as redundancy costs to former Ste Anne Resort employees.

21. Finance revenue

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Exchange gain on retranslation of loans and debentures	**81,976**	4,521	**79,950**	-
Interest income	**12,029**	10,253	**165,487**	1,232
	94,005	14,774	**245,437**	1,232

Included in interest income of the Company, is an amount of Rs 164m pertaining to interest received on shareholder loan to BHI. Refer to note 32 for terms and conditions.

22. Finance costs

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Exchange loss on retranslation of loans and debentures	**39,704**	38,997	**-**	29,887
Loss on derivatives	**71,142**	-	**71,142**	-
Dividends on preference shares	**109,547**	109,129	**109,547**	109,129
Interest costs on:				
Bank overdrafts	**102,924**	110,845	**100,208**	82,464
Loans	**720,578**	797,539	**530,845**	564,172
Debentures	**46,675**	73,789	**46,675**	-
Finance leases	**24,369**	26,175	**16,496**	21,372
Call account with subsidiaries (Note 15(iii))	**-**	-	**19,661**	21,471
Others	**5,264**	11,082	**5,264**	11,082
	1,120,203	1,167,556	**899,838**	839,577
Less borrowing costs capitalised	**(71,611)**	(185,668)	**(62,848)**	(82,047)
	1,048,592	981,888	**836,990**	757,530

Accounting Policy

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.

Borrowing costs capitalised can be analysed as follows:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Interest cost on bank loans and overdrafts and debentures included in:				
Property, plant and equipment (Note 26 (c))	**(901)**	(19,249)	**-**	-
Inventories (Note 33 (c))	**(65,329)**	(158,236)	**(62,848)**	(82,047)
Cost of sales	**(5,381)**	(8,183)	**-**	-
Total borrowing costs capitalised	**(71,611)**	(185,668)	**(62,848)**	(82,047)

23. Other income

		THE GROUP		THE COMPANY	
		2017	2016	**2017**	2016
		Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Other operating income		**31,817**	2,776	**-**	-
Insurance refund		**-**	10,000	**-**	10,000
Investment income:	Quoted	**7**	5	**7**	5
	Unquoted	**35**	23	**65,034**	25,665
Realised exchange gain on forward contracts		**-**	3,742	**-**	3,742
Exchange gain on treasury transactions		**307,517**	104,590	**307,517**	104,590
Exchange gain on retranslation of receivables from subsidiaries		**-**	-	**11,931**	13,125
		339,376	121,136	**384,489**	157,127

24. Income tax

Accounting Policy

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 utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.
Deferred income tax assets and liabilities are measured at the tax rates (2016: 17%) 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.

24. Income tax (Cont'd)

Accounting Policy

Deferred income tax (Cont'd)

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.

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 Profit or Loss and other 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.

Interest and penalties

Management consider that penalties and interest have the characteristics of tax since they are paid to the tax authorities, are not tax deductible expenses and should therefore form part of tax expense.

Significant accounting judgements and estimates

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

24. Income tax (Cont'd)

(a) Current income tax	THE GROUP 2017 Rs.'000	THE GROUP 2016 Rs.'000	THE COMPANY 2017 Rs.'000	THE COMPANY 2016 Rs.'000
The major components of income tax expense for the years ended September 30, 2017 and 2016 are:				
Statement of profit or loss:				
Income tax charge on the adjusted profit for the year at 15% (2016: 15%)	**(83,247)**	(32,347)	**-**	-
Corporate Social Responsibility (CSR)	**(5,652)**	(7,792)	**(5,652)**	(7,376)
Deferred tax movement (Note 24 (b))	**(56,199)**	(143,150)	**(104,911)**	(78,247)
Over/(under) provision of tax in previous year	**17,646**	(25,458)	**18,862**	-
Income tax expense	**(127,452)**	(208,747)	**(91,701)**	(85,623)
Statement of other comprehensive income:				
Deferred tax relating to items recognised in other comprehensive income				
Remeasurement of employee benefit liabilities	**51,492**	16,390	**50,435**	15,658
Gains on revaluation of property	**-**	(16,440)	**-**	(57,623)
	51,492	(50)	**50,435**	(41,965)

	THE GROUP 2017 Rs.'000	THE GROUP 2016 Rs.'000	THE COMPANY 2017 Rs.'000	THE COMPANY 2016 Rs.'000
Statements of financial position				
At October 1,	**(16,062)**	9,686	**12,822**	12,578
Income tax on the adjusted profit for the year at 30% to 15% (2016: 30% to 15%)	**(71,253)**	(65,597)	**(5,652)**	(7,376)
Exchange differences	**(7,855)**	1,853	-	-
Less: Payment during the year	**107,404**	37,996	**5,847**	7,620
At September 30,	**12,234**	(16,062)	**13,017**	12,822
Analysis of tax position at year end:				
Income tax prepaid	**31,895**	12,822	**13,017**	12,822
Income tax payable	**(19,661)**	(28,884)	**-**	-
	12,234	(16,062)	**13,017**	12,822

A reconciliation between tax expense and the product of accounting profit multiplied by the Mauritian's tax rate for the years ended September 30, 2017 and 2016 as follows:

	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
Profit before tax	**160,311**	(758,151)	**271,622**	(1,905,464)
Tax calculated at a tax rate of 15% to 30% (2016: 15% to 30%)	**65,862**	220,031	**(40,743)**	285,820
Corporate Social Responsibilty (CSR)	**(5,652)**	(7,792)	**(5,652)**	(7,376)
Effect of temporary difference on CSR	**(6,062)**	(9,534)	**(5,432)**	(9,206)
Expenses not deductible for tax purposes	**(134,443)**	(86,359)	**(114,794)**	(358,711)
Reversal of previously recognised tax losses	**-**	(69,460)	**-**	-
Deferred tax asset not recognised	**(131,480)**	(245,001)	**-**	-
(Under)/overprovision of tax in previous year	**17,646**	(25,458)	**18,862**	-
Income not subject to tax	**66,677**	14,826	**56,058**	3,850
Tax expense	**(127,452)**	(208,747)	**(91,701)**	(85,623)

24. Income tax (Cont'd)

(b) Deferred income tax

THE GROUP

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

	Statement of financial position		Statement of profit or loss		Statement of other comprehensive income	
	2017	2016	**2017**	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Deferred tax liability						
Accelerated capital allowances	**1,663,192**	1,723,901	**(60,709)**	103,010	**-**	-
Assets revaluation	**880,479**	880,479	**-**	7,029	**-**	16,440
Employee benefit liability	**(266,801)**	(212,089)	**(3,220)**	(5,408)	**(51,492)**	(16,390)
Provision	**(13,285)**	(10,278)	**(3,007)**	(2,971)		
Exchange differences	**1,307**	(1,446)	**2,753**	(16,658)	**-**	-
	2,264,892	2,380,567				
Deferred income tax assets						
Losses available for offsetting against future taxable income	**(496,332)**	(612,856)	**116,524**	53,354	**-**	-
Exchange differences	**4,984**	1,126	**3,858**	4,794	**-**	-
	(491,348)	(611,730)				
Deferred tax liabilities (net)	**1,773,544**	1,768,837				
Disclosed as follows:						
Deferred tax asset	**(134,556)**	(139,540)				
Deferred tax liability	**1,908,100**	1,908,377				
	1,773,544	1,768,837				
Deferred income tax release (Note 6.6(a))			**56,199**	143,150		
Deferred income tax charged/(credited) to other comprehensive income					**(51,492)**	50

The Group has determined that deferred tax assets cannot be recognised on tax losses of Rs 829m carried forward since there is uncertainty on whether future taxable profit will be available against which the unused tax losses can be utilised.

THE COMPANY

	Statement of financial position		Statement of profit or loss		Statement of other comprehensive income	
	2017	2016	**2017**	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Accelerated capital allowances	**1,633,688**	1,573,389	**60,299**	73,063	**-**	-
Assets revaluation *	**525,095**	874,325	**-**	-	**-**	57,623
Losses available for offsetting against future taxable income	**(368,880)**	(398,469)	**29,589**	13,368	**-**	-
Provision	**(10,329)**	(9,840)	**(489)**	(3,072)	**-**	-
Employee benefit liability	**(262,135)**	(208,350)	**(3,350)**	(5,112)	**(50,435)**	(15,658)
Deferred tax liabilities	**1,517,439**	1,831,055			**-**	-
Deferred income tax release (Note 6.6(a))			**86,049**	78,247	**-**	-
Deferred income tax charged/(credited) to other comprehensive income					**(50,435)**	41,965

* The movement in asset revaluation of Rs 349m pertains to deferred tax effect arising on the disposal of property which has been accounted in the statement of changes of equity.

