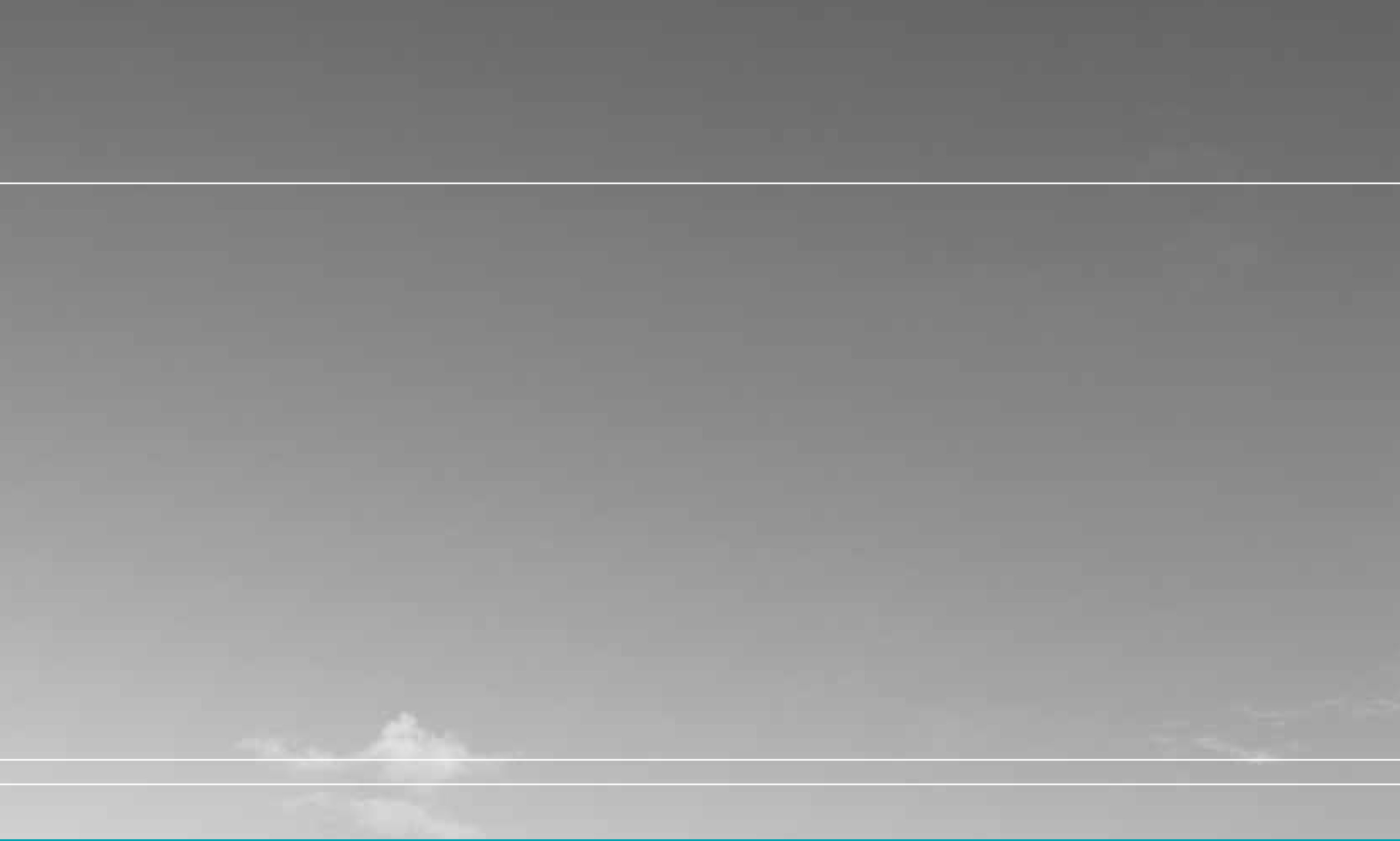

HOTELEST LIMITED | ANNUAL REPORT 2015

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HOTELEST LIMITED

ANNUAL REPORT 2015

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Hotelest Limited for the year ended 31 December 2015. This report was approved by the Board on 30 March 2016.

George J. Dumbell
Chairman

Jean Ribet
Director
Group Chief Executive Officer

Notice of Annual Meeting of Shareholders

Notice is hereby given that the Annual Meeting of the shareholders of the Company will be held on Wednesday, 8 June 2016, at 10.30 a.m. at 5th Floor, Labama House, 35 Sir William Newton Street, Port Louis, to transact the following business:

1. To consider the Annual Report for the year ended 31 December 2015
2. To receive the report of BDO & Co., the external auditors of the Company
3. To adopt the Audited Financial Statements of the Company and the Group for the year ended 31 December 2015
4. To authorise the Board of Directors to fix the remuneration of the external auditors, BDO & Co., who have expressed their willingness to continue to act as external auditors of the Company and will be automatically reappointed
5. To appoint Mr Colin Taylor as a non-executive director of the Company
6. By separate resolutions and in accordance with article 21.2 (1) of the Constitution of the Company, to re-elect the following persons who, retiring by rotation, offer themselves for re-election as directors of the Company:
    a. Mr Noël Adolphe Vallet
    b. Mr Clément D. Rey
    c. Mr Nicolas Boullé
7. Shareholders' questions.

By order of the Board

Marie-Anne Adam, ACIS
For La Gaieté Services Ltd
Secretaries

12 May 2016

Notes

A member of the Company who is entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his/her stead. A proxy needs not be a member of the Company.

The instrument appointing a proxy, any general power of attorney or written resolution appointing a representative should reach the Company Secretary, at the registered office of the Company, 5th Floor, Labama House, 35 Sir William Newton Street, Port Louis, not less than twenty-four hours prior to the time scheduled for the meeting, i.e. by 10.30 a.m. on Tuesday, 7 June 2016 (being the last business day before the meeting). In default, the instrument of proxy shall not be treated as valid.

A proxy form is included in this Annual Report and is also available at the registered office of the Company.

For the purpose of this Annual Meeting, the directors have resolved, in compliance with section 120 of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend such meeting shall be those shareholders whose names are registered in the share register of the Company as at 13 May 2016.

Corporate Information

Directors

George J. Dumbell	Independent - Chairman
Nicolas Boullé	Non-executive
Jean De Fondaumière	Non-executive
Marc Freismuth	Independent
Clément D. Rey	Executive
Jean Ribet	Executive
Louis Rivalland	Non-executive
Georgina Rogers	Non-executive
Colin G. Taylor *(As from 10 August 2015)*	Non-executive
N. Adolphe Vallet	Non-executive

Nomination & Remuneration Committee

George J. Dumbell - *Chairman*
Marc Freismuth
Jean Ribet

Registered Office

5th Floor, Labama House
35 Sir William Newton Street
Port Louis

Management (Senior Officers) – Constance Corporate Management Ltd

Jean Ribet
Group Chief Executive Officer

Jan Boullé
Group Head of Projects and Development

Clément D. Rey
Group Head of Corporate Affairs

Kevin Chan Too
Group Head of Finance

Secretaries

La Gaieté Services Limited
5th Floor, Labama House
35 Sir William Newton Street
Port Louis

Share Registry and Transfer Office

ECS Secretaries Ltd
3rd Floor, Labama House
35 Sir William Newton Street
Port Louis

Auditors

BDO & Co.
Chartered Accountants
10 Frère Félix de Valois Street
Port Louis

Banker

The Mauritius Commercial Bank Co. Ltd

Key Financial Results and Ratios

THE GROUP

Statement of Profit or Loss	31 Dec 15 MUR '000	31 Dec 14 MUR '000 Restated	31 Dec 13 MUR '000 Restated	31 Dec 12 MUR '000 Restated	31 Dec 11 MUR '000
Revenue	**3,745,721**	3,525,087	2,563,590	2,007,245	1,979,328
Operating and other expenses	**3,121,624**	2,900,654	2,285,547	1,765,518	1,817,773
Operating profit	**624,097**	624,433	278,043	241,727	161,555
Profit/(loss) for the year	**227,806**	129,528	(9,123)	(182,043)	(168,454)

Statement of Financial Position	31 Dec 15 MUR '000	31 Dec 14 MUR '000 Restated	31 Dec 13 MUR '000 Restated	31 Dec 12 MUR '000 Restated	31 Dec 11 MUR '000 Restated
Total assets	**10,317,883**	9,571,306	9,524,523	7,248,113	7,224,834
Owners' interest	**2,334,287**	2,065,492	1,388,166	1,352,130	1,452,782
Total borrowings	**4,708,557**	4,570,418	6,044,285	4,108,870	3,825,013

Ratios		31 Dec 15	31 Dec 14	31 Dec 13 Restated	31 Dec 12 Restated	31 Dec 11 Restated
Net asset per share	MUR	**41.74**	36.93	42.55	41.45	44.53
Earnings/(loss) per share *	MUR	**1.86**	1.54	(0.45)	(3.15)	(2.94)
Share price	MUR	**31.00**	37.50	31.50	21.00	30.00
Volume of shares traded		**3,679,389**	8,954,264	311,713	194,116	119,436

**Earnings/(loss) per share for 2014 and 2013 are based on the weighted average number of ordinary shares, including the effect of the Rights Issue.*

Dear Shareholder,

The Directors of Hotelest Ltd are pleased to report on the Company's performance for the year ended 31 December 2015.

Principal Activity

The only activity of Hotelest Limited is to hold 51% of the share capital of Constance Hotels Services Limited (CHSL) which owns four hotels, two in Mauritius and two in the Maldives. CHSL also holds equity participation and management contracts in respect of hotels in the Seychelles and Madagascar. The combined turnover generated by all hotels in operation reached MUR 5.9 billion for the year ended 31 December 2015 (2014: MUR 5.6 billion).

Year in Review

CHSL delivered a set of good results with progression in almost all metrics and financial results. Combined occupancy of all hotels owned and managed by CHSL attained 78% compared to 72% in 2014, yielding satisfactory progression in RevPAR and TRevPAR.

Group revenue stood at MUR 3,746 million compared to MUR 3,525 million last year, which translated into a consolidated EBITDA of MUR 1,066 million (2014: MUR 1,041 million). Overall, a commendable performance considering that, in 2014, CHSL's Mauritian hotels hosted an exceptional event which contributed to EBITDA.

Despite improved performance of CHSL's Seychelles operation, the corresponding results were adversely affected by some currency exchange fluctuations and capital imbalance. As a consequence, the Group recorded a share of loss from associates of MUR 35 million (2014: loss MUR 13 million).

With the cash generated from the operations and the proceeds of the rights issue completed in 2014, finance costs were down to MUR 282 million against MUR 361 million the previous year, while taxation expense was MUR 79 million against MUR 121 million.

Profit for the year reached MUR 228 million (2014: MUR 130 million), resulting in a profit attributable to shareholders of MUR 104 million (2014: MUR 55 million).

Outlook

CHSL stands to benefit from its geographical diversification strategy, growing brand recognition and financial discipline, in the face of the challenges posed by the unpredictable and fast changing environment of the hospitality industry, in general. CHSL will also focus on improving the returns on its hotel-real-estate properties and developing its hotel-management portfolio. Overall, the outlook for first quarter of 2016, and the year in general, looks promising.

In Mauritius, revenue generated for the first quarter of 2016 looks quite positive with both CHSL properties being very well positioned in the market place and each one maintaining its leading position in its respective market segment. Looking ahead, both properties are well set to achieve their targets, as the tourism environment in Mauritius entrusts confidence.

For the Maldives, CHSL expects a good first quarter 2016 due to the application of a favourable rate mix. Although less buoyant, the Maldives remains an attractive destination and its objective for 2016 will be geared towards achieving a fair market share and appreciable revenue.

As for the Seychelles, the first quarter is encouraging. The forecast in arrivals for this destination is positive and no major deviations from expectations are anticipated.

2016 CHSL Projects

Constance Belle Mare Plage in Mauritius will be closed from June for six weeks to undertake a renovation and an extension of 24 additional rooms. Constance Lémuria Seychelles will be closed from September for two months for a renovation.

Dividend

The Company's Dividend Policy is to distribute to its shareholders, whenever possible, an adequate dividend, subject to the Company's performance and cash-flow position. The dividend payment is subject to the solvency test being satisfied as required under section 61(2) of the Companies Act 2001.

The Company declared an interim dividend and a final dividend totaling MUR 0.48 per share in 2015, bringing the total dividend for the year under review to MUR 26.8 million.

Acknowledgement

The Board welcomes Mr Colin Taylor, as a non-executive director, whose appointment will be recommended to the shareholders at the forthcoming shareholders' meeting. We thank our fellow directors for their guidance and support and to you, our shareholders, for your on-going trust and confidence.