25. Earnings per share

Accounting Policy

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	2017	2016
	Rs '000	Rs '000
Loss attributable to ordinary equity holders of the parent for basic earnings	**(38,472)**	(997,678)
Interest on convertible preference shares	**109,547**	109,129
Profit/(loss) attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**71,075**	(888,549)

	2017	2016
Weighted average number of ordinary shares for basic EPS ('000)	**484,271**	484,271
Effects of dilution from convertible preference shares ('000)	**88,555**	95,087
Weighted average number of ordinary shares adjusted for the effect of dilution ('000)	**572,826**	579,358

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements. The preference shares are not convertible into fixed number of shares and conversion is at the option of the shareholder in January 2018 and 2019. The conversion will be effected at a factor of Rs 11 divided by the average market value of the ordinary shares during a 90 day period prior to the date of conversion less a 10% discount.

Diluted EPS (Rs)	**0.12**	(1.53)

26. Property, plant and equipment

Accounting Policy

Plant and equipment are 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 every 2 years; in prior years, revaluations were performed annually.

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

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date or when events or changes in 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
Plant and equipment	Between 6 to 15 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

For Hotels buildings, depreciation is calculated on the straight-line basis at the remaining life of the lease terms.

Other fixed assets include plant and equipment, furniture and fittings, office equipment and electrical appliances and computers and electronic equipment.

Work in progress pertains mainly to costs incurred for the renovation works at Canonnier Beachcomber Golf Resort & Spa and extension works at Victoria Beachcomber Resort & Spa.

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.

Significant accounting judgements and estimates

Revaluation of freehold land, hotel buildings and investment properties

The Group measures freehold land and hotel buildings at revalued amounts with changes in fair value being recognised in equity. In addition, it carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist to determine fair value based on prevailing market data. Further details in respect of the freehold land and buildings and investment properties are contained in Note 26 and 27 respectively.

26. Property, plant and equipment (Cont'd)

Significant accounting judgements and estimates (Cont'd)

Property, plant and equipment: Estimations of the useful lives and residual value of the assets

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

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

THE GROUP	Freehold Land Rs.'000	Buildings Rs.'000	Other Fixed Assets Rs.'000	Motor Vehicles Rs.'000	Work in Progress Rs.'000	Total Rs.'000
Cost and valuation						
At October 1, 2015	2,311,281	21,141,252	5,099,500	411,755	205,089	29,168,877
Additions	812	66,541	235,234	143,730	216,382	662,699
Transfer*	-	(454,933)	460,207	-	(5,274)	-
Disposals	-	-	(21,083)	(104,328)	-	(125,411)
Scrapped	-	-	(22,536)	(11,192)	-	(33,728)
Revaluation	(458,263)	216,013	-	-	-	(242,250)
Impairment (Note 13)	-	(328,133)	-	-	-	(328,133)
Exchange differences	(7,507)	(54,629)	(5,953)	(870)	(5,878)	(74,837)
At September 30, 2016	1,846,323	20,586,111	5,745,369	439,095	410,319	29,027,217
Depreciation						
At October 1, 2015	-	198,578	3,275,850	186,017	-	3,660,445
Charge for the year	-	185,533	387,563	70,556	-	643,652
Disposals	-	-	(19,663)	(84,768)	-	(104,431)
Scrapped	-	-	(21,001)	(9,686)	-	(30,687)
Revaluation	-	(135,983)	-	-	-	(135,983)
Impairment (Note 13)	-	(50,743)	-	-	-	(50,743)
Exchange differences	-	(2,720)	(7,668)	(631)	-	(11,019)
At September 30, 2016	-	194,665)	3,615,081	161,488	-	3,971,234
Net Book Values						
At September 30, 2016	1,846,323	20,391,446	2,130,288	277,607	410,319	25,055,983
At September 30, 2015	2,311,281	20,942,674	1,823,650	225,738	205,089	25,508,432

* A reclassification of Rs 460m was within the classes of property, plant and equipment comprising Rs 455m transferred from buildings and Rs 5m transferred from work in progress to other fixed assets as a result of plant and machinery previously being classified under buildings at Beachcomber Hotels Marrakech and Rs 5m from work in progress to buildings arising at Company level.

26. Property, plant and equipment (Cont'd)

THE GROUP	Freehold Land Rs.'000	Buildings Rs.'000	Other Fixed Assets Rs.'000	Motor Vehicles Rs.'000	Work in Progress Rs.'000	Total Rs.'000
Cost and valuation						
At October 1, 2016	1,846,323	20,586,111	5,745,369	439,095	410,319	29,027,217
Additions	-	71,279	232,976	80,088	672,875	1,057,218
Transfer*	-	342,196	67,071	-	(409,267)	-
Disposals	(81,025)	-	(33,596)	(53,112)	-	(167,733)
Scrapped	-	-	(57,318)	-	-	(57,318)
Exchange differences	(32,227)	(291,561)	(87,414)	(3,484)	(10,840)	(425,526)
At September 30, 2017	**1,733,071**	**20,708,025**	**5,867,088**	**462,587**	**663,087**	**29,433,858**
Depreciation						
At October 1, 2016	-	194,665	3,615,081	161,488	-	3,971,234
Charge for the year	-	196,291	398,323	64,589	-	659,203
Disposals	-	-	(31,076)	(45,602)	-	(76,678)
Scrapped	-	-	(56,010)	-	-	(56,010)
Exchange differences	-	(4,567)	(33,067)	(1,941)	-	(39,575)
At September 30, 2017	**-**	**386,389**	**3,893,251**	**178,534**	**-**	**4,458,174**
Net Book Values						
At September 30, 2017	**1,733,071**	**20,321,636**	**1,973,837**	**284,053**	**663,087**	**24,975,684**
At September 30, 2016	1,846,323	20,391,446	2,130,288	277,607	410,319	25,055,983

* A total transfer of Rs 409m has been made during the year where a transfer of Rs 91m was made to buildings and Rs 67m to other fixed assets at Company level. At Group level, a transfer of Rs 251m was made from work-in-progress to building with respect to Country Club in Domaine Palm Marrakech which opened in September 2017.

26. Property, plant and equipment (Cont'd)

	Freehold Land	Buildings	Other Fixed Assets	Motor Vehicles	Work in Progress	Total
THE COMPANY	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost and valuation						
At October 1, 2015	1,058,625	15,196,969	4,095,231	224,623	24,367	20,599,815
Additions	-	54,039	194,285	80,075	145,809	474,208
Transfer	-	5,262	12	-	(5,274)	-
Disposals	-	-	(14,728)	(58,063)	-	(72,791)
Scrapped	-	-	(15,964)	(11,192)	-	(27,156)
Revaluation	2,000	221,943	-	-	-	223,943
At September 30, 2016	1,060,625	15,478,213	4,258,836	235,443	164,902	21,198,019
Depreciation						
At October 1, 2015	-	123,616	2,915,171	120,189	-	3,158,976
Charge for the year	-	126,401	237,757	28,372	-	392,530
Disposals	-	-	(13,971)	(44,378)	-	(58,349)
Scrapped	-	-	(14,428)	(9,686)	-	(24,114)
Revaluation	-	(117,017)	-	-	-	(117,017)
At September 30, 2016	-	133,000	3,124,529	94,497	-	3,352,026
Net Book Values						
At September 30, 2016	1,060,625	15,345,213	1,134,307	140,946	164,902	17,845,993
At September 30, 2015	1,058,625	15,073,353	1,180,060	104,434	24,367	17,440,839
At October 1, 2016	1,060,625	15,478,213	4,258,836	235,443	164,902	21,198,019
Additions	-	50,292	187,652	8,869	567,202	814,015
Transfer*	-	91,470	67,071	-	(363,964)	(205,423)
Disposals**	(81,025)	(3,817,843)	(22,934)	(14,857)	-	(3,936,659)
Scrapped	-	-	(57,318)	-	-	(57,318)
At September 30, 2017	**979,600**	**11,802,132**	**4,433,307**	**229,455**	**368,140**	**17,812,634**
Depreciation						
At October 1, 2016	-	133,000	3,124,529	94,497	-	3,352,026
Charge for the year	-	104,952	248,945	31,065	-	384,962
Disposals	-	(57,984)	(20,414)	(11,119)	-	(89,517)
Scrapped	-	-	(56,011)	-	-	(56,011)
At September 30, 2017	**-**	**179,968**	**3,297,049**	**114,443**	**-**	**3,591,460**
Net Book Values						
At September 30, 2017	**979,600**	**11,622,164**	**1,136,258**	**115,012**	**368,140**	**14,221,174**
At September 30, 2016	1,060,625	15,345,213	1,134,307	140,946	164,902	17,845,993