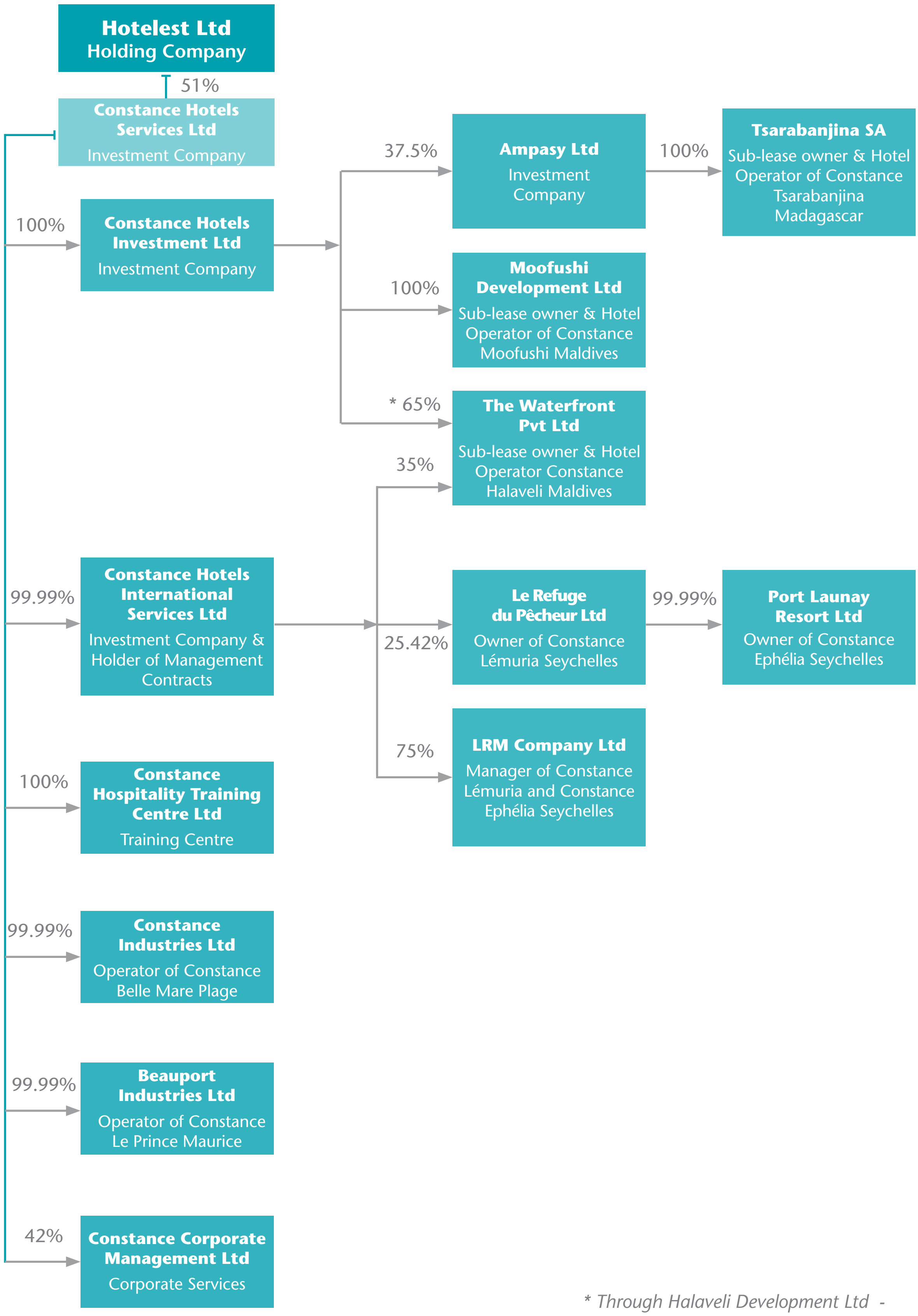
Approved by the Board of Directors and signed on its behalf on 30 March 2016.

George J. Dumbell
Chairman

Jean Ribet
Director
Group Chief Executive Officer

Corporate Structure as at 31 December 2015

(main companies forming the Hotelest Group of Companies)



** Through Halaveli Development Ltd - a 100% subsidiary of Constance Hotels Investment Ltd*

CORPORATE GOVERNANCE

Statement of Compliance
(Section 75(3) of the Financial Reporting Act)

Name of Public Interest Entity (PIE): Hotelest Limited

Reporting Period: 1 January 2015 to 31 December 2015

We, the Directors of Hotelest Limited, confirm to the best of our knowledge that the PIE has complied with all of its obligations and requirements under the Code of Corporate Governance except for:

- Section 2.2.6: *Annual Re-election of directors:* Non-compliance with this section of the Code is explained in the Corporate Governance report (see page 7).
- Section 2.8.2: *Remuneration of Directors:* The reason for non-compliance being that the Directors' remuneration is disclosed by category in view of the confidentiality and sensitivity of the information (see page 20).
- Section 3: *Board Committees:* A Nomination and Remuneration Committee had been set up. Due to the nature of the business, issues addressed by an Audit Committee and a Corporate Governance Committee are taken up at the subsidiary level.

Signed by

George J. Dumbell
Chairman

Jean Ribet
Director
Group Chief Executive Officer

30 March 2016

Statement on Corporate Governance

The Board of Directors acknowledges its responsibility for ensuring that the Company and its subsidiary, Constance Hotels Services Limited (CHSL), comply with standards of corporate governance and best international practice. It is aware that the Board of CHSL approves risk strategy and policies and delegates the formulation, implementation and monitoring to the committees of the Board of CHSL, internal and external auditors and General Management. In turn, line managers have primary responsibility for maintaining and enforcing procedures, practices and controls within their sphere of responsibility and ensuring that the Board is kept informed, in a timely manner, of all risk-related issues that may affect the Company.

The Board

The Board of Directors consisted of two independent, six non-executive and two executive directors at 31 December 2015. The Chairman is an independent director. A directors' profile is available on pages 66 to 69.

The Board of Directors is ultimately responsible and accountable for all the affairs and general performance of the Company and operates within the terms of reference outlined in the Board of Director's Charter. Nominations to the Board comply with the Company's Director Nomination Policy. Some directors are nominated by virtue of a *protocole d'accord* that exists between the Company's four main shareholders. However, all nominations are vetted by the Nomination & Remuneration Committee and recommended to the Board and approved by shareholders at their Annual Meeting. Matters relating to directors' remuneration are dealt with by the Board's Nomination & Remuneration Committee in accordance with the Company's Remuneration Policy.

The Board does not favour the re-election of directors on an annual basis, as it does not consider this practice to be in the best interest of the Company. However, in accordance with the amendment made to the Company's Constitution at the Company's 2012 Annual Shareholders' Meeting, not more than one third of the directors in office shall retire at every annual meeting and be eligible for re-election. An assessment of the performance of each of the retiring director, who makes himself/herself available for re-election, is conducted by the Nomination and Remuneration Committee before it submits its nominations to the board, which, in turn, makes its appropriate recommendations to the Shareholders for their approval.

CORPORATE GOVERNANCE *(continued)*

The Board *(continued)*

An induction programme is available for newly appointed directors, who are also given inter alia a copy of the Company's Code of Ethics and Conduct for Directors.

Directors are invited to participate in an individual and collective assessment, every two years, the findings of which are reviewed by the Nomination and Remuneration Committee and tabled to the Board of Directors. Further to the 2015 exercise, which was, overall, satisfactory, improvements recommended have been implemented.

Chairman

The Chairman has responsibility for ensuring the efficient operations of the Board and its committees, for seeing that corporate-governance matters are dealt with, for representing the Group externally, and, particularly, for communicating with shareholders at their Annual Meeting. Working closely, but independently, with the Group Chief Executive Officer, the Group Head of Corporate Affairs and the Company Secretary, the Chairman also ensures that new directors receive a full and formal induction to the Group and its businesses, and that all directors are kept fully informed of relevant matters.

Group Chief Executive Officer

The Group Chief Executive Officer has responsibility for making recommendations to the Board and for achieving the Group's strategic objectives. He is responsible for the executive management of the Group and works closely with CHSL's Chief Executive Officer, CHSL's Chief Operations Officer, Group Head of Projects and Development, Group Head of Corporate Affairs and the Group Head of Finance.

Executive, Independent and Non-Executive Directors

Our team of directors is a strong source of internal and external experience, advice, and judgement.

Company Secretariat

All directors have access to the advice and services of the Company Secretariat, which ensures good information flow to the Board and its committees and between senior Management and the directors. The Secretariat facilitates the induction of directors and assists them in fulfilling their duties and responsibilities. Through the Chairman, it is responsible for advising the Board on corporate governance and for generally keeping the Board up to date on all legal, regulatory and other developments.

Share Registry and Transfer Office

The Company's Share Registry and Transfer Office is at ECS Secretaries Ltd, which is responsible for the management of its Share Register. Shareholders may address, in writing, any administrative enquiries regarding their personal details, dividend payments and the like to ECS Secretaries Ltd.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee consists of one executive and two independent directors. It operates within the scope of its charter, duly approved by the Board. Its principal functions are to direct and monitor matters pertaining to nominations to the Board, the performance and remuneration of directors and the succession planning of directors.

During the year, the committee met on seven occasions. Achievements were:

1. Reviewing nominees for the Annual re-election of directors and make recommendations to the Board.
2. Undertaking a detailed review of the Group Risk Management Programme, which covered inter-alia policies, charters and codes.
3. Reviewing the composition of the Board and Committees, evaluating new Board and Committee nominations and making recommendations to the Board.
4. Evaluating the completed Board and Committee self-assessments and making recommendations on corrective actions to be taken, where necessary.
5. Reviewing the Director and Officers Liability Insurance policy to ensure appropriate cover is held.

CORPORATE GOVERNANCE *(continued)*

Board and Committee Attendance

	Board of Directors	Nomination & Remuneration Committee
Number of Meetings held in 2015	**7**	**7**
Meetings attended		
George J. DUMBELL	7	7
Nicolas BOULLÉ	5	
Jean DE FONDAUMIÈRE	5	
Marc FREISMUTH	6	7
Clément D. REY	7	
Jean RIBET	7	7
Louis RIVALLAND	6	
Georgina ROGERS	7	
Colin G. TAYLOR *(as from 10 August 2015)*	3	
N. Adolphe VALLET	7	

Statement of Remuneration Philosophy

The Nomination & Remuneration Committee is entrusted with the task of determining and recommending to the Board the remuneration policy for directors of the Company. Four key principles underpin this policy:

i. Remuneration must reflect the market in which the Company operates;

ii. Key performance indicators will apply to deliver results to the Company;

iii. Remuneration is to be linked to the creation of value to shareholders;

iv. Remuneration is to reward both financial and non-financial performance.

For 2015, directors' fees remained at MUR 50,000 for the Chairman and MUR 40,000 for other Board members.

In addition to the above, the fees for members of committees of the Board for 2015 were:

	Nomination & Remuneration Committee MUR
Chairman	10,000
Member	5,000

Remuneration and benefits paid by the Company and its subsidiaries to directors are reported under Other Statutory Disclosures.

No change to director's fees is proposed for 2016.

CORPORATE GOVERNANCE *(continued)*

Policies, Charters and Codes

The Board has approved the following key policies and charters documents for the Group:

Policies

Conflicts of Interest and Related Party Transactions Policy

Data Protection Policy

Director Nomination Policy

Dividend Policy

Director Remuneration Policy

Share Dealing Policy

Charters

Board of Directors Charter

Compliance Charter

Nomination and Remuneration Committee Charter

Codes

Code of Ethics and Conduct for Directors

Conflict of Interest and Related Party Transactions

The Company's Conflict of Interest and Related-Party Transactions Policy, provides a structure which ensures that all transactions pertaining to the operation of the Company and its subsidiaries are properly disclosed and can be adequately managed without detriment to the reputation and integrity of the Company and all its stakeholders in so far as it relates to good corporate practice.

For disclosure of related-party transactions, please refer to page 65 of the Annual Report.

Directors' and Senior Officers' Interests and Dealings in Shares

The Company's Share Dealing Policy gives clear guidance on the practice to be followed when dealing in shares of the Company or of companies connected with the Company by business or common shareholding. All directors, senior officers and associates wishing to deal in the securities of the Company or any of its subsidiaries must comply with the statutory provisions concerning insider dealing in the Companies Act 2001 as well as the Securities Act 2005 and are aware of the Stock Exchange of Mauritius's Model Code for Securities Transactions by Directors of Listed Companies. Furthermore, directors and senior officers are notified by the Company of the commencement and closure of non-trading periods.

The following transactions took place during the year under review:

	No. of shares disposed of directly	No. of shares acquired by Associates
Directors		
Mr Colin Taylor	-	3,308,569
Mr N. Adolphe Vallet	7,000	3,500

	No. of shares disposed of directly	No. of shares acquired by Associates
Senior Officer		
Mr Siegfried Espitalier Noël	25,000	30,500

CORPORATE GOVERNANCE *(continued)*

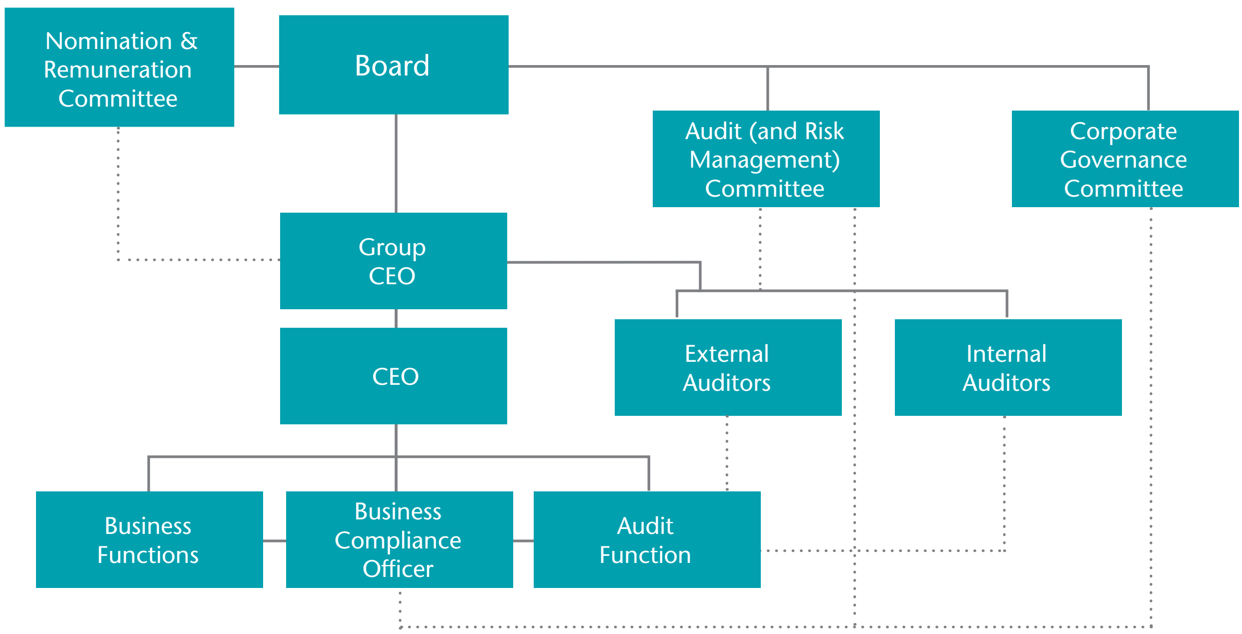
Directors' and Senior Officers' Share Interests

The interests of directors and senior officers in the securities of the Company as at 31 December 2015 were as follows:

	No of Shares	Direct % Held	Indirect % Held
Directors			
George J. Dumbell - Chairman	-	-	-
Nicolas Boullé	-	-	-
Jean De Fondaumière	-	-	-
Marc Freismuth	-	-	-
Clément D. Rey	893	0.00	3.16
Jean Ribet	-	-	0.89
Louis Rivalland	-	-	-
Georgina Rogers	356,707	0.64	-
Colin G. Taylor	-	-	2.07
N. Adolphe Vallet	64	0.00	1.48
Senior Officers			
Jan Boullé	-	-	0.90
Kevin Chan Too	44,171	0.08	-
Siegfried Espitalier Noël	35,000	0.06	0.05
Andrew Milton	-	-	-
Jean-Jacques Vallet	276,963	0.50	0.89

CHSL Corporate Governance Plan

Your Company's subsidiary, CHSL, has the following corporate governance structure in place:



CORPORATE GOVERNANCE *(continued)*

Committees of the Board of CHSL

• Audit Committee (Risk Management Sub-Committee)

The Audit Committee of CHSL, which also has responsibility for the Company's Risk Management function, consists of three directors, one independent and two non-executive. The committee operates within the scope of its charter, which has been approved by CHSL's Board. Its principal functions are to ensure the integrity of the financial statements, oversee the financial-reporting process and direct and monitor the Risk Management function, with the support of the internal and external auditors and the Compliance function. The Committee was established in third quarter 2006 and reports to CHSL's Board of Directors at each Board meeting.

• Corporate Governance Committee

The Corporate Governance Committee of CHSL consists of one independent and two non-executive directors. It meets at least three times a year and operates within the scope of its charter, which has been approved by CHSL's Board. Its principal function is to direct and monitor the Company's Corporate Governance programme. The committee reports to CHSL's Board of Directors at each Board meeting.

Risk Management Framework

The Company and CHSL's Risk Management Framework extends across the entire group. It comprises a top-down approach, with strategy, policies and risk appetite approved by both Board of Directors, and their formulation, implementation and monitoring delegated to the committees of the Boards, the internal and external auditors and senior Management. In turn, the managers of the Group are responsible for continuous compliance with all laws, codes, rules, regulations, procedures, policies and standards of good industry practice. CHSL's Risk Management Programme launched in August 2006, is being significantly enhanced with the implementation of its Enterprise Risk Management Programme across all its resorts, in all the jurisdictions, in which it operates.

Risks and Mitigation initiatives

Financial Risk

The Company and its subsidiary, CHSL, are also exposed to a wide range of financial risks, market risk (including currency risk and price risk), credit risk, and liquidity risk, which are reported in detail in the Notes to the Financial Statements, on pages 39 to 41.

Besides these risks, some of the more prominent risks to which the Company and its subsidiary are exposed are:

- **Reputation:** Any event that materially damages the reputation of CHSL's brand, and any failure to sustain its appeal to CHSL's clients, could adversely affect the value and attractiveness of the brand and subsequent revenues from the business. This is managed by the Board and senior Management through the enforcement of a strict ethical code of conduct and good corporate-governance practices throughout the Group.
- **Financial and Regulatory Compliance:** Non-compliance with financial and regulatory requirements may result in fiscal penalties and damage the Company's image on the market. In mitigation, a robust programme of internal monitoring has been put in place by the Compliance and Accounting functions to ensure that Financial and regulatory requirements are adhered to.
- **Credit Standing***:* The Company is reliant on having access to credit facilities to meet its capital requirements and effectively manage its statement of financial position. If the Company does not manage its finances in a responsible manner, it may lose its credibility and, as a result, its favourable terms and ability to borrow.
- **Political, Economic and Financial Market Events:** Occupancy levels and room rates, and consequently the Company's subsidiary operations and financial results, could be adversely affected by events that reduce international travel, such as natural disasters, acts of terrorism, increased transport and fuel costs, closed-sky policies, political instability, economic crisis, and currency and interest-rate fluctuations. Changes in the Macroeconomic and investment environment are regularly assessed by Group Management and the Board to ensure prompt decisions are taken to safeguard the interests of the Group.
- **Geographical concentration:** Failure to expand geographically could adversely affect the Group's financial results. CHSL has operations in four different jurisdictions and the Board continually assesses new opportunities across the region and beyond.
- **Social Responsibility:** The reputation of the Company is influenced by a variety of factors, including the Company's subsidiary ability to demonstrate sufficiently responsible practices in such areas as sustainability, responsible tourism, environmental management, Health & Safety, and support for the local community. CSR programmes and initiatives are tailored to the need of the community and society in the region where the Company operates. Regular review and reporting over the progress of CSR programmes and achievements, as well as new potential projects, are brought to the CSR Committee of Fondation Constance and, on a quarterly basis, to the Board through the Corporate Governance Committee.

CORPORATE GOVERNANCE *(continued)*

Risks and Mitigation initiatives *(continued)*

Financial Risk *(continued)*

- **Industry Risk:** The tourism industry in general is sensitive to fluctuations in the economy. The hotel sector in particular may be adversely affected by changes in global economies, political unrest, reduced international demand for hotel rooms and associated services, uncompetitive open-sky policy, competition in the industry, Government policies and regulations, fluctuations in interest rates and foreign-exchange rates, and other natural and social factors. CHSL is at present experiencing the adverse impact of a number of those negative factors notably: threats of recession in the eurozone and a volatile euro. This risk is mitigated externally through regular meetings with the appropriate industry drivers and government ministries, either directly or through industry associations, and internally through daily performance monitoring and application of different marketing strategies and quarterly by the Board.
- **Health and Safety:** All reasonable precautions are taken to provide and maintain the health and well-being of our Group's guests and employees. Controls are in place to ensure compliance with all statutory requirements and all legally binding codes of practice. Appropriate training is provided to CHSL's staff, and the highest standards of care are applied to the services and products provided to our Group's guests. A Health and Safety Plan is approved annually and progress, thereof, monitored on a quarterly basis, by the Corporate Governance Committee of CHSL.
- **Socio-political Risks:** In addition to economic risks, the Group faces risks from the socio-political environment, internationally as well as within the countries in which it operates, and is affected by events such as political instability, the occurrence of diseases and extreme weather conditions, all of which affected the level of travel and business activity in our region.

Compliance Function

The Compliance Officer has the responsibility for coordinating the Compliance function across all companies of CHSL, with a functional reporting line to the CHSL's Audit (and Risk Management) Committee and CHSL's Corporate Governance Committee. The Compliance Officer operates within the scope of the Compliance Charter and in accordance with professional standards approved by the Board. CHSL's Compliance Officer, assists line management in complying with the laws, codes, rules, regulations and standards of good market practice pertaining to their field of operation and ensures that management are equipped with the right tools to appropriately discharge their compliance responsibilities.

Auditors

External Audit

BDO & Co. have expressed their willingness to continue as the Company's external auditors, and in accordance with the provisions of the Companies Act 2001 they will be automatically reappointed at the forthcoming Annual Meeting of Shareholders.

Internal Audit - CHSL

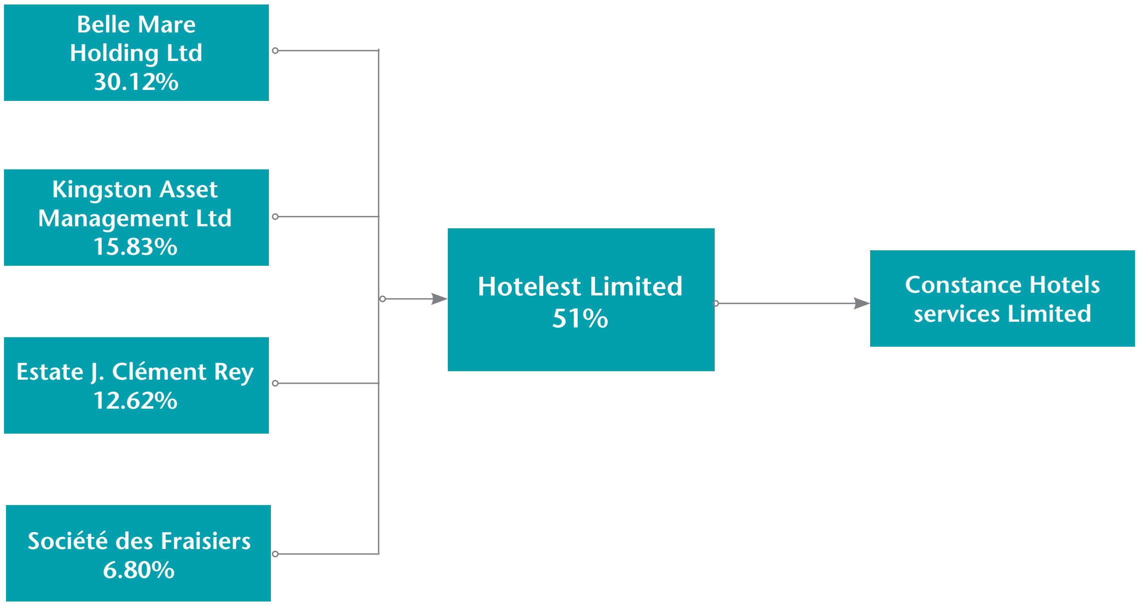
Internal Audit is an appraisal function established by CHSL to independently examine and evaluate its activities, as a service to the Company's Board of Directors and to Management. The internal auditors are entrusted with the responsibility for appraising the policies, procedures and operational, financial and management controls of CHSL to ensure that the business is properly managed, and for promoting effective controls at reasonable cost. The internal auditors report to the Group CEO but also have a functional reporting line to CHSL's Audit Committee.

CHSL has an Internal Audit Charter, which has been approved by its Board and governs the internal audit function in terms of responsibility, role, scope, authority, independence, reporting procedures, auditing standards, and external relationships. It also highlights the unrestricted access which the Internal Auditors have in regard to records, Management and employees of the Group.

On the recommendation of CHSL's Audit Committee, CHSL's Board approved the outsourcing of the internal audit function and appointed Messrs PricewaterhouseCoopers, Chartered Accountants, as the Group's internal auditors on a three-year contract which was last renewed on 1st January 2016.

CORPORATE GOVERNANCE *(continued)*

Substantial shareholders holding more than 5% of the Company's share capital at 31 December 2015



Shareholders' Agreement

The Company is aware of the *protocole d'accord* that exists between four of its main shareholders and which, principally, governs the allocation amongst them of certain seats on the Company's Board.

According to the provisions of the said *protocole d'accord* six of the ten seats on the Company's Board are nominated by these shareholders. The Company's Nomination & Remuneration Committee ensures that the nominees meet the criteria prescribed by the Companies Act 2001, the Code of Corporate Governance for Mauritius, and the Company's Director Nomination Policy, and are able to discharge their responsibilities effectively and in a transparent manner for the benefit of the Company as a whole.

Employee Share Option Plan

No such scheme exists at present within the Company.