* A reclassification of Rs 159m was made within the classes of property, plant and equipment comprising Rs 91m transferred from work in progress to building and Rs 67m to other fixed assets. A net transfer of Rs 205m has been made from work in progress to intercompany receivables due from Beachcomber Hospitality Investments Ltd as at year end with respect to renovation works of Le Canonnier Beachcomber hotel.

**During the year, 4.63 arpents of land has been sold with respect to Les Salines amounting to Rs 81m. Note 43 provides details on the disposal of building with respect to Canonnier Beachcomber Golf Resorts & Spa, Mauricia Beachcomber Resort & Spa and Victoria Beachcomber Resort & Spa to Beachcomber Hospitality Investments Ltd.

(a) Revaluation of freehold land and buildings

The Group and the Company have a policy of revaluing its freehold land and buildings every two years. The last revaluation was made on September 30, 2016 by Mr. Noor Dilmohamed, Bsc (Appl) Val, Dip L.S. FAPI, Certified Practising Valuer and Cabinet Lazrak based on open market value.

The Group has assessed that the highest and best use of its properties does not differ from their current use.

The revalued land and buildings consist of hotel properties. Management determined that these constitute two classes of assets - namely land and buildings - under IFRS 13, based on the nature, characteristics and risks of the property. Fair value of the properties was determined by using open market value. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. The freehold land and buildings have been classified as level 2 as it is based on sales comparison approach.

26. Property, plant and equipment (Cont'd)

Significant observable valuation input		2017 Range	2016 Range
Price per square metre:	- Freehold Land	**Rs 996 - Rs 3,591**	Rs 996 - Rs 3,591
	- Building	**Rs 35,304 - Rs 63,776**	Rs 35,304 - Rs 63,776

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value.

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

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Cost	**17,653,218**	17,320,768	**8,339,628**	12,096,734
Accumulated depreciation	**(1,103,272)**	(969,060)	**(850,164)**	(785,664)
Net carrying amount	**16,549,946**	16,351,708	**7,489,464**	11,311,070

(c) Borrowing costs

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
Les Salines, Les Salines Golf and Resorts and Marrakech projects and renovation of Royal Palm:				
Borrowing costs capitalised in property, plant and equipment (note 22)	**901**	19,249	**-**	-

The rate used to determine the amount of interest costs eligible for capitalisation varied between 2.2% to 4.9% for loans in foreign currency and 5.0% - 7.5% for loans denominated in Mauritian rupees.

(d) Assets held under finance leases

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
The carrying amount of property, plant and equipment held under finance leases was:	**Rs.'000**	Rs.'000	**Rs.'000**	Rs.'000
Plant and equipment and furniture included in other fixed assets				
Cost	**576,676**	584,873	**521,186**	526,582
Accumulated depreciation	**(348,741)**	(295,340)	**(315,626)**	(267,410)
Net book values	**227,935**	289,533	**205,560**	259,172
Motor vehicles				
Cost	**275,740**	375,077	**160,960**	192,152
Accumulated depreciation	**(118,486)**	(130,145)	**(72,215)**	(59,225)
Net book values	**157,254**	244,932	**88,745**	132,927

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

(f) Part of the total acquisition of property, plant and equipment which was financed by leases amounted to Rs 44.6m (2016: Rs 126.2m) for the Group and Rs 6.4m (2016: Rs 71.5m) for the Company.

27. Investment properties

Accounting Policy

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.

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs.'000**	Rs.'000
At October 1,	**363,964**	366,000	**-**	-
Foreign exchange difference	**(20,581)**	(2,036)	**-**	-
At September 30,	**343,383**	363,964	**-**	-

(a) Investment properties are stated at fair value, based on valuations performed by independent certified practising valuers, Sofigex SARL. Management determined that these constitute one class of asset under IFRS 13, based on the nature, characteristics and risks of the property. Fair value of the properties was determined by using open market value. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. The investment properties have been classified as level 2 as it is based on sales comparison approach.

The Group has assessed that the highest and best use of its properties do not differ from their current use.

Significant unobservable valuation input	**2017**	2016
	Rs.'000	Rs.'000
Price per square metre	**4,292**	4,575

28. Intangible assets

Accounting Policy

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

Other intangible assets

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

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

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

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

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

Leasehold rights

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

28. Intangible assets (Cont'd)

Patents

The trademark, "White Sand Tours" was acquired by the subsidiary White Palm Limited. The trademark has a useful life of five years and is amortised on a straight-line basis over its useful life.

Licences

Licences are amortised over a period of five years.

THE GROUP

	Goodwill arising on Acquisition	Leasehold Rights	Patents	Licences	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Cost					
At October 1, 2015	1,259,000	450,554	24,493	3,150	1,737,197
Exchange differences	-	(1,121)	-	-	(1,121)
At September 30, 2016	1,259,000	449,433	24,493	3,150	1,736,076
Amortisation					
At October 1, 2015	5,883	32,091	-	3,150	41,124
Amortisation charge	-	4,092	-	-	4,092
Exchange differences	-	(235)	-	-	(235)
At September 30, 2016	5,883	35,948	-	3,150	44,981
Net book values					
At September 30, 2016	1,253,117	413,485	24,493	-	1,691,095
At September 30, 2015	1,253,117	418,463	24,493	-	1,696,073
Cost					
At October 1, 2016	1,259,000	449,433	24,493	3,150	1,736,076
Exchange differences	-	(4,650)	-	-	(4,650)
At September 30, 2017	**1,259,000**	**444,783**	**24,493**	**3,150**	**1,731,426**
Amortisation					
At October 1, 2016	5,883	35,948	-	3,150	44,981
Amortisation charge	-	4,036	14,696	-	18,732
Exchange differences	-	(600)	-	-	(600)
At September 30, 2017	**5,883**	**39,384**	**14,696**	**3,150**	**63,113**
Net book values					
At September 30, 2017	**1,253,117**	**405,399**	**9,797**	**-**	**1,668,313**
At September 30, 2016	1,253,117	413,485	24,493	-	1,691,095

THE COMPANY

	Goodwill arising on Acquisition	Leasehold Rights	Total
	Rs.'000	Rs.'000	Rs.'000
Cost			
At October 1, 2015 and September 30, 2016	1,089,892	140,247	1,230,139
Amortisation			
At October 1, 2015	-	13,558	13,558
Amortisation charge	-	2,341	2,341
At September 30, 2016	-	15,899	15,899
Net book values			
At September 30, 2016	1,089,892	124,348	1,214,240
At September 30, 2015	1,089,892	126,689	1,216,581
Cost			
At October 1, 2016 and September 30, 2017	1,089,892	140,247	1,230,139
Amortisation			
At October 1, 2016	-	15,899	15,899
Amortisation charge	-	2,343	2,343
At September 30, 2017	**-**	**18,242**	**18,242**
Net book values			
At September 30, 2017	**1,089,892**	**122,005**	**1,211,897**
At September 30, 2016	1,089,892	124,348	1,214,240

28. Intangible assets (Cont'd)

(a) Cash-generating units

	Allocation of goodwill	
	2017	2016
	Rs.'000	Rs.'000
Tour operating cash-generating units		
Beachcomber Limited and its tour operating subsidiaries	**818,221**	818,221
Hotels operations cash-generating units		
Hotel boutiques	**4,101**	4,101
Royal Palm Beachcomber Luxury	**168,685**	168,685
Canonnier Beachcomber Golf Resort & Spa	**98,885**	98,885
The Company	**1,089,892**	1,089,892
Hotels operations cash-generating units		
Ste Anne Resorts Limited	**89,745**	89,745
Tour operating cash-generating units		
Beachcomber Tours	**1,184**	1,184
Beachcomber Tours Limited	**72,296**	72,296
Property development cash generating unit:		
Domaine Palm Marrakech S.A.	**-**	-
The Group	**1,253,117**	1,253,117

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

For the other CGUs apart from Domaine Palm Marrakech S.A., the recoverable amount has been determined as follows:

- Hotel operations: The recoverable amount has been determined based on a DCF approach using Management's forecasts using a discount rate of 11-14% for Mauritius and Marrakech operations. For Seychelles operations, value of property was used using appropriate discount rates.