CORPORATE GOVERNANCE *(continued)*

Data Analysis on Shareholdings as at 31 December 2015

Size of Shareholding	Number of Shareholders	Number of Shares Owned	Percentage Shareholding
1 - 500	225	30,995	0.055
501 - 1,000	79	57,180	0.102
1,001 - 5,000	184	463,659	0.829
5,001 - 10,000	71	517,178	0.925
10,001 - 50,000	84	1,806,980	3.231
50,001 - 100,000	8	568,838	1.017
100,001 - 250,000	7	1,307,299	2.338
250,001 - 500,000	5	1,768,653	3.163
Over 500,000	12	49,402,427	88.340
Total	**675**	**55,923,209**	**100.000**

Shareholder Category	Number of Shareholders	Number of Shares Owned	Percentage Shareholding
Individuals	566	20,374,998	36.434
Insurance and assurance companies	6	139,407	0.249
Pension and provident funds	5	352,410	0.630
Investment and trust companies	4	543,862	0.973
Other corporate bodies	94	34,512,532	61.714
Total	**675**	**55,923,209**	**100.000**

Contracts of Significance

During the year under review there was no contract of significance to which the Company or any of its subsidiaries was a party and in which a director or substantial shareholder of the Company or any of its subsidiaries were materially interested either directly or indirectly.

Material Clauses of the Constitution

There are no clauses of the constitution deemed material enough for special disclosure.

Timetable - Important Events

March	Approval of audited financial statements Declaration of interim dividend
May	Approval of first-quarter results Payment of interim dividend
June	Annual Meeting of Shareholders
August	Approval of second-quarter results
November	Approval of third-quarter results Declaration of final dividend
December/January	Payment of final dividend

CORPORATE VALUES AND CORPORATE SOCIAL RESPONSIBILITY

The Constance Group pursues the enhancement of corporate values through sound and ethical business practices. To fulfil this objective, it continually undertakes group-wide initiatives to strengthen its Corporate Governance structure; maintain sound employment practices: a healthy and safe workplace, with quality and job-related training; protect and conserve the environment in which its member companies operate, with efficient resource management and utilization, as well as play an active role in poverty eradication and the furtherance of a sustainable society through social-contribution programmes.

In recent years, the Group has more closely aligned its social and environmental responsibilities with its business strategy to better reflect the Group's vision and values. Its ultimate objective in so doing is to fully integrate its values within its business practices, with particular emphasis on the management of its economic, social and environmental obligations. These initiatives are driven by the Group Head of Corporate Affairs and the Compliance Officer in each group member company.

Shareholders

The Company communicates with its shareholders through its Annual Report, publication of its quarterly results and other communiqué in the press and face to face at annual meetings.

Investees

The Company takes every step to ensure that the entity in which it invests maintains the highest standards of ethical and good governance.

Codes of Ethics and Conduct

The Company is committed to a Code of Ethics and Conduct, which is outlined in its Code of Ethics and Conduct for Directors. This document is a comprehensive statement of the guiding principles of conduct by which the Company expects its directors to observe in discharging their responsibilities. These codes state the high moral, ethical and legal standards for which the Company stands and by which it professes to do its business. It states publicly to all the Company's stakeholders what standards of behaviour they can expect from the Company's directors and Group employees.

Anti-money Laundering

It is the Group's objective to make a positive contribution towards the combat against money laundering and terrorist financing by ensuring that the management and employees of its member companies adhere to the highest standards of anti-money-laundering compliance, in line with the Financial Intelligence and Anti-Money Laundering Act (2002) and subsequent regulations in preventing the use of their products and services for money-laundering purposes. The Constance Group's Anti-money-laundering Policy and actions are coordinated by the Compliance function.

Health and Safety

The Group has a Health & Safety Policy and provides ongoing Health and Safety training to employees and management to ensure that they are fully aware of the risks at the workplace and are able to undertake their tasks in a safe and conducive working environment. The Board of Directors is satisfied that the Health & Safety standards are adhered to within the Group.

Environment

Although the Company's activities do not have a direct impact on the environment in which it operates, the Board of Directors recognizes its obligations to respect the environment. As a responsible entity, it ensures that the Company and its subsidiary respect the environment.

CORPORATE SOCIAL RESPONSIBILITY

Mission

The Constance Group believes that it has a duty to care for the well-being and development of the communities in which it operates and that its involvement and contributions are not charitable handouts but investments that will have a positive impact on the community.

CORPORATE SOCIAL RESPONSIBILITY *(continued)*

By virtue of a decision taken by the Board of Directors of the three principal companies of the Constance Group, namely Belle Mare Holding Limited, Constance La Gaieté Company Ltd, and Constance Hotels Services Ltd, the Fondation Constance fund was established in December 2009. Fondation Constance is managed by the Group's CSR Project Committee, with its Annual Programme approved, and its performance monitored on a quarterly basis by each member company's Corporate Governance Committee.

Fondation Constance

Principles

Fondation Constance has a Charter and the Group has a policy on Corporate Social Responsibility, which commits it to the following set of principles:

- Conducting business in a socially responsible and ethical manner
- Protecting the environment and people's safety
- Supporting human rights
- Engaging and learning from respecting and supporting the communities and cultures within which it operates.

While Fondation Constance gives consideration to high-impact projects of a national stature, it tends to give priority to projects in the regions in which its group member companies operate.

Fund Allocation

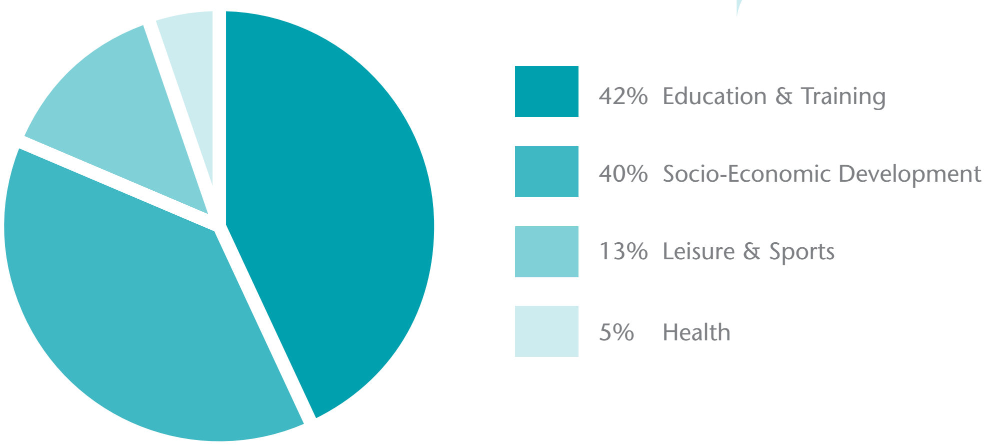
In 2015, the financial resources available were utilised to fund projects in education development, socio-development, leisure and sports and health protection, targeting 13 NGOs and 407 direct beneficiaries.

13 NGOs

407 Direct Beneficiaries

Our Focus in 2015

FUND ALLOCATION PER CATEGORY
At 31 December 2015



CORPORATE SOCIAL RESPONSIBILITY *(continued)*

Education Development

CPE Sponsorship

34 Beneficiaries (since 2002) **21 Beneficiaries in 2015**	Scholarships were awarded to the four best CPE pupils of the Poste de Flacq Government and RCA schools to cover their secondary studies. Many of these beneficiaries have pursued their tertiary studies. The positive impact of the sponsorship on the community being visible, Fondation Constance will continue to support this project.

Constance Education Award

The Fondation organised the Constance Education Award 2015 for SC and HSC students of the eastern region. Students had to do research on specific topics and present a report in writing and then orally to a panel of judges. The aim of the Award is to encourage leadership skills, the development of values and general knowledge, help students to prepare themselves for the world of work, bring greater awareness of environmental and other issues, and how to better serve the community.

The two topics chosen for 2015 were:

SC: **93 Participants** **12 Colleges**	"*What are the causes of violence in Mauritian schools? Suggest some violence prevention strategies in our schools.*"
HSC: **76 Participants** **11 Colleges**	"***The multiple roles of soils go unnoticed. Soils don't have a voice and few people speak out for them. They are our silent ally in food production***". (José Graziano de Silva, FAO Director). How can the youth contribute to protect soils?

Educational Project

"Revealing the human face of Entrepreneurship Education at a model State Secondary School"

« Colleagues have for the first time seen the support of the private sector in making education more fun and more relevant for the overall development of the students. » *Ag Rector*

In 2015, Fondation Constance has sponsored an educational project developed jointly by teachers and students of a college in Central Flacq. The aim was to develop a patriotic response so that they may support the socio-economically vulnerable people of the Mauritian Society and also, to develop entrepreneurial capabilities in the students while implementing the project. Fondation Constance is satisfied that the sponsorship has contributed towards the achievement of the college's objectives and even beyond by obtaining an award.

Non-formal education and Breakfast Support Programme for children from vulnerable groups

2 NGOs **87 Beneficiaries** **2,585 Meals Offered**	Fondation Constance sponsored two NGOs which aim was to improve the quality of non-formal education programmes for children from vulnerable groups. Given the positive outcome of this collaboration, it continued to provide lunch for them.

Vulnerable Children Schooling Support

Fondation Constance continued to sponsor Friends of the Poor with a view to providing schooling support to ten children from vulnerable groups of the eastern region of Mauritius.

Socio-economic Development

Protection of vulnerable persons

In 2015, Fondation Constance had contributed towards the construction of an extension to a house, to accommodate a battered woman and her four children.

Employees of the group were encouraged to organize a Christmas party for vulnerable persons. Fondation Constance had supported the initiative which objective was to encourage employees to partake in various community projects. In that context, they generously donated gifts to the 47 beneficiaries.

CORPORATE SOCIAL RESPONSIBILITY *(continued)*

Socio-economic Development *(continued)*

Empowerment through training and placement

13 Direct Beneficiaries	Fondation Constance continued to provide a year's training at the Constance Hospitality Training Centre (CHTC) to 13 persons from vulnerable groups of the eastern region to give them skills which will help in making them employable.
5 Offers of Employment	During the year under review, 8 women successfully completed a three-month course in housekeeping techniques. Five of them had the opportunity of being offered employment in one of CHSL's hotel.
5 NC3 Students	Furthermore, five NC3 students, sponsored by the Fondation in 2015, received training at CHTC, with a view to increasing their employability. They showed high interest and perseverance towards their certification due around April 2016.
3 Beneficiaries	Fondation Constance sponsored youths who demonstrated a keen desire to uplift themselves and secure future employment, through tertiary education and vocational training. Among the beneficiaries from vulnerable groups were: • one student at university level • one student attending St Gabriel Technical School • one from Saint Joseph Technical School

Leisure and Sports

"Sport unites and contributes towards self-fufillment whilst promoting values such as self-discipline and team spirit whilst resisting social evils" Jean-Philippe Laganne, Faucon Flacq – Commission Cycliste.

Fondation Constance encourages the promotion of recreational, leisure as well as sports activities in the eastern region. In 2015, Fondation Constance continued to sponsor Faucon Flacq Sporting Club's (FFSC) sports activities. It is pleased to note that this collaboration has contributed towards the remarkable achievements of FFSC in winning awards in Boxing and athletics at the JIOI 2015.

Constance Challenge Cup

Fondation Constance organised the Constance Challenge Cup during the year under review. Seventeen football teams of various clubs around the island participated.

Environmental and Health Protection

The Group recognises its obligation to respect the environment and encourages the application of environment best practices across the operations of its member companies. During the year, Fondation Constance provided support to various NGOs such as PILS, TiDiams and Lizie dan Lamain in their effort to promoting health.

Donations

The Company's subsidiary, CHSL has a Donations Policy which states it is committed to:

- Ensuring that all its donations are compatible with its business activities and reflect its respective values and objectives
- Supporting people and communities at both local and national level, with the aim of making their lives better and giving them opportunities that they may otherwise not have
- Enhancing and safeguarding the natural environment.

	THE GROUP		THE COMPANY	
	2015 MUR'000	2014 MUR'000	**2015 MUR'000**	2014 MUR'000
CSR contribution	**750**	750	-	-
Political	-	1,850	-	-
Other	**300**	156	-	-
	1,050	2,756	-	-

George J. Dumbell
Chairman

Marie-Anne Adam, ACIS
For La Gaieté Services Ltd
Secretaries

Other Statutory Disclosures

(pursuant to section 221 of the Companies Act 2001)

Directors' Remuneration and Benefits

The Board of Directors has agreed not to disclose the emoluments of directors on an individual basis, because of the commercially sensitive nature of such data. Remuneration and benefits paid by the Company and its subsidiaries were as follows:

	2015 MUR '000	2014 MUR '000
Directors of Hotelest Limited		
Executive	**40**	40
Non-executive	**345**	305
Directors of Subsidiary Companies		
Executive (full time)	**24,786**	22,857
Non-executive	**1,642**	1,105

Directors' Service Contracts

Mr George J. Dumbell, Chairman of the Company, has a two-year service contract, which expires on 31 December 2017. The other directors do not have service contracts with the Company, but letters of appointment.