- Tour operating: The Price-Earnings ratio of comparable companies were used with discount of 2% (2016: 45%) to adjust for difference in size, risks and geographical markets.

For details on Domaine Palm Marrakech S.A. , refer to note 13.

(b) Leasehold rights

The leasehold rights comprise the cost of leases acquired for part of Ste Anne Island in Seychelles, Les Salines Pilot in Black River, Mauritius and costs associated with the exchange of land with the Government of Mauritius relating to the road diversion at Trou aux Biches. The leasehold rights are amortised over the respective lease period which ranges from 25 to 60 years.

29. Investment in subsidiaries

Accounting Policy

Investment 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

Investment in subsidiaries 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.

	THE COMPANY	
	2017	2016
(a) Cost (Unquoted)	**Rs.'000**	Rs.'000
At October 1,	**7,357,517**	7,057,733
Additions during the year (note (i))	**615,657**	750
Transfer from amount due from subsidiary(note (ii))	**789,893**	2,570,973
Impairment for the year (note 13)	**(455,748)**	(2,271,939)
At September 30,	**8,307,319**	7,357,517
Analysed as follows:		
Unquoted equity instruments	**7,674,140**	7,058,483
Interest free loans	**1,088,927**	2,570,973
Impairment for the year	**(455,748)**	(2,271,939)
	8,307,319	7,357,517

(i) Additions during the year relate to acquisition of 56% of the shares of a newly incorporated subsidiary, Beachcomber Hospitality Investments Limited ("BHI"). The latter operates in the real estate industry.

Additions in prior year related to acquisition of 56% of the shares of a newly incorporated subsidiary, Santayarea by Beachcomber Limited ("Santayarea"). The activity of Santayarea is the provision of hotel training.

(ii) During the year, additional balances of Rs 300m for Ste Anne Resorts Limited, Rs 446m for Beachcomber Hotel S. A and Rs 44m for Domaine Palm Marrakech were accounted as part of "investment in subsidiaries" and regarded as a receivable from foreign operation from which settlement is neither planned nor likely to occur in the foreseeable future.

As at October 1, 2015, amount due from Ste Anne Resorts Limited (Rs 729.7m), from Domaine Palm Marrakech S.A. (Rs 1,141M) and from Beachcomber Hotel SA (Rs 699.8m) were reclassified from "amount due from subsidiaries" to "investment in subsidiaries". This amount is regarded as a monetary item that is receivable from a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future. It is therefore considered as part of the entity's net investment in these foreign operations. (Refer to "significant accounting accounting judgements and estimates" for more details). The decision to defer payment was taken as from October 1, 2015 and is therefore not an error.

Other information:

The Company has a loan of EUR 10m against which it pledged its shares in Kingfisher Limited which, in turn, holds 100% of Ste Anne Resort Limited.

In prior year, Ste Anne Resorts Limited took a loan of EUR 7.5M and the Company acted as a guarantor for the EUR 7.5m and pledged shares owned in Kingfisher Limited. The Company also acted as guarantor and pledged its own assets for an EUR 1.5m loan taken by Ste Anne Resorts Limited.

30. Investment in associates

Accounting Policy

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 results of associates' in the statement of 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.

30. Investment in associates (Cont'd)

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs'000**	Rs'000
At October 1,	**474,727**	535,395	**19,062**	19,062
Additions	**1,890**	-	**-**	-
Dividends from associates	**(6,558)**	(5,242)	**-**	-
Exchange difference	**-**	(277)	**-**	-
Impairment (Note 13)	**-**	(48,529)	**-**	-
Share of results of associates	**8,860**	(6,620)	**-**	-
At September 30,	**478,919**	474,727	**19,062**	19,062

Summarised financial information of associates on an aggregated basis:

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
Total assets	**7,376,029**	6,869,644
Total liabilities	**(1,862,066)**	(1,340,508)
Net assets	**5,513,963**	5,529,136
Revenue	**1,418,965**	1,588,044
Profit for the year	**(111,866)**	47,748
Share of results of associates	**8,860**	(6,620)

The Group has assessed that no material adjustment will arise should the same reporting date of September 30, be used for all associates.

During the year, investment in associate, namely SWTD Bis Ltée, was disposed at Rs 61m. A gain of similar amount was recorded in the financial statements since the investment was fully impaired in prior years.

31. Available-for-sale financial assets

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
At October 1,	**1,541**	4,512	**1,247**	1,467
Fair value gain/(loss)	**2,573**	(275)	**2,535**	(220)
Disposal	**-**	-	**-**	-
Impairment	**-**	(2,696)	**-**	-
At September 30,	**4,114**	1,541	**3,782**	1,247
Analysed into:				
Quoted	**4,066**	1,493	**3,734**	1,199
Unquoted	**48**	48	**48**	48
	4,114	1,541	**3,782**	1,247

Available-for-sale financial assets consist of investments in ordinary shares.

Quoted shares are stated at quoted (unadjusted) prices available in active markets.

Unquoted shares that do not have quoted market prices in an active market and whose fair values cannot be reliably measured, are stated at cost.

The Directors impaired an unquoted investment in the prior year due to uncertainty around recoverability of the carrying amount of the investment.

32. Long term loan receivable

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Long term loan receivable	**-**	-	**1,719,142**	-
	-	-	**1,719,142**	-

On December 2, 2016, the Company entered into a shareholder loan agreement with its subsidiary Beachcomber Hospitality Investments Ltd, a company incorporated in Mauritius. The loan balance as at 30 September 2017 has a final maturity of 10 years from the date of first disbursement.

Terms and conditions of the loan
- The loan bears an interest ranging from 6.25% to 7.5% per annum.
- Interest shall be paid on an annual basis one month in advance until final maturity.

33. Inventories

Accounting Policy
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.

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Food and beverages (cost)	**98,375**	104,279	**82,107**	86,958
Operating equipment (net realisable value)	**139,686**	155,644	**112,749**	100,573
Operating supplies and others (net realisable value)	**95,224**	75,691	**75,212**	55,326
Spare parts (cost)	**57,939**	60,780	**28,940**	30,932
Fabrics and garments (cost)	**56,158**	56,942	**51,204**	49,446
Stock of land for sale (cost) ((a))	**4,168,235**	4,192,709	**2,334,696**	2,271,788
Goods in transit	**28,420**	2,010	**22,747**	2,010
	4,644,037	4,648,055	**2,707,655**	2,597,033
(a) Stock of land for sale is made up of:				
Land for sale at Les Salines, Mauritius (cost)	**2,331,439**	2,271,788	**2,334,696**	2,271,788
Villas under construction in Marrakech, Morocco (cost)	**1,836,796**	1,920,921	**-**	-
	4,168,235	4,192,709	**2,334,696**	2,271,788

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

(c) Included in Stock of land for sale is an amount of Rs 65.3m for the Group (2016: Rs 158.2m) and an amount of Rs 62.8m for the Company (2016: Rs 82m) pertaining to interest costs capitalised during the year. The rate used to determine the amount of borrowing costs eligible for capitalisation varied between 2.5% - 4.9% for loans in foreign currency and 6.25% to 6.75% for loans denominated in Mauritian rupees, which is the effective rate of interest on the specific borrowings.

(d) Cost of inventories expensed amounts to Rs 1,151.6m (2016: Rs 1,155.6m) and Rs 1,597.6m (2016: Rs 1,737.3m) for Company and for the Group respectively.

(e) At Group level, an impairment loss of Rs 32m was expensed and recorded under "Direct costs". It relates to losses on some villas in Domaine Palm Marrakech S.A. whose net realisable value is expected to be lower than their cost.

34. Trade and other receivables

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables	**697,939**	880,291	**480,634**	535,222
Other receivables	**1,542,796**	1,630,765	**214,346**	204,089
Amounts due from associates (Note 15)	**13,010**	13,289	**13,010**	13,289
Amounts due from subsidiaries (Note 15)	**-**	-	**453,747**	255,815
	2,253,745	2,524,345	**1,161,737**	1,008,415

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

At September 30, 2017, trade receivables at nominal value of Rs 32.0m (2016: Rs 38.9m) for the Group and Rs 4.5m (2016: Rs 10.7m) for the Company were impaired and fully provided for.

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

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
At October 1,	**38,900**	12,293	**10,692**	9,644
Charge during the year	**2,934**	30,595	**-**	3,406
Write off	**(9,641)**	(3,988)	**(6,059)**	(2,358)
Release during the year	**(173)**	-	**(173)**	-
At September 30,	**32,020**	38,900	**4,460**	10,692

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

GROUP	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30 - 60 days	61 - 90 days	> 90 days
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2017	**697,939**	**476,589**	**130,523**	**35,630**	**14,702**	**40,495**
2016	880,291	485,277	204,777	38,568	18,760	132,909

COMPANY	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30 - 60 days	61 - 90 days	> 90 days
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2017	**480,634**	**297,112**	**105,793**	**32,782**	**11,180**	**33,767**
2016	535,222	269,417	130,369	25,597	11,297	98,542

(c) Other receivables are unsecured and are neither past due nor impaired. Included in other receivables are mainly advances made to suppliers.

For terms and conditions pertaining to related party receivables, refer to note 15.

35. Other financial assets/(liabilities)

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Other financial assets/(liabilities) at fair value through profit or loss:				
Derivatives not designated as hedges:				
Foreign exchange forward contracts	**(71,142)**	41,528	**(71,142)**	14,150
Disclosed as follows:				
Current assets	**-**	50,252	**-**	22,874
Current liabilities	**(71,142)**	(8,724)	**(71,142)**	(8,724)
Total other financial assets/(liabilities) at fair value through profit or loss	**(71,142)**	41,528	**(71,142)**	14,150

36. Cash and cash equivalents

Accounting Policy

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments, are normally those with less than three months' maturity from the date of acquisition.

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.

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) For the purposes of the statements of cash flows, the cash and cash equivalents comprise the following:				
Cash in hand and at banks	**1,260,151**	545,903	**474,074**	71,416
Bank overdrafts (note 39)	**(1,874,996)**	(2,607,440)	**(1,710,133)**	(2,416,073)
	(614,845)	(2,061,537)	**(1,236,059)**	(2,344,657)

Cash at bank earns interest at floating rates based on daily bank deposit rates. The fair value of cash is Rs 1,260m (2016: Rs 545.9m) for the Group and Rs 474.1m (2016: Rs 71.4m) for the Company respectively.

At September 30, 2017, the Group and Company had available undrawn loan facilities of Rs 361m (2016: Rs 500m) and Rs 361m (2016: Rs 200m) respectively. Undrawn overdraft facilities amounted to Rs 930m (2016: Rs 836m) for both Group and Company.

(b) Non-cash transactions

The main non-cash transaction pertain to investment in subsidiary amounting to Rs 615m (2016: Rs 0.75m) at Company level.

37. Stated capital

	THE GROUP AND THE COMPANY	
	2017	2016
	Rs'000	Rs'000
Authorised		
500,000,000 Ordinary shares at no par value	**5,000,000**	5,000,000
Issued and fully paid		
484,270,608 Ordinary shares at no par value (2016: 484,270,608 Ordinary shares)	**5,000,000**	5,000,000

The Company made a bonus issue of two ordinary shares for each ordinary share of the Company on 12 June 2015, totalling to 322,847,072 new ordinary shares. The primary purpose of the bonus issue was to improve the liquidity of the Company's shares on the Stock Exchange of Mauritius.

An amount of Rs 3,275,639,000 was capitalised out of revaluation reserve and used for distribution of the bonus issue, following which, the issued share capital of the Company amounted to Rs 5,000,000,000 consisting of 484,270,608 ordinary shares with no par value.

38. Other components of equity

Nature and purpose of reserves	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Other reserves	**624,583**	624,583	**-**	-
These reserves are principally used to record the fair value adjustments relating to shares issued by the Company to acquire non-controlling interests in local subsidiaries and the movement in the reserves of the associates.				
Available-for-sale financial assets reserves	**13,268**	10,695	**2,871**	336
Fair value reserves are principally used to record the fair value adjustment relating to available-for-sale financial assets.				
Revaluation reserves	**2,144,592**	2,196,118	**884,593**	1,373,953
Revaluation reserves are principally used to record changes in fair value of freehold land and buildings following revaluation exercises performed by an independent surveyor. They are also used to record impairment losses to the extent that such losses relate to increases on the same asset previously recognised in revaluation reserves.				
Foreign exchange difference reserves	**(1,891,193)**	(1,196,466)	**-**	-
These reserves include exchange differences arising on retranslation of the financial statements of foreign subsidiaries and loss or gain arising on cash flow hedges.				
Total other components of equity	**891,250**	1,634,930	**887,464**	1,374,289

39. Borrowings

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current portion				
Bank overdrafts (note (a))	**1,874,996**	2,607,440	**1,710,133**	2,416,073
Bank loans (note (b))	**3,970,449**	2,852,807	**3,888,552**	2,653,595
Obligations under finance leases (note (c))	**110,723**	119,073	**80,008**	90,332
Debentures (note (d))	**95,887**	101,331	**95,887**	101,331
	6,052,055	5,680,651	**5,774,580**	5,261,331
Non-current portion				
Bank loans (note (b))	**8,191,043**	9,188,672	**5,705,305**	8,656,676
Loan from related company (note (b))/ (note 15 (xiii))	**1,374,101**	-	**-**	-
	9,565,144	9,188,672	**5,705,305**	8,656,676
Obligations under finance leases (note (c))	**143,061**	215,796	**96,740**	169,518
Debentures (note (d))	**616,283**	710,500	**616,283**	710,500
	10,324,488	10,114,968	**6,418,328**	9,536,694
Preference shares (e)	**1,761,130**	1,758,122	**1,761,130**	1,758,122
	12,085,618	11,873,090	**8,179,458**	11,294,816
Total borrowings	**18,137,673**	17,553,741	**13,954,038**	16,556,147

(a) Bank overdrafts

The bank overdrafts are secured by floating charges on the assets of the individual companies of the Group. The rates of interest vary between 6.25% and 9.25% per annum.

(b) Term loans

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Term loans can be analysed as follows:				
Current				
- Within one year	**3,970,449**	2,852,807	**3,888,552**	2,653,595
Non-current				
- After one year and before two years	**803,158**	4,050,767	**693,039**	3,960,308
- After two years and before five years	**2,800,171**	3,179,623	**2,503,702**	2,870,243
- After five years	**5,961,815**	1,958,282	**2,508,564**	1,826,125
	9,565,144	9,188,672	**5,705,305**	8,656,676
	13,535,593	12,041,479	**9,593,857**	11,310,271

39. Borrowings (Cont'd)

Terms loans are denominated as follows:

	Effective interest rate	Maturity	THE GROUP 2017	THE GROUP 2016	THE COMPANY 2017	THE COMPANY 2016
	%		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Denominated in:						
Mauritian rupees	5.0% - 6.75%	On demand	**257,000**	408,145	**257,000**	408,145
Mauritian rupees	4.5% - 7.6%	2017-2025	**7,868,095**	8,765,775	**7,868,095**	8,765,775
Euro	2.55%	2020	**8,029**	-	**-**	-
Euro	EURO LIBOR + (1.5% to 5.25%)	2017-2025	**1,019,874**	1,916,555	**1,015,948**	1,832,128
Euro	EURIBOR + (2.5% to 4.25%)	2017-2020	**378,854**	160,843	**316,894**	160,843
Euro	4%	2021	**2,001,750**	-	**-**	-
Euro	6.25% - 7.5%	2026	**1,374,101**	-	**-**	-
USD	4.5% - 5.0%	2017	**135,920**	143,380	**135,920**	143,380
MAD	6.0%-7.0%	2017-2024	**491,970**	646,781	**-**	-
			13,535,593	12,041,479	**9,593,857**	11,310,271

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

The term loans include loans totalling EUR 6.55M (2016: EUR 7.7M) from Ste Anne Resorts Limited and loans amounting to Rs 316.7M (2016: Rs 927.8M) from Beachcomber Limited.