Directors of Subsidiary Companies

(at 31 December 2015)

Directors	Constance Hotels Services Ltd	Constance Industries Ltd	Beauport Industries Ltd	Constance Hospitality Training Centre Ltd	Constance Hotels International Services Ltd	LRM Services Ltd	LRM Company Ltd	Constance Hotels Investment Ltd	Ariatoll Services Ltd	Halaveli Development Ltd	Hotels Constance (UK) Ltd	Moofushi Development Ltd	The Waterfront Pvt Ltd
Guy ADAM							•						
Jan BOULLÉ		•	•										
Nicolas BOULLÉ	•												
Jean DE FONDAUMIÈRE	•												
George J. DUMBELL	•	•	•		•			•	•	•		•	
Marc FREISMUTH	•												
Dominik KÜNSTLE													•
Clément D. REY	•	•	•	•	•	•	•	•	•	•		•	•
Jean RIBET	•	•	•	•	•	•	•	•	•	•		•	•
Louis RIVALLAND	•												
Georgina ROGERS	•												
Colin TAYLOR	•												
N. Adolphe VALLET	•												
Jean-Jacques VALLET	•	•	•	•			•				•		
Jean WEELING LEE							•						

Auditors' Remuneration

The fees paid to the auditors (exclusive of VAT) were:

	THE GROUP		THE COMPANY	
	2015 MUR'000	2014 MUR'000	**2015 MUR'000**	2014 MUR'000
Audit fees paid to:				
BDO & Co.	**2,087**	1,707	**70**	70
Other firms	**884**	800	-	-
Fees for other services paid to:				
BDO & Co.	-	-	-	-
Other firms	**553**	388	-	-

Fees for other services comprise of report on accounting, advisory and taxation services.

On behalf of the Board

George J. Dumbell
Chairman

Jean Ribet
Director
Group Chief Executive Officer

Statement of Directors' Responsibilities

in respect of the preparation of Financial Statements

The directors acknowledge their responsibilities for:

(i) adequate accounting records and maintenance of effective internal control systems

(ii) the preparation of financial statements which fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS)

(iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

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

The directors report that:

(i) adequate accounting records and an effective system of internal controls and risk management have been maintained

(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently

(iii) International Financial Reporting Standards have been adhered to. Any departure in the interest in fair presentation has been disclosed, explained and quantified

(iv) the Code of Corporate Governance has been adhered to in all material aspects and reasons provided for non-compliance.

Approved by the Board of Directors on and signed on its behalf by:

George J. Dumbell
Chairman

Jean Ribet
Director
Group Chief Executive Officer

30 March 2016

Company Secretary's Certificate

In terms of 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 Act.

Marie-Anne Adam, ACIS
For La Gaieté Services Ltd
Secretaries

30 March 2016

Independent Auditors' Report to the Members

This report is made solely to the members of Hotelest Limited (the "Company"), 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 auditors' 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.

Report on the Financial Statements

We have audited the financial statements of Hotelest Limited and its subsidiaries (the "Group") and the Company's separate financial statements on pages 26 to 65 which comprise the statements of financial position at December 31, 2015 and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 26 to 65 give a true and fair view of the financial position of the Group and of the Company at December 31, 2015, and 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.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all 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 the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

BDO & CO
Chartered Accountants

Ameenah Ramdin, FCCA, ACA
Licensed by FRC

Port Louis
Mauritius

30 March 2016

Statements of Financial Position - December 31, 2015

		THE GROUP			THE COMPANY	
			Restated	Restated		
	Notes	**2015 Rs'000**	2014 Rs'000	2013 Rs'000	**2015 Rs'000**	2014 Rs'000
Assets Employed						
Non-current assets						
Property, plant and equipment	5	**6,998,107**	6,705,756	6,791,708	-	-
Intangible assets	6	**1,292,295**	1,131,577	1,118,954	-	-
Investments in subsidiary companies	7	-	-	-	**1,106,533**	1,106,533
Investments in associated companies	8	**701,454**	725,326	691,808	-	-
Investment in available-for-sale financial assets	9	**545**	545	2,045	-	-
Deferred tax assets	10	**67,348**	43,357	31,585	-	-
		9,059,749	8,606,561	8,636,100	**1,106,533**	1,106,533
Current assets						
Inventories	11	**273,178**	255,386	225,203	-	-
Trade and other receivables	12	**892,846**	635,584	594,834	**14,092**	91
Cash and cash equivalents	23(a)	**92,110**	73,775	68,386	-	-
		1,258,134	964,745	888,423	**14,092**	91
Total assets		**10,317,883**	9,571,306	9,524,523	**1,120,625**	1,106,624
Equity and Liabilities						
Capital and reserves (attributable to owners of the parent company)						
Stated capital	13	**1,102,001**	1,102,001	477,397	**1,102,001**	1,102,001
Revaluation and other reserves	14	**904,888**	717,119	723,861	-	-
Retained earnings/(revenue deficit)		**327,398**	246,372	186,908	**3,361**	(9,645)
Owners' interest		**2,334,287**	2,065,492	1,388,166	**1,105,362**	1,092,356
Non-controlling interest		**2,273,815**	2,014,427	1,356,028	-	-
Total equity		**4,608,102**	4,079,919	2,744,194	**1,105,362**	1,092,356
Liabilities						
Non-current liabilities						
Borrowings	15	**3,555,978**	3,791,516	3,665,802	-	-
Deferred tax liabilities	10	**59,732**	50,382	55,458	-	-
Retirement benefit obligations	16	**98,938**	102,428	75,906	-	-
		3,714,648	3,944,326	3,797,166	-	-
Current liabilities						
Trade and other payables	17	**738,298**	670,774	603,923	**1,449**	5,001
Borrowings	15	**1,152,579**	778,902	2,378,483	**952**	9,267
Dividends payable	18	**12,862**	-	-	**12,862**	-
Current tax liabilities	19(a)	**91,394**	97,385	757	-	-
		1,995,133	1,547,061	2,983,163	**15,263**	14,268
Total liabilities		**5,709,781**	5,491,387	6,780,329	**15,263**	14,268
Total equity and liabilities		**10,317,883**	9,571,306	9,524,523	**1,120,625**	1,106,624

These financial statements have been approved for issue by the Board of Directors on 30 March 2016.

George J. Dumbell
Chairman

Jean Ribet
Director
Group Chief Executive Officer

The notes on pages 31 to 65 form an integral part of these financial statements.
Auditors' report on pages 24 and 25.

Statements of Profit or Loss - Year ended December 31, 2015

		THE GROUP		THE COMPANY	
			Restated		
	Notes	**2015**	2014	**2015**	2014
		Rs'000	Rs'000	**Rs'000**	Rs'000
Revenue	2(m)	**3,745,721**	3,525,087	**41,942**	-
Earnings before interest, taxation, depreciation and amortisation		**1,065,886**	1,040,829	**40,166**	(2,153)
Depreciation and amortisation	5, 6	**(441,789)**	(416,396)	**-**	-
Operating profit/(loss)	20	**624,097**	624,433	**40,166**	(2,153)
Finance costs	21	**(282,436)**	(360,553)	**(317)**	(821)
Share of results of associated companies	8	**(34,879)**	(13,176)	**-**	-
Profit/(loss) before taxation		**306,782**	250,704	**39,849**	(2,974)
Income tax expense	19(b)	**(78,976)**	(121,176)	**-**	-
Profit/(loss) for the year		**227,806**	129,528	**39,849**	(2,974)
Attributable to:					
Owners of the parent		**104,085**	55,062	**39,849**	(2,974)
Non-controlling interest		**123,721**	74,466	**-**	-
		227,806	129,528	**39,849**	(2,974)
Earnings/(loss) per share (Rs)	22	**1.86**	1.54	**0.71**	(0.08)

The notes on pages 31 to 65 form an integral part of these financial statements.

Auditors' report on pages 24 and 25.

Statements of Profit or Loss and Other Comprehensive Income -
Year ended December 31, 2015

	Notes	THE GROUP 2015 Rs'000	THE GROUP Restated 2014 Rs'000	THE COMPANY 2015 Rs'000	THE COMPANY 2014 Rs'000
Profit/(loss) for the year		**227,806**	129,528	**39,849**	(2,974)
Other comprehensive income:					
Items that may not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation	16	**16,771**	(18,672)	-	-
Deferred tax on remeasurement of defined benefit obligations	10	**(2,514)**	2,801	-	-
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences	14(b)	**363,172**	12,054	-	-
Other comprehensive income for the year		**377,429**	(3,817)	-	-
Total comprehensive income for the year		**605,235**	125,711	**39,849**	(2,974)
Total comprehensive income for the year attributable to:					
Owners of the parent		**295,070**	52,722	**39,849**	(2,974)
Non-controlling interest		**310,165**	72,989	-	-
		605,235	125,711	**39,849**	(2,974)

The notes on pages 31 to 65 form an integral part of these financial statements.

Auditors' report on pages 24 and 25.

Statements of Changes in Equity - Year ended December 31, 2015

	Notes	Stated capital Rs'000	Revaluation and other reserves Rs'000	Retained earnings Rs'000	Total Rs'000	Non-controlling interest Rs'000	Total equity Rs'000
		Attributable to owners of the parent					
THE GROUP							
At January 1, 2014							
As previously reported		477,397	744,155	228,423	1,449,975	1,415,412	2,865,387
Prior year adjustment	26	-	(20,294)	(41,515)	(61,809)	(59,384)	(121,193)
As restated		477,397	723,861	186,908	1,388,166	1,356,028	2,744,194
Profit for the year - restated		-	-	55,062	55,062	74,466	129,528
Other comprehensive income for the year - restated		-	(2,340)	-	(2,340)	(1,477)	(3,817)
Net proceeds from rights issue	13	624,604	-	-	624,604	604,464	1,229,068
Transfer		-	(4,402)	4,402	-	-	-
Dividends to non-controlling interest		-	-	-	-	(19,054)	(19,054)
At December 31, 2014		**1,102,001**	**717,119**	**246,372**	**2,065,492**	**2,014,427**	**4,079,919**
At January 1, 2015							
As previously reported		1,102,001	627,392	287,241	2,016,634	1,967,486	3,984,120
Prior year adjustment	26	-	89,727	(40,869)	48,858	46,941	95,799
As restated		1,102,001	717,119	246,372	2,065,492	2,014,427	4,079,919
Profit for the year		-	-	104,085	104,085	123,721	227,806
Other comprehensive income for the year		-	190,985	-	190,985	186,444	377,429
Transfer		-	(3,216)	3,784	568	545	1,113
Dividends	18	-	-	(26,843)	(26,843)	(51,322)	(78,165)
At December 31, 2015		**1,102,001**	**904,888**	**327,398**	**2,334,287**	**2,273,815**	**4,608,102**

	Notes	Stated capital Rs'000	Revenue (deficit)/ retained earnings Rs'000	Total Rs'000
THE COMPANY				
Balance at January 1, 2014		477,397	(6,671)	470,726
Loss for the year		-	(2,974)	(2,974)
Net proceeds from rights issue	13	624,604	-	624,604
Balance at December 31, 2014		**1,102,001**	**(9,645)**	**1,092,356**
Balance at January 1, 2015		1,102,001	(9,645)	1,092,356
Profit for the year		-	39,849	39,849
Dividends	18	-	(26,843)	(26,843)
Balance at December 31, 2015		**1,102,001**	**3,361**	**1,105,362**

The notes on pages 31 to 65 form an integral part of these financial statements.

Auditors' report on pages 24 and 25.

Statements of Cash Flows - Year ended December 31, 2015

	Note	THE GROUP 2015 Rs'000	THE GROUP 2014 Rs'000	THE COMPANY 2015 Rs'000	THE COMPANY 2014 Rs'000
Operating activities					
Profit/(loss) before taxation		**306,782**	250,704	**39,849**	(2,974)
Adjustment for:					
Share of results of associated companies		**34,879**	13,176	-	-
Foreign exchange differences		**16,891**	(37,552)	-	-
Depreciation of property, plant and equipment		**395,457**	369,475	-	-
Amortisation of intangible assets		**46,332**	46,921	-	-
Profit on sale of financial assets		-	(4,111)	-	-
Profit on disposal of property, plant and equipment		**(593)**	(645)	-	-
Interest expense		**282,436**	360,553	**317**	821
Interest income		**(13,321)**	(7,494)	-	-
Retirement benefit obligations		**23,235**	20,259	-	-
Operating profit/(loss) before working capital changes		**1,092,098**	1,011,286	**40,166**	(2,153)
- inventories		**(17,792)**	(30,183)	-	-
- trade and other receivables		**(257,262)**	(40,750)	**(14,001)**	(10)
- trade and other payables		**54,092**	62,319	**(3,552)**	(471)
Cash generated from/(used in) operations		**871,136**	1,002,672	**22,613**	(2,634)
Interest paid		**(282,436)**	(360,553)	**(317)**	(659)
Interest received		**13,321**	7,494	-	-
Contribution paid		**(9,954)**	(12,409)	-	-
Tax paid		**(108,706)**	(38,596)	-	-
Net cash generated from/(used in) operating activities		**483,361**	598,608	**22,296**	(3,293)
Cash flows used in investing activities					
Purchase of property, plant and equipment		**(205,624)**	(112,793)	-	-
Purchase of intangible assets		**(56,807)**	(8,413)	-	-
Proceeds from sale of property, plant and equipment		**618**	695	-	-
Disposal of investment in financial assets		-	5,611	-	-
Investment in subsidiaries		-	-	-	(629,136)
Net cash used in investing activities		**(261,813)**	(114,900)	-	(629,136)
Cash flows from financing activities					
Proceeds from rights issue		-	1,233,600	-	629,136
Proceeds from borrowings		**385,576**	2,072,429	-	1,965
Repayments of borrowings		**(615,692)**	(2,287,362)	**(2,500)**	(5,465)
Finance lease principal repayment		**(20,314)**	(19,667)	-	-
Loans granted to related companies		-	(105,797)	-	-
Dividends paid		**(13,981)**	-	**(13,981)**	-
Dividends paid to non-controlling interest		**(37,889)**	(19,054)	-	-
Net cash (used in)/generated from financing activities		**(302,300)**	874,149	**(16,481)**	**625,636**
Net (decrease)/increase in cash and cash equivalents		**(80,752)**	1,357,857	**5,815**	(6,793)
Cash and cash equivalents at January 1,		**(224,093)**	(1,581,950)	**(6,767)**	26
Cash and cash equivalents at December 31,	23(a)	**(304,845)**	(224,093)	**(952)**	(6,767)

The notes on pages 31 to 65 form an integral part of these financial statements.

Auditors' report on pages 24 and 25.

1 COMPANY PROFILE

Hotelest Limited is a public company incorporated and domiciled in Mauritius and quoted on the Development & Enterprise Market of the Stock Exchange of Mauritius. The principal activity of the Company is to hold investment in Constance Hotels Services Limited. The address of its registered office is 5th Floor, Labama House, 35, Sir William Newton Street, Port Louis. These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of Hotelest Limited comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention as modified by revaluation of land and available-for-sale financial assets. The financial statements include the consolidated statements of the parent company and its subsidiaries (The Group) and the separate financial statements of the parent company (The Company). The financial statements are presented in Mauritian Rupees and all values are rounded to the nearest thousand (Rs 000), except when otherwise indicated.

Amendments to Published Standards and Interpretations effective in the reporting period

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives.

The amendment has no impact on the Group's financial statements.

Annual Improvements 2010 - 2012 Cycle

IFRS 2, 'Share based payments' amendment is amended to clarify the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. The amendment has no impact on the Group's financial statements.

IFRS 3, 'Business combinations' is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss. The amendment has no impact on the Group's financial statements.

IFRS 8, 'Operating segments' is amended to require disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. The amendment has no impact on the Group's financial statements.

IFRS 13 (Amendment), 'Fair Value Measurement' clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has no impact on the Group's financial statements.

IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The amendment has no impact on the Group's financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of preparation *(continued)*

Amendments to Published Standards and Interpretations effective in the reporting period *(continued)*

Annual Improvements 2010 - 2012 Cycle *(continued)*

IAS 24, 'Related party disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. The amendment has no impact on the Group's financial statements.

IAS 38, 'Intangible Assets' is amended to require an entity to take into account accumulated impairment losses when adjusting the amortisation on revaluation. The amendment has no impact on the Group's financial statements.

Annual Improvements 2011 - 2013 Cycle

IFRS 1, 'First-time Adoption of International Financial Reporting Standards' is amended to clarify in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. The amendment has no impact on the Group's financial statements, since the Group is an existing IFRS preparer.

IFRS 3, 'Business combinations' is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint venture under IFRS 11. The amendment has no impact on the Group's financial statements.

IFRS 13, 'Fair value measurement' is amended to clarify that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. The amendment has no impact on the Group's financial statements.

IAS 40, 'Investment property' is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 assists users to distinguish between investment property and owner-occupied property. Preparers also need to consider the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. The amendment has no impact on the Group's financial statements.

Standards, Amendments to Published Standards and Interpretations issued but not yet effective

Certain Standards, Amendments to Published Standards and Interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2016 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

- IFRS 9, "Financial Instruments"
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
- IFRS 14, "Regulatory Deferral Accounts"
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- IFRS 15, "Revenue from Contract with Customers"
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Equity Method in Separate Financial Statements (Amendments to IAS 27)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)
- Annual Improvements to IFRSs 2012 - 2014 Cycle
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)
- Disclosure Initiative (Amendments to IAS 1)

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of preparation *(continued)*

Standards, Amendments to Published Standards and Interpretations issued but not yet effective *(continued)*

Where relevant, the Group is still evaluating the effect of these Standards, Amendments to Published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates and assumptions are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(b) Investment in subsidiaries

Separate financial statements of the Company

In the Company's financial statements, investments in subsidiaries are carried at cost. The carrying amount is reduced to recognised any impairment in the value of individual investments.

Consolidated financial statements

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree (if any) over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss as a bargain purchase gain.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Investments in associates

Separate financial statements of the Company

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

Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method except when classified as held-for-sale. Goodwill arising on acquisition of an associate is included with the carrying amount of the associate and tested annually for impairment. Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of net assets of the associate less any impairment in the value of individual investments.

Any excess of the cost of acquisition and the Group's share of net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised as goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

When the Group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate. Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate. Dilution gains or losses arising in investments in associates are recognised in profit or loss.

(d) Foreign currencies

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using Mauritian Rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Mauritian Rupees, which is the Company's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(iii) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of that statement of financial position;

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Foreign currencies *(continued)*

(iii) *Group companies (continued)*

(b) income and expenses for each statement representing profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

(e) Property, plant and equipment

Property, plant and equipment (except for freehold land) are stated at historical cost/deemed cost less accumulated depreciation and impairment. Freehold land is stated at revalued amounts and is not depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation are credited to revaluation and other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the profit or loss.

Depreciation is calculated using the straight line method to write off the cost of assets, or the revalued amounts, to their residual values over their estimated useful life as follows:

Buildings	1.7% - 9.8%
Computer equipment	20%
Plant & machinery	10%
Vessels and motor vehicles	20%
Furniture, fittings & linen	10%

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the profit or loss. On disposal of revalued assets, the amounts included in revaluation reserve are transferred to retained earnings.

(f) Accounting for leases

(i) Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

(ii) *Accounting for leases - where Company is the lessee*

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the FIFO method.

(h) Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives (3-5 years). Costs associated with developing or maintaining computer software are recognised as an expense as incurred.

Leasehold land payments

Expenditure incurred to acquire leasehold rights is capitalised and amortised over the period of the lease (30 years).

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is tested annually for impairment and is allocated to cash-generating units for the purpose of impairment testing. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

Goodwill arising on the acquisition of a foreign operation is treated as an asset of the operation, expressed in the functional currency of the operation and translated at the closing rate.

(i) Impairment of non financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(j) Financial instruments

The Group's detailed accounting policies in respect of financial instruments are set out below:

(i) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the end of reporting period.

Recognition and measurement

Purchases and sales are recognised on trade-date basis the date on which the Group commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs.

Financial assets are derecognised when the rights to receive cash flows from financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Realised and unrealised gains and losses arising from changes in the fair value of the financial assets at fair value classified as available-for-sale are recognised in other comprehensive income.

When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses on financial assets.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Financial instruments *(continued)*

(i) Available-for-sale financial assets (continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the profit or loss.

(ii) Borrowings

Interest bearing facilities are recorded at amortised cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

(iii) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is recognised in profit or loss.

(iv) Trade and other payables

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

(v) Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

(vi) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(vii) Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from proceeds.

(k) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates that have been enacted or substantively enacted at the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liabilities is settled.

The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets, tax losses carried forward and on retirement benefit obligations.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Retirement benefit obligations

Defined benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement usually dependent on one or more factors such as age, year of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) is recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to profit or loss in subsequent period.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefits payments. Net Interest expense/(income) is recognised in profit or loss.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in profit or loss.

Other post retirement benefits

For employees who are not covered (or who are insufficiently covered by the above pension plans), the net present value of gratuity on retirement payable under the Employment Rights Act 2008 is calculated and provided for. The obligations arising under this item are not funded.

(m) Revenue recognition

Revenue is recognised upon amounts invoiced and customers' acceptance, net of value added taxes and discounts and excludes sales between group companies.

Interest income is recognised on a time-proportion basis using the effective interest method. Dividend income is recognised when the shareholder's right to receive payment is established.

(n) Borrowing costs

Borrowing costs directly attributable to major developments of hotels are capitalised for the period until the assets are ready for use.

All other borrowing costs are expensed.

(o) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statement in the period in which the dividends are declared.

(p) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring which has been notified to affected parties and comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) Comparative figures

Comparative figures have been restated, whenever necessary, to conform with changes in presentation or in accounting policies in the current year.

(r) Segment Reporting

Segment information presented relate to operating segments that engage in business activities for which revenues are earned and expenses incurred.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Group's activities are exposed to a variety of financial risks, market risk (including currency risk and price risk), credit risk and liquidity risk. The board provides guidelines for overall risk management, and seeks to minimise potential adverse effects on the Group's financial performance.

A description of the significant risk factors is given below together with the risk management policies applicable.

Currency risk

The Group operates both locally and in the region, and derives most of its income in foreign currencies namely Euros, Pound Sterling and American Dollars. In order to manage the currency risk, the Group enters into forward and swap contracts and where possible, borrows in the currency in which it operates.

The Group has certain investments in financial operations, whose net assets are exposed to foreign currency translation risk.

Currency Profile

THE GROUP	EUR Rs'000	USD Rs'000	GBP Rs'000	MUR Rs'000	OTHERS Rs'000	TOTAL Rs'000
2015						
Financial Assets						
Investments in associated companies	701,454	-	-	-	-	**701,454**
Net trade receivables	118,372	164,696	31,206	16,426	1,428	**332,128**
Cash and cash equivalents	33,753	40,844	9,535	2,802	5,176	**92,110**
	853,579	**205,540**	**40,741**	**19,228**	**6,604**	**1,125,692**
Financial Liabilities						
Borrowings	204,916	1,897,213	-	2,606,428	-	**4,708,557**
Trade payables	-	112,561	-	115,121	-	**227,682**
	204,916	**2,009,774**	-	**2,721,549**	-	**4,936,239**
2014						
Financial Assets						
Investments in associated companies	725,326	-	-	-	-	**725,326**
Net trade receivables	93,737	148,288	25,585	34,725	6,433	**308,768**
Cash and cash equivalents	33,348	28,226	7,588	4,334	279	**73,775**
	852,411	**176,514**	**33,173**	**39,059**	**6,712**	**1,107,869**
Financial Liabilities						
Borrowings	79,591	2,117,136	-	2,373,311	380	**4,570,418**
Trade payables	-	196,875	-	96,320	-	**293,195**
	79,591	**2,314,011**	-	**2,469,631**	**380**	**4,863,613**

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial Risk Factors *(continued)*

Currency risk *(continued)*

At December 31, 2015, if the Rupee had weakened/strengthened by 10% against the US Dollar/Euro/GB Pound with all other variables constant, the impact on the profit for the year would have been Rs 11.9 million (2014: Rs 10.7 million) higher/lower mainly as a result of foreign exchange gains/losses on translation of trade receivables, bank balances and share of results from foreign associates denominated in US Dollar/Euro/GB Pound.

Similarly, the impact on the amount recognised directly into equity would have been Rs 128.4 million (2014: Rs 127.5 million) higher/lower, principally due to Group's share of net assets in foreign associates and bank balances, and borrowings of foreign subsidiaries.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

As at December 31, 2015, trade receivables before impairment amounted to Rs 428.5 million (2014: Rs 397.6 million) for the Group. Provision for impairment amounted to Rs 96.4 million at December 31, 2015 (2014: Rs 88.8 million).

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable. The Group does not hold any collateral as security.

	Past due but not impaired				
	Within normal credit period Rs'000	Within 3 months Rs'000	More than 3 months Rs'000	Impaired Rs'000	Total Rs'000
2015					
Trade receivables	322,815	23,210	82,523	-	**428,548**
Provisions	-	(14,932)	(81,488)	-	**(96,420)**
At December 31,	**322,815**	**8,278**	**1,035**	-	**332,128**
2014					
Trade receivables	288,289	32,117	77,202	-	**397,608**
Provisions	-	(12,081)	(76,759)	-	**(88,840)**
At December 31,	**288,289**	**20,036**	**443**	-	**308,768**

Interest rate risk

The Group's borrowings as shown in the financial statements are exposed to interest rate risks as it borrows mainly at variable rates.

The Group's operating cashflows are exposed to interest risk as it borrows at variable rates. At December 31, 2015, if interest rate on Rupee denominated borrowings had been 50 basis points higher/lower with all variables held constant, post-tax profit for the year would have decreased/increased by Rs 10.9 million (2014: Rs 12.6 million) mainly as a result of higher/lower interest expense on floating rate borrowings. In order to manage the risk, the Group has some borrowings at fixed rate.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial Risk Factors *(continued)*

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivery of cash or another financial asset.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of credit facilities and the ability to close out market positions. The Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The Group's financial liabilities and net settled derivatives financial liabilities are classified into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

Bank borrowings maturity periods are detailed in Note 15.

Trade and other payables are payable within one year.

The liquidity position is closely monitored by management and the Group does not anticipate any major liquidity gap to arise.

3.2 Capital Risk Management

The Group's objectives when managing capital are:

- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefit for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

During 2015, the Group's strategy which was unchanged from 2014, was to maintain the debt-to-capital ratio at the lower end in order to secure access to finance at a reasonable cost.

The debt-to-capital ratios at December 31, 2015 and December 31, 2014 were as follows:

	THE GROUP	
	2015 Rs'M	2014 Rs'M
Total debt	**4,709**	4,570
Total equity	**4,608**	4,080
Total capital	**9,317**	8,650
Debt-to-capital ratio	**50.5%**	52.8%

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

(a) Depreciation policies

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group would currently obtain from disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the assets at the end of their expected useful lives.