In prior and current financial year, the Company had undergone a Financial Reengineering Program which alleviated cash flow pressures. Several existing loans have been rescheduled to longer terms to reduce the mismatch between the Company's cash inflows and the repayment profile of the loans.

(c) Obligations under finance leases

Accounting Policy

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 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.

39. Borrowings (Cont'd)

(c) Obligations under finance leases (Cont'd)

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Minimum lease payments:				
- Within one year	**126,775**	140,563	**90,888**	106,578
- After one year and before two years	**94,155**	111,849	**55,049**	88,031
- After two years and before five years	**61,570**	128,228	**50,336**	100,707
	282,500	380,640	**196,273**	295,316
Less: Future finance charges on obligations under finance leases	**(28,716)**	(45,771)	**(19,525)**	(35,466)
Present value of obligations under finance leases	**253,784**	334,869	**176,748**	259,850
Present value analysed as follows:				
Current				
- Within one year	**110,723**	119,073	**80,008**	90,332
Non-current				
- After one year and before two years	**85,366**	97,833	**49,643**	77,038
- After two years and before five years	**57,695**	117,963	**47,097**	92,480
	143,061	215,796	**96,740**	169,518
	253,784	334,869	**176,748**	259,850

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

(d) Debentures

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Term debentures can be analysed as follows:				
Current				
- Within one year	**95,887**	101,331	**95,887**	101,331
Non-current				
- After one year and before two years	**616,283**	95,566	**616,283**	95,566
- After two years and before five years	**-**	614,934	**-**	614,934
	616,283	710,500	**616,283**	710,500
	712,170	811,831	**712,170**	811,831

39. Borrowings (Cont'd)

(d) Debentures (Cont'd)

Debentures are denominated as follows:

	Effective interest rate	Maturity	THE GROUP		THE COMPANY	
			2017	2016	**2017**	2016
	%		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Mauritian rupees Tranche A notes	Repo rate + 1.35%	15-Jul-18	**95,887**	95,566	**95,887**	95,566
Mauritian rupees Tranche B notes	Repo rate + 1.85%	15-Jul-19	**616,283**	614,934	**616,283**	614,934
Euro (Tranche 3)	6.00%	22-Jul-16	**-**	-	**-**	-
Euro	3.50%	15-Jul-17	**-**	101,331	**-**	101,331
			712,170	811,831	**712,170**	811,831

(e) Preference shares

Redeemable convertible non-voting preference shares

In the financial year 2015, the Company issued 161,423,536 redeemable convertible non-voting preference shares at an issue price of MUR 11 each, totalling MUR 1,775,658,896. The purpose of same was to reduce the level of bank borrowings of the Company as part of the Financial Reengineering Program.

The preference shares were initially measured at fair value less transaction costs and then subsequently measured at amortised cost using the effective interest rate method.

The Preference shares yield a cumulative preferred dividend of 6% per financial year; preferred dividends are declared twice per financial year and are paid in priority over ordinary dividends.

Salient features of the preference shares are as follows:

- The preference shares are convertible into ordinary shares at the shareholder's option in January 2018 and January 2019. The conversion will be effected at a factor equal to Rs 11 divided by the average market value of the ordinary shares during a 90 day period prior to the date of conversion less a 10% discount.

- 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.

- The shares constitute unsecured and subordinated obligations of the Company and accordingly rank junior to all secured and unsubordinated creditors of the Company but ahead of ordinary shareholders.

The preference shares were classified as a liability even though the shares are redeemable at the option of the Company (as from 2022) since there is a contractual obligation to pay dividend (in priority over ordinary dividends) and the shares do not convert into fixed number of shares.

40. Employee benefits liabilities

Accounting Policy

(i) Defined benefit plans

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.

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 recognised 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

(ii) Defined contribution plans

The Company operates a defined contribution scheme, set up in October 2014, the assets of which are held and administered by an independent fund administrator. All new employees of the Company from that date become members of the defined contribution plan. Payments by the Company to the defined contribution retirement plan are charged as an expense as they fall due.

(iii) 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.

Significant accounting judgements and estimates

Employee benefit liabilities

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

The Group has both funded and unfunded obligations. For the funded obligations, the Group participates in the New Mauritius Hotels Group Superannuation Fund, a multi-employer pension plan registered under the Private Pension Fund Act, the assets of which are held independently. The pensions plan are funded from payments from the employees and the Group, taking into account the recommendations of an independent actuary, namely Anglo Mauritius Assurance Society Ltd. The unfunded liability relates to employees who are entitled to retirement gratuities payable under the Employment Right Act. The pension scheme is a defined benefit scheme.

40. Employee benefits liabilities (cont'd)

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs'000**	Rs'000
Funded obligation (note a)	**1,550,933**	1,234,936	**1,541,968**	1,225,588
Unfunded obligation (note b)	**18,482**	17,601	**-**	-
	1,569,415	1,252,537	**1,541,968**	1,225,588

(a) Funded Obligation

(i) The amounts recognised in the statements of financial position in respect of funded obligation are as follows:

Defined benefit obligation	**4,627,926**	3,825,811	**4,600,818**	3,796,489
Fair value of plan assets	**(3,076,993)**	(2,590,875)	**(3,058,850)**	(2,570,901)
Employee benefit liability	**1,550,933**	1,234,936	**1,541,968**	1,225,588

(ii) Movement in the liability recognised in the statements of financial position:

At October 1,	**1,234,936**	1,113,501	**1,225,588**	1,103,413
Amount recognised in profit or loss	**196,062**	187,994	**194,073**	184,227
Amount recognised in other comprehensive income	**298,417**	91,668	**296,677**	92,106
Employer's contribution	**(178,482)**	(158,227)	**(174,370)**	(154,158)
At September 30,	**1,550,933**	1,234,936	**1,541,968**	1,225,588

(iii) The amounts recognised in the statement of profit or loss are as follows:

Current service cost	**106,478**	100,672	**105,154**	97,768
Scheme expenses	**7,973**	6,462	**7,911**	6,402
Interest cost on defined benefit obligation	**251,693**	261,400	**249,699**	258,825
Return on plan assets	**(170,082)**	(180,540)	**(168,691)**	(178,768)
Net benefit expense	**196,062**	187,994	**194,073**	184,227

(iv) The amounts recognised in the statement of other comprehensive income are as follows:

Losses on pension scheme assets	**(264,500)**	203,964	**(270,569)**	195,147
Experience gains on the liabilities	**(167,999)**	(166,005)	**(158,873)**	(156,360)
Changes in assumptions underlying the present value of the scheme	**730,916**	53,709	**726,119**	53,319
	298,417	91,668	**296,677**	92,106

(v) Cumulative actuarial losses recognised:

Cumulative actuarial losses at October 1,	**1,218,036**	1,126,368	**1,205,597**	1,113,491
Actuarial losses recognised in current year	**298,417**	91,668	**296,677**	92,106
Cumulative actuarial losses at September 30,	**1,516,453**	1,218,036	**1,502,274**	1,205,597

40. Employee benefits liabilities (cont'd)

(a) Funded Obligation (cont'd)

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs.'000	Rs.'000	**Rs'000**	Rs'000
(vi) Reconciliation of the present value of defined benefit obligation:				
Present value of obligation at October 1,	**3,825,811**	3,657,324	**3,796,489**	3,623,647
Current service cost	**106,478**	100,672	**105,154**	97,768
Interest cost on defined benefit obligation	**251,693**	261,400	**249,699**	258,825
Employees' contribution	**33,258**	33,938	**32,491**	32,949
Actuarial losses/(gains)	**562,917**	(112,296)	**567,246**	(103,041)
Benefits paid	**(152,231)**	(115,227)	**(150,261)**	(113,659)
Present value of obligation at September 30,	**4,627,926**	3,825,811	**4,600,818**	3,796,489
(vii) Reconciliation of fair value of plan assets:				
Fair value of plan assets at October 1,	**2,590,875**	2,543,823	**2,570,901**	2,520,234
Return on plan assets	**170,082**	180,540	**168,691**	178,768
Employer's contributions	**178,482**	158,227	**174,370**	154,158
Scheme expenses	**(7,973)**	(6,462)	**(7,911)**	(6,402)
Employees' contribution	**33,258**	33,938	**32,491**	32,949
Actuarial gains/(losses)	**264,500**	(203,964)	**270,569**	(195,147)
Benefits paid	**(152,231)**	(115,227)	**(150,261)**	(113,659)
Fair value of plan assets at September 30,	**3,076,993**	2,590,875	**3,058,850**	2,570,901

The actual return on the plan assets was Rs 31.8m (2016: Rs 20m) for the current financial year.

(viii) The principal actuarial assumptions used for accounting purposes were:

	GROUP AND COMPANY	
	2017	2016
	%	%
Discount rate	**5.50**	6.50
Future salary increase	**3.00**	3.00
Pension increase	**1.00**	1.00
Post retirement mortality tables	**PMA92/PFA92**	PMA92/PFA92

(ix) A quantitative sensitivity analysis for significant assumptions as at September, 30 is shown as follows below:

	Discount rate			
Assumptions	THE GROUP		THE COMPANY	
Sensitivity	**1% increase**	**1% decrease**	**1% increase**	**1% decrease**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
2017				
Impact on defined benefit obligation	**(708,507)**	**902,000**	**(703,710)**	**904,000**
2016				
Impact on defined benefit obligation	(539,054)	680,178	(534,247)	673,894

40. Employee benefits liabilities (cont'd)

	Future salary increase			
	THE GROUP		THE COMPANY	
	1% increase	1% decrease	1% increase	1% decrease
	Rs'000	Rs'000	Rs'000	Rs'000
2017				
Impact on defined benefit obligation	**338,641**	**(285,000)**	**335,958**	**(285,000)**
2016				
Impact on defined benefit obligation	259,597	(225,511)	257,129	(223,445)

	Pension increase			
	THE GROUP		THE COMPANY	
	1% increase	1% decrease	1% increase	1% decrease
	Rs'000	Rs'000	Rs'000	Rs'000
2017				
Impact on defined benefit obligation	**472,000**	**(426,000)**	**418,000**	**(424,000)**
2016				
Impact on defined benefit obligation	360,922	(323,434)	358,177	(320,971)

Any similar variation in the other assumptions would have shown smaller variations in the defined benefit obligation.

(b) Unfunded obligation

(i) The amounts recognised in the statements of financial position in respect of unfunded obligation are as follows:

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
Benefit liability	**18,482**	17,601

(ii) Movement in the liability recognised in the statements of financial position:

At October 1,	**17,601**	12,55
Amount recognised in profit or loss	**3,180**	2,017
Benefits paid	**(6,648)**	(535)
Amount recognised in other comprehensive income	**4,349**	3,56
At September 30,	**18,482**	17,601

(iii) The amounts recognised in the statements of profit or loss are as follows:

Current service cost	**2,323**	1,549
Interest cost on defined benefit obligation	**857**	468
Net benefit expenses	**3,180**	2,017

(iv) The amounts recognised in the statements of other comprehensive income are as follows:

Liability experience loss	**1,765**	1,677
Actuarial gain recognised in other comprehensive income	**2,584**	1,883
	4,349	3,560

40. Employee benefits liabilities (cont'd)

	THE GROUP	
	2017	2016
	Rs'000	Rs'000
(v) Reconciliation of the present value of defined benefit obligation:		
Present value of obligation at October 1,	**17,601**	12,559
Current service cost	**2,323**	1,549
Interest cost	**857**	468
Actuarial losses	**4,349**	3,560
Benefits paid	**(6,648)**	(535)
Present value of obligation at September 30,	**18,482**	17,601

(vi) The principal actuarial assumptions used for accounting purposes were:

	2017	2016
	%	%
Discount rate	**5.50**	6.50
Future salary increase	**3.00**	3.00

	GROUP AND COMPANY	
	2017	2016
	%	%
(c) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Local equities	**48**	32
Overseas bond and equities	**20**	33
Fixed interest	**15**	14
Property and other	**17**	21
	100	100

The overall expected rate of return on plan assets is determined by reference to market yields on bonds and expected yield difference on other types of assets held.

(d) Maturity profile of the defined benefit obligation

The weighted average duration of the liabilities as at September 30, 2017 is 17 years.

(e) Expected contribution for next year

The Group is expected to contribute Rs 174m (2016: Rs 221m) including employees' contribution to its defined benefit pension plan in the next financial year.

(f) Plan assets

Included in the plan assets is a property, valued at an open market value of Rs. 416m (2016: Rs 416m).

The property is rented to the Company by New Mauritius Hotels Group Superannuation Fund.

(g) Risk associated with the plans

The pension plans expose the Company/Group to the following actuarial risks:

Longevity risk: The liabilities disclosed are based on the mortality table PA(92). Should the experience of the pension plans be less favourable than the standard mortality tables, the liabilities will increase.

Interest risk: If the bond interest rate decreases, the liabilites would be calculated using a lower discount; and would therefore increase.

Investment risk: Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise.

Salary risk: If salary increases are higher than assumed in our basis, the liablities would increase giving rise to actuarial losses.

41. Trade and other payables

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables	**1,034,624**	960,435	**106,690**	100,858
Other payables	**1,634,421**	1,895,746	**892,073**	966,857
Loan at call payable to subsidiaries (Note 15(vii))	**-**	-	**299,594**	320,149
Amount due to subsidiaries (Note 15(ix))	**-**	-	**1,373,302**	1,465,231
	2,669,045	2,856,181	**2,671,659**	2,853,095

(a) Trade payables are non-interest bearing and are generally on 30 to 60 days' term.
(b) The loan at call bears interest rate of 7.5% per annum.
(c) For terms and conditions pertaining to related party payables, refer to note 15.

42. Fair value of assets and liabilities

Accounting Policy

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.

Accounting Policy

Fair value measurement (Cont'd)

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 asset or liability and the level of the fair value hierarchy as explained above.

Significant accounting judgements and estimates

Fair value measurements of assets and liabilities

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

As at September 30, 2017, the Group held the following financial instruments carried at fair value in the statement of financial position.

Assets/(liabilities) measured at fair value	THE GROUP			
	2017	**Level 1**	**Level 2**	**Level 3**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Other financial instruments at fair value through profit or loss (Note 34):				
- Foreign exchange forward contracts (Financial liabilities) (Note 35)	**(71,142)**	**-**	**(71,142)**	**-**
Available-for-sale financial assets (Note 31)	**4,114**	**4,066**	**-**	**48**
Property	**22,054,707**	**-**	**22,054,707**	**-**
Investment properties	**343,383**	**-**	**343,383**	**-**
Borrowings	**(16,262,677)**	**-**	**(16,262,677)**	**-**

42. Fair value of assets and liabilities (Cont'd)

	THE COMPANY			
	2017	**Level 1**	**Level 2**	**Level 3**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Other financial instruments at fair value through profit or loss (Note 34):				
- Foreign exchange forward contracts (Financial assets)	**-**	**-**	**-**	**-**
- Foreign exchange forward contracts (Financial liabilities)	**(71,142)**	**-**	**(71,142)**	**-**
Available-for-sale financial assets (Note 31)	**3,782**	**3,734**	**-**	**48**
Property	**12,601,764**	**-**	**12,601,764**	**-**
Borrowings	**(12,243,905)**	**-**	**(12,243,905)**	**-**

Assets/(liabilities) measured at fair value

	THE GROUP			
	2016	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000	Rs'000
Other financial instruments at fair value through profit or loss (Note 34):				
- Foreign exchange forward contracts (Financial assets) (Note 35)	50,252	-	50,252	-
- Foreign exchange forward contracts (Financial liabilities) (Note 35)	(8,724)	-	(8,724)	-
Available-for-sale financial assets (Note 31)	1,541	1,493	-	48
Property	22,237,769	-	22,237,769	-
Investment properties	363,964	-	363,964	-
Borrowings	(14,946,301)	-	(14,946,301)	-

	THE COMPANY			
	2016	Level 1	Level 2	Level 3
	Rs'000	Rs'000	Rs'000	Rs'000
Other financial instruments at fair value through profit or loss (Note 34):				
- Foreign exchange forward contracts (Financial assets)	22,874	-	22,874	-
- Foreign exchange forward contracts (Financial liabilities)	(8,724)	-	(8,724)	-
Available-for-sale financial assets (Note 31)	1,247	1,199	-	48
Property	16,405,838	-	16,405,838	-
Borrowings	(14,140,074)	-	(14,140,074)	-

The carrying amounts of financial assets and liabilities approximate their fair values.