(b) Deferred tax assets arising from tax losses

The Group has a deferred tax asset of Rs 61.6 million (2014: Rs 50.7 million) part of which has been used to offset against a deferred tax liability arising from accelerated capital allowances. The Group has made estimates of its future taxable income and believes that the tax losses will be fully utilised within the relevant period during which such tax losses may be carried forward.

(c) Pension benefits

The present value of the pension obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used include inter alia the discount rate, expected return on plan assets, future salary and pension increases. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

(d) Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(e) Revaluation of property, plant and equipment

The Group measures land at revalued amounts with changes in fair value being recognised in other comprehensive income. The fair value is determined by the Directors' valuation based on independent valuation by valuers.

(f) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2(h). These calculations require an estimation of the 'value in use' of the cash generating units (CGU) to which goodwill is allocated. Estimations of the future cash flows of the CGU and the estimated discount rate in order to compute the present value of expected cash flow.

5 PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP

	Project costs Rs'000	Freehold land Rs'000	Buildings Rs'000	Computer equipment Rs'000	Plant and machinery Rs'000	Vessels and motor vehicles Rs'000	Furniture, fittings & linen Rs'000	Total Rs'000
Cost/Deemed Cost/ Valuation								
At January 1, 2015	7,364	1,446,900	5,777,498	222,793	1,065,043	132,926	730,574	9,383,098
Effect of exchange difference	-	-	500,467	11,031	82,554	6,532	50,948	651,532
Additions	71,222	-	45,116	11,465	45,679	19,625	30,812	223,919
Disposals	-	-	-	-	(293)	(13,437)	(5,446)	(19,176)
Transfer	(147)	-	-	-	-	-	-	(147)
At December 31, 2015	**78,439**	**1,446,900**	**6,323,081**	**245,289**	**1,192,983**	**145,646**	**806,888**	**10,239,226**
Depreciation								
At January 1, 2015	-	-	1,268,703	166,697	683,365	109,481	449,096	2,677,342
Effect of exchange difference	-	-	98,869	8,995	48,542	5,150	25,915	187,471
Charge for the year	-	-	197,015	31,916	89,751	15,682	61,093	395,457
Disposal adjustment	-	-	-	-	(268)	(13,437)	(5,446)	(19,151)
At December 31, 2015	-	-	**1,564,587**	**207,608**	**821,390**	**116,876**	**530,658**	**3,241,119**
Net Book Values At December 31, 2015	**78,439**	**1,446,900**	**4,758,494**	**37,681**	**371,593**	**28,770**	**276,230**	**6,998,107**

(b) THE GROUP

	Project costs Rs'000	Freehold land Rs'000	Buildings Rs'000	Computer equipment Rs'000	Plant and machinery Rs'000	Vessels and motor vehicles Rs'000	Furniture, fittings & linen Rs'000	Total Rs'000
Cost/Deemed Cost/ Valuation								
At January 1, 2014 - restated	6,570	1,446,900	5,580,420	206,778	985,230	132,785	692,909	9,051,592
Effect of exchange difference	-	-	166,872	3,380	26,797	2,189	16,351	215,589
Additions	3,212	-	30,206	12,635	51,243	367	21,314	118,977
Disposals	-	-	-	-	(645)	(2,415)	-	(3,060)
Transfer	(2,418)	-	-	-	2,418	-	-	-
At December 31, 2014	**7,364**	**1,446,900**	**5,777,498**	**222,793**	**1,065,043**	**132,926**	**730,574**	**9,383,098**
Depreciation								
At January 1, 2014 - restated	-	-	1,060,997	133,643	585,056	94,003	386,185	2,259,884
Effect of exchange difference	-	-	26,940	2,347	13,285	1,469	6,952	50,993
Charge for the year	-	-	180,766	30,707	85,619	16,424	55,959	369,475
Disposal adjustment	-	-	-	-	(595)	(2,415)	-	(3,010)
At December 31, 2014	-	-	**1,268,703**	**166,697**	**683,365**	**109,481**	**449,096**	**2,677,342**
Net Book Values At December 31, 2014	**7,364**	**1,446,900**	**4,508,795**	**56,096**	**381,678**	**23,445**	**281,478**	**6,705,756**

5 PROPERTY, PLANT AND EQUIPMENT *(continued)*

(c) Leased assets included above comprised of motor vehicles and equipment. Details regarding these assets were as follows :

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
Cost	**110,707**	89,774
Accumulated depreciation	**(72,578)**	(51,751)
Net book amount	**38,129**	38,023

(d) Freehold land was last revalued in December 2010, by Société D'hotman De Spéville, Chartered Surveyor, at their open market value. The valuation considerations takes into account the location of the site and evidence of the sales of land in the area.

The revaluation surplus was credited to revaluation reserve in shareholders' equity.

(e) If the freehold land were stated on the historical cost basis, the amounts would be as follows:

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
Cost	**147,426**	147,426

(f) Bank borrowings are secured by floating charges on the assets of the Group including property, plant and equipment (Note 15).

(g) Additions include Rs 18.3m (2014 : Rs 6.2m) of assets leased under finance leases for the Group.

(h) Total depreciation charge has been included in operating expenses.

6 INTANGIBLE ASSETS

THE GROUP

		Goodwill on acquisition Rs'000	Leasehold land payments Rs'000	Computer software Rs'000	Total Rs'000
(a)	**Cost**				
	At January 1, 2014 - restated	401,466	758,016	65,762	1,225,244
	Effect of exchange difference	19,704	15,984	20,132	55,820
	Additions	-	-	8,413	8,413
	At December 31, 2014	**421,170**	**774,000**	**94,307**	**1,289,477**
	Additions	-	44,520	12,287	56,807
	Effect of exchange difference	58,778	50,479	60,597	169,854
	Transfer	-	-	147	147
	At December 31, 2015	**479,948**	**868,999**	**167,338**	**1,516,285**
	Amortisation				
	At January 1, 2014 - restated	-	93,576	12,714	106,290
	Effect of exchange difference	-	1,525	3,164	4,689
	Charge for the year	-	41,359	5,562	46,921
	At December 31, 2014	-	**136,460**	**21,440**	**157,900**
	Effect of exchange difference	-	7,761	11,997	19,758
	Charge for the year	-	38,270	8,062	46,332
	At December 31, 2015	-	**182,491**	**41,499**	**223,990**
	Net Book Values				
	At December 31, 2015	**479,948**	**686,508**	**125,839**	**1,292,295**
	At December 31, 2014	421,170	637,540	72,867	1,131,577

(b) Leasehold land payments relate to the rights acquired in respect of leasehold land.

(c) Leasehold land payments are amortised over the period of the leases.

(d) Total amortisation charge has been included in operating expenses.

(e) Impairment tests for goodwill: goodwill is allocated to the company's cash-generating units (CGUS) identified according to country of operation and business segment. The recoverable amount of a CGU is dertemined based on its value-in-use. These calculations use cash flow projections based on financial forcast covering a 6 year and thereafter the cashflow are extrapolated using a growth rate of 3%. The pre-tax discount rate used in the year approximates 12%.

7 INVESTMENTS IN SUBSIDIARY COMPANIES

		THE COMPANY	
		2015 Rs'000	2014 Rs'000
(a)	**Cost**		
	At January 1,	**1,106,533**	477,397
	Additions	-	629,136
	At December 31,	**1,106,533**	1,106,533

7 INVESTMENTS IN SUBSIDIARY COMPANIES *(continued)*

(b) The subsidiaries of Hotelest Limited are as follows:

Name of corporation	Nominal value of investment	Proportion of ownership interest Direct	Indirect		Country of operation	Country of incorporation or residence	Issued capital	Main business
	Rs'000	2015 & 2014 %	2015 %	2014 %			Rs '000	
Constance Hotels Services Limited *	1,106,533	51	-	-	Mauritius	Mauritius	2,153,395	Hotel Industry
Constance Industries Limited	514,475	-	100	100	Mauritius	Mauritius	458,052	Hotel Industry
Beauport Industries Limited	250,000	-	100	100	Mauritius	Mauritius	250,000	Hotel Industry
Constance Hotels and International Services Limited	87,509	-	100	100	Mauritius	Mauritius	87,509	Investment Holding Management Company
Constance Hospitality Training Centre Ltd	25	-	100	100	Mauritius	Mauritius	25	Training Centre
Constance Hotels Investment Limited	11,365	-	100	100	Mauritius	Mauritius	11,365	Investment Holding
Hotels Constance (UK) Limited	1	-	100	100	United Kingdom	United Kingdom	1	Marketing Representative
Ariatoll Services Ltd	32	-	100	100	Mauritius	Mauritius	32	Management Company
LRM Services Ltd	32	-	100	100	Mauritius	Mauritius	32	Management Company
LRM Company Ltd *	227	-	75	75	Seychelles	British Virgins Islands	302	Management Company
Moofushi Development Ltd	3	-	100	100	Maldives	Mauritius	3	Hotel Industry
The Waterfront PVT Ltd	48	-	100	100	Maldives	Maldives	48	Hotel Industry
Halaveli Development Ltd	30	-	100	100	Mauritius	Mauritius	30	Investment Holding

* The proportion of ownership held by non controlling interest for Constance Hotels Services Limited and LRM Company Ltd is 49% and 25% respectively for both year 2015 and 2014.

Note: Ordinary shares are issued for the above subsidiaries and the statutory reporting date is 31 December 2015 for the companies.

(c) Details for subsidiaries that have non-controlling interests that are material to the entity

	Profit allocated to non-controlling interest Rs'000	Accumulated non-controlling interest Rs'000
Profit allocated to:		
2015		
Constance Hotels Services Limited	112,651	(652,791)
2014		
Constance Hotels Services Limited	73,250	(787,224)

7 INVESTMENTS IN SUBSIDIARY COMPANIES *(continued)*

(d) Summarised financial information on subsidiaries with material non-controlling interests.

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income

	Current assets Rs'000	Non-current assets Rs'000	Current liabilities Rs'000	Non-current liabilities Rs'000	Revenue Rs'000	Profit for the year Rs'000	Other comprehensive income Rs'000	Dividend receivable during the year Rs'000
2015								
Constance Hotels Services Limited	**1,258,023**	**9,059,749**	**1,993,851**	**3,714,648**	**3,745,721**	**229,899**	**377,429**	**27,413**
2014								
Constance Hotels Services Limited	964,654	8,606,561	1,532,793	3,944,326	3,525,087	149,490	(3,817)	-

(ii) Summarised cash flow information:

	Operating activities Rs'000	Investing activities Rs'000	Financing activities Rs'000	Net (decrease)/ increase in cash and cash equivalents Rs'000
2015				
Constance Hotels Services Limited	**876,485**	**(261,813)**	**(313,781)**	**(86,567)**
2014				
Constance Hotels Services Limited	1,005,144	(114,900)	877,649	1,364,650

8 INVESTMENTS IN ASSOCIATED COMPANIES

	2015 Rs'000	2014 Rs'000
(a) THE GROUP		
Unquoted		
At January 1,		
As previously reported	**805,462**	773,209
Prior year adjustment (Note 26)	**(80,136)**	(81,401)
As restated	**725,326**	691,808
Loan given to associate	-	105,797
Share of results for the year	**(34,879)**	(13,176)
Exchange difference	**11,007**	(59,103)
At December 31,	**701,454**	725,326

Investment in associates at December 31, 2015 include goodwill of Rs 16m (2014:Rs 16m).

8 INVESTMENTS IN ASSOCIATED COMPANIES *(continued)*

(b) The results of the following associated companies, all of which are unlisted, that have been included in the consolidated financial statements were as follows:

Name	Year ended	Country of incorporation	Country of operation	By other group companies 2015 %	2014 %
Le Refuge du Pêcheur Limited	December 31, 2015	Seychelles	Seychelles	**25.42**	25.42
Ampasy Ltd	December 31, 2015	Mauritius	Mauritius	**37.50**	37.50
Constance Corporate Management Limited	December 31, 2015	Mauritius	Mauritius	**42.00**	42.00

(i) All the above associates are private companies with no quoted market price for their shares and accounted for using the equity method.

(ii) The shares held in Le Refuge du Pêcheur Limited have been pledged to a consortium of banks as security for borrowings of Le Refuge du Pêcheur Limited.

(iii) Summarised financial information in respect of each of the material associates is set out below:

	Current assets Rs'000	Non-current assets Rs'000	Current liabilities Rs'000	Non-current liabilities Rs'000	Revenue Rs'000	Loss for the year Rs'000	Other comprehensive income Rs'000	Dividend Rs'000
2015								
Le Refuge du Pêcheur Limited	**611,129**	**5,281,274**	**1,727,938**	**2,163,045**	**2,194,268**	**(138,312)**	**(22,852)**	-
2014								
Le Refuge du Pêcheur Limited	556,144	5,305,031	1,150,619	2,286,274	2,127,355	(38,647)	14,441	-

8 INVESTMENTS IN ASSOCIATED COMPANIES - Unquoted

(iv) Reconciliation of summarised financial information

Reconciliation of the above summarised financial information to the carrying amount recognised in the financial statements:

Name	Opening net assets Rs'000	Loss for the year Rs'000	Other compre-hensive income Rs'000	Effect of exchange difference Rs'000	Closing net assets Rs'000	Ownership interest %	Interest in associates Rs'000	Loan to associate Rs'000	Goodwill Rs'000	Carrying Value Rs'000
2015										
Le Refuge du Pêcheur Limited	**1,627,470**	**(138,312)**	**(22,852)**	**40,685**	**1,506,991**	**25.42**	**383,077**	**275,800**	**15,952**	**674,829**
2014										
Le Refuge du Pêcheur Limited	1,803,619	(38,647)	14,441	(151,943)	1,627,470	25.42	413,703	268,625	15,952	698,280

(v) Aggregate information of associates that are not individually material

	2015 Rs'000	2014 Rs'000
Carrying amount of interests	**26,625**	27,047
Share of profit/(loss)	**280**	(3,352)
Share of other comprehensive income	**(701)**	(857)
Share of total comprehensive income	**(421)**	(4,209)

Share of total comprehensive income not recognised amounted to Rs 3.4m (2014: Rs 2.6m) for Constance Corporate Management Limited as at December 31, 2015.

9 INVESTMENTS IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

	THE GROUP 2015 Rs'000	2014 Rs'000
Unquoted (level 3)		
At January 1,	**545**	2,045
Disposal	-	(1,500)
At December 31,	**545**	545

(a) Investments in financial assets consist of shares held in Ecocentre Limited.

These shares are unquoted, denominated in Mauritian Rupee and will be held indefinitely. The directors consider the cost of those investments to be their fair values.

(b) None of the financial assets are either past due or impaired.

10 DEFERRED INCOME TAX

(a) Deferred income taxes are calculated on all temporary differences under the liability method at 15% (2014: 15%).

There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statement of financial position:

	THE GROUP	
	2015 Rs'000	2014 Rs'000
Deferred tax assets	**67,348**	43,357
Deferred tax liabilities	**(59,732)**	(50,382)
Net deferred income tax asset/(liabilities)	**7,616**	(7,025)

(b) At the end of the reporting period, the Group and the Company had unutilised tax losses of Rs 578.1 million (2014: Rs 647.6 million) and Rs 54 million (2014: Rs 49 million) respectively, available for offset against future taxable profits. A deferred tax asset has been recognised in respect of only Rs 355 million unutilised tax losses for the Group (2014: Rs 337.9 million). No deferred tax asset has been recognised in respect of the remaining Rs 223.1 million unutilised tax losses (2014: Rs 309.7 million) for the Group and Rs 54 million (2014: Rs 49 million) for the Company due to unpredictability of future taxable profits.

(c) The movement on the deferred income tax account is as follows:

	THE GROUP	
	2015 Rs'000	2014 Rs'000
At January 1,	**(7,025)**	(23,873)
Effect of transfer from associate to subsidiary		
Credited to profit or loss (Note 19(b))	**23,739**	14,047
(Charged)/credited to other comprehensive income	**(9,098)**	2,801
At December 31,	**7,616**	(7,025)

(d) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity is as follows:

(i) Deferred tax liabilities

		THE GROUP	
	Accelerated tax depreciation Rs'000	**Revaluation reserves Rs'000**	**Total Rs'000**
At January 1, 2014	32,190	69,581	101,771
Credited to profit or loss	(24,339)	(4,352)	(28,691)
At December 31, 2014	**7,851**	**65,229**	**73,080**
Credited to profit or loss	(11,883)	-	(11,883)
(Credited)/charged to other comprehensive income	(1,867)	9,500	7,633
At December 31, 2015	**(5,899)**	**74,729**	**68,830**

10 DEFERRED INCOME TAX *(continued)*

(ii) Deferred tax assets

	THE GROUP		
	Retirement benefit obligations Rs'000	**Tax losses carried forward Rs'000**	**Total Rs'000**
At January 1, 2014	11,386	66,512	77,898
Credited/(charged) to profit or loss	1,177	(15,821)	(14,644)
Credited to other comprehensive income	2,801	-	2,801
At December 31, 2014	**15,364**	**50,691**	**66,055**
Credited to profit or loss	1,991	9,864	11,855
(Charged)/credited to other comprehensive income	(2,514)	1,050	(1,464)
At December 31, 2015	**14,841**	**61,605**	**76,446**

11 INVENTORIES

	THE GROUP	
	2015 Rs'000	2014 Rs'000
At Cost/Net realisable value		
Food and Beverages	**134,536**	123,235
Operating supplies	**45,505**	42,586
Maintenance	**58,207**	56,767
Sales products	**22,897**	22,711
Others	**12,033**	10,087
	273,178	255,386

(a) Bank borrowings are secured by floating charges on the asset of the Group including inventories (Note 15).

(b) The cost of inventories recognised as expense and included in cost of sales amounted to Rs 837.0 million (2014: Rs 725.7 million) for the Group.

12 TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 **Rs'000**	**2015 Rs'000**	2014 **Rs'000**
(a) Trade receivables	**428,548**	397,608	-	-
Less : Provision for impairment (Note 12(b))	**(96,420)**	(88,840)	-	-
Net trade receivables	**332,128**	308,768	-	-
Receivable from subsidiary company	-	-	**13,981**	-
Receivable from associated companies	**411,941**	182,921	-	-
Other receivables	**148,777**	143,895	**111**	91
	892,846	635,584	**14,092**	91

The carrying amount of trade and other receivables approximate their fair values.

12 TRADE AND OTHER RECEIVABLES *(continued)*

(b) Provision for impairment of trade receivables

	THE GROUP	
	2015	2014
At January 1,	**88,840**	86,289
Release for the year	**(824)**	-
Charged for the year	**8,404**	2,551
At December 31,	**96,420**	88,840

(c) Trade receivables are not secured, non interest bearing and are generally on 90 days term.

13 STATED CAPITAL

	THE GROUP AND THE COMPANY			
	Number of shares	**Ordinary shares Rs'000**	**Share premium Rs'000**	**Total Rs'000**
(a) **Issued shares**				
At January 01,2014	32,621,872	326,220	151,177	477,397
Proceeds from rights issue	23,301,337	233,012	396,124	629,136
Issue cost	-	-	(4,532)	(4,532)
At December 31, 2014 & 2015	**55,923,209**	**559,232**	**542,769**	**1,102,001**

(b) The issued ordinary shares are at par value Rs 10 and are fully paid.

(c) **Share premium**

When shares are issued at a premium whether for cash or otherwise, the excess of the amount received over the par value of the shares, is transferred to share premium.

14 REVALUATION AND OTHER RESERVES

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
The movements in each category are as follows:		
Revaluation surplus		
At January 1,	**681,264**	685,666
Transfer to retained earnings	**(3,216)**	(4,402)
At December 31,	**678,048**	681,264
Translation of foreign operations		
At January 1,		
As previously reported	**(25,247)**	79,020
Prior year adjustment (Note 26)	**89,727**	(20,294)
As restated	**64,480**	58,726
Movement during the year	**182,092**	5,754
At December 31,	**246,572**	64,480
Actuarial losses		
At January 1,	**(28,625)**	(20,531)
Movement during the year	**8,893**	(8,094)
At December 31,	**(19,732)**	(28,625)
Total	**904,888**	717,119

(a) **Revaluation surplus**

Revaluation surplus relates to revaluation of land and buildings net of any applicable deferred taxes.

(b) **Translation of foreign operations**

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. The figures for translation of foreign operations for 2013 & 2014 have been restated to reflect the effect of exchange difference on non current assets.

(c) **Actuarial losses**

The actuarial losses reserve represents the cummulative remeasurement of defined benefit obligation recognised.

15 BORROWINGS

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	Rs'000	**Rs'000**	Rs'000
Non-current				
Loans - USD	**1,207,922**	1,614,691	-	-
- EUR	**159,249**	52,386	-	-
- MUR	**2,158,543**	2,090,988	-	-
Finance lease liabilities	**30,264**	33,451	-	-
	3,555,978	3,791,516	-	-
Current				
Bank overdrafts	**396,955**	297,868	**952**	6,767
Loans - USD	**540,750**	388,109	-	-
- EUR	**41,355**	26,916	-	-
- MUR	**153,001**	47,500	-	2,500
Finance lease liabilities	**20,518**	18,509	-	-
	1,152,579	778,902	**952**	9,267
Total borrowings	**4,708,557**	4,570,418	**952**	9,267

(a) Finance lease liabilities - minimum lease payments:

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
Not later than 1 year	**23,503**	21,701
Later than one year and not later than two years	**17,550**	18,803
Later than two years and not later than five years	**13,119**	17,302
After five years	**2,567**	-
	56,739	57,806
Future finance charges on finance leases	**(5,957)**	(5,846)
Present value of finance lease liabilities	**50,782**	51,960
The present value of finance lease liabilities may be analysed as follows:		
Not later than one year	**20,518**	18,509
Later than one year and not later than two years	**15,300**	17,004
Later than two years and not later than five years	**12,717**	16,447
After five years	**2,247**	-
	50,782	51,960

The Group leases vehicles and equipment under finance lease agreements. These leases have fixed terms and purchase options. There are no restriction imposed on the Group by the lease arrangements other than in respect of the specfic vehicle/equipment being leased.

(b) Bank borrowings are secured on the assets of the Group including inventories, property, plant and equipment. The rates of interest rates on these loans vary between 4.21% and 9.0%.

(c) All the Group's borrowings have repricing date within one year.

15 BORROWINGS *(continued)*

(d) The maturity of non-current borrowings is as follows:

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
After one year and before two years	**515,940**	651,915
After two years and before three years	**583,750**	434,519
After three years and before five years	**784,211**	718,347
After five years	**1,672,077**	1,986,735
	3,555,978	3,791,516

(e) The carrying amounts of borrowings are not materially different from the fair value.

The fair values are based on cash flows discounted using the borrowing rates and are within level 2 of the fair value hierarchy.

16 RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
Amounts recognised in the Statement of financial position:		
- Defined pension benefits (Note (a)(ii))	**97,689**	101,272
- Other post retirement benefits (Note (b)(i))	**1,249**	1,156
	98,938	102,428
Analysed as follows:		
Non-current liabilities	**98,938**	102,428
	98,938	102,428
Amounts charged to profit or loss:		
- Defined pension benefits (Note (a)(v))	**23,067**	20,174
- Other post retirement benefits (Note (b))	**168**	85
	23,235	20,259
Amount charged to other comprehensive income:		
- Defined pension benefits (Note (a)(vi))	**(16,696)**	18,609
- Other post retirement benefits (Note (b))	**(75)**	63
	(16,771)	18,672

16 RETIREMENT BENEFIT OBLIGATIONS *(continued)*

(a) **Defined pension benefits**

(i) The Group contributes to a defined benefit pension. The plan is a final salary plan, which provides benefits to members in the form of pension at retirement and a benefit on death or disablement in service before retirement. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

The assets of the fund are held independently and administered by an insurance company

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligations were carried out at December 31, 2015 by Swan Life Limited. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) The amounts recognised in the statement of financial position are as follows:

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
Present value of funded obligations	**274,137**	271,618
Fair value of plan assets	**(176,448)**	(170,346)
Liability in the statement of financial position	**97,689**	101,272

The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
At January 1,	**101,272**	74,898
Charged to profit or loss	**23,067**	20,174
Charged to other comprehensive income	**(16,696)**	18,609
Contributions paid	**(9,954)**	(12,409)
Balance at December 31,	**97,689**	101,272

(iii) The Movement in the defined benefit obligations over the year is as follows :

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
At January 1,	**271,618**	229,225
Current service cost	**13,411**	12,466
Interest expense	**19,538**	16,834
Actuarial losses	**(18,583)**	15,460
Benefits paid	**(11,847)**	(2,367)
At December 31,	**274,137**	271,618

16 RETIREMENT BENEFIT OBLIGATIONS *(continued)*

(a) **Defined pension benefits** *(continued)*

(iv) The movement in the fair value of plan assets of the year is as follows:

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
At January 1,	**170,346**	154,327
Return on plan assets	**11,792**	11,076
Actuarial losses	**(1,890)**	(3,149)
Scheme expenses	**(396)**	(494)
Cost of insuring risk benefits	**(1,511)**	(1,456)
Contributions by the employer	**9,954**	12,409
Benefits paid	**(11,847)**	(2,367)
At December 31,	**176,448**	170,346

(v) The amounts recognised in the statement of profit or loss are as follows:

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
Current service cost	**13,411**	12,466
Scheme expenses	**396**	494
Cost of insuring risk benefits	**1,511**	1,456
Net interest expense	**7,749**	5,758
Total included in employee benefit expense	**23,067**	20,174

The current service cost, scheme expenses, cost of insuring risk benefits, net interest expenses for the year is included in administrative expenses in the statement of profit or loss.

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
Actual return on plan assets	**9,901**	7,929

(vi) The amounts recognised in other comprehensive income are as follows:

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
Liability experience losses/(gains)	**(5,803)**	15,460
Actuarial losses arising from changes in financial assumptions	**(12,781)**	-
Actuarial losses	**(18,584)**	15,460
Return on plan assets excluding interest income	**1,888**	3,149
	(16,696)	18,609

16 RETIREMENT BENEFIT OBLIGATIONS *(continued)*

(a) **Defined pension benefits** *(continued