Fair value of available-for-sale financial assets is derived from quoted market prices in active markets.

Unquoted available-for-sale financial assets represent investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reliably measured. Available-for-sale financial assets are therefore measured at cost.
Fair values of the Group's interest-bearing loans and borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowings rate as at the end of the reporting date.

The fair value of foreign exchange forward and swap contracts are determined by using the foreign exchange spot and forward rates, interest rate curves and forward rate curves of each currency.

For valuation techniques regarding property classified under "Property, plant and equipment" and"Investment properties", refer to notes 26 and 27 respectively.

During the year ended September 30, 2017, there were no transfers between Level 1 and Level 2 fair value measurements.

43. Sale and lease back transaction between the Company and Beachcomber Hospitality Investments

The Company signed a number of agreements with Leisure Property Northern (Mauritius) Limited (LPNM), a wholly-owned subsidiary of GRIT Real Estate Income Group Limited (Previously known as "Mara Delta Property Holdings Limited"), with respect to Beachcomber Hospitality Investments Ltd ("BHI") on 17 November 2016. The agreements entailed that:

- NMH transferred the hotel properties known as Victoria Beachcomber, Canonnier Beachcomber and Mauricia Beachcomber together with the attached leasehold land to BHI for a total consideration of EUR 155m (Rs 6bn) but would continue to manage the hotels.
- NMH would hold 55.58% of BHI's share capital, the remaining 44.42% being held by LPNM.
- NMH will have a call option to buy back the shares held by LPNM, such option being exercisable between the 7th and 10th anniversary of the Subscription and Shareholders Agreement.
- NMH would pay BHI an annual rental equivalent to 7.5% of the value of the assets, increasing annually. The lease agreement had an initial duration of 15 years commencing 02 December 2016 with 3 successive ten-year renewal periods at the option of the Company for three successive period of ten years.

The profit realised on the sale of the 3 hotels and the attached leasehold land to BHI amounted to EUR 62m (Rs 2.2bn) is spread on a straight-line basis over a period of 15 years in line with the lease agreement signed between New Mauritius Hotels Limited and Beachcomber Hospitality Investments Limited which stipulates a non-cancellable lease period of 15 years. Refer to table below for details:

	THE COMPANY	
	2017	2016
	Rs'000	Rs'000
Profit on disposal of assets	**2,244,992**	-
Less portion of gain accounted as deferred income as follows:		
- Current liabilities	**(149,666)**	-
- Non-current liabilities	**(1,971,493)**	-
Profit recognised in current year	**123,833**	-

44. Commitments

(a) Capital commitments

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Les Salines project (i)	**4,700,000**	4,700,000	**4,700,000**	4,700,000
Marrakech Hotel and villa project (Morocco) (ii)	**3,000,000**	3,700,000	**-**	-
Cannonier Beachcomber Golf Resort & Spa (iii)	**250,000**	500,000	**150,000**	300,000
Victoria Beachcomber Resort & Spa(iii)	**125,000**	300,000	**125,000**	300,000
Ste Anne Resorts Limited (iv)	**2,800,000**	600,000	-	-
	10,875,000	9,800,000	**4,975,000**	5,300,000

(i) Les Salines project will consist of the development of approximately 365 arpents to be sold for residential purpose and for the construction of a 4 star hotel.

(ii) The amount of Rs 3,000m represents the estimated cost of completion of phases 1 and 2. The construction, marketing and sale of villas of phase 2 were already initiated.

(iii) These commitments pertain to the completion of renovation/extension of Canonnier Beachcomber and Victoria Beachcomber by the end of December 2017.

(iv) These commitments relate to the extension of Ste Anne hotel from 87 rooms to 295 rooms. The extension works are expected to be completed by end of the calendar year 2019 and the hotel will be rented to Club Med SAS upon completion.

(b) Operating lease commitments

Accounting Policy

Operating lease

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

The Group has various land leases on which hotel buildings are constructed. Future minimum rentals payable under operating leases as at September 30, are as follows:

	THE GROUP		THE COMPANY	
	2017	2016	**2017**	2016
	Rs'000	Rs'000	**Rs'000**	Rs'000
Within one year	**142,769**	142,769	**125,675**	125,674
After one year but not more than five years	**142,507**	570,026	**502,700**	502,698
More than five years	**6,270,466**	5,985,716	**5,316,928**	5,442,605
	6,555,742	6,698,511	**5,945,303**	6,070,977

SECTION 7 - ANNEX

FREQUENTLY ASKED QUESTIONS

1. What is an Annual Meeting of Shareholders (AMS)?

An AMS is a meeting of the shareholders of a company. The law provides that it should be held not more than once in each calendar year and not later than 6 months after the balance sheet date of a company.

2. Who may attend the AMS?

In compliance with S120(3) of the Companies Act 2001, the Board has resolved that only the shareholders of the Company registered in the share register of the Company as at 01 March 2018 are entitled to attend the AMS.

3. Why should a shareholder attend the AMS?

Shareholders are encouraged to attend the AMS as it:
• provides them with a direct contact with the Board and management of the Company;
• enables them to have more insight into the operations, strategy and performance of the Company; and
• provides them with reasonable opportunity to discuss and comment on the management of the Company.

4. What matters are discussed at the AMS?

Usually, the following business is transacted at the AMS:
• the approval of the audited accounts of the Company;
• the receiving of the auditor's report;
• the consideration of the Annual Report; and
• the re-election/re-appointment of Directors.

5. What if a shareholder cannot attend the AMS?

An individual shareholder who cannot attend the meeting may appoint a proxy.

A corporate shareholder may, on the other hand, appoint a representative to attend the AMS and to act on its behalf.

6. What is a proxy?

A proxy is the person appointed by a shareholder to represent him/her at the AMS. Such person, who need not necessarily be a shareholder of the Company, may be heard at the meeting as if he/she were the shareholder.

7. How does a shareholder appoint a proxy/representative?

Shareholders are requested to fill in the Proxy Form sent to them with the notice convening the meeting. Corporate shareholders may also provide a Corporate Resolution to appoint their representative. Should a shareholder wish his/her proxy/representative to vote at the meeting in a particular manner, he/she is requested to fill in the resolution boxes provided on the appropriate forms.

8. After appointing a proxy, can a shareholder still attend the AMS?

Yes, but he/she is requested to make himself/herself known to the Company Secretary as soon as he/she arrives at the meeting. The proxy will consequently have no right to be heard and to vote at the meeting.

9. How many votes does a shareholder have?

Every shareholder, present in person or by proxy/representative, shall have one vote on a show of hands.

Where a poll is taken, each shareholder shall have the number of votes that corresponds to the number of shares held by him/her in the Company.

10. What is the voting procedure?

Voting at the AMS is generally by show of hands. However, if a poll is demanded for a particular resolution, then ballot papers shall be distributed and shareholders will be requested to cast their votes thereon.

11. How to obtain a copy of the minutes of proceedings of the last AMS of the Company?

A shareholder may make such a request to the Company Secretary prior to the AMS.

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Beachcomber House - Botanical Garden Street - Curepipe 74213 - Mauritius - tel: +230 601 9000 - fax: +230 601 9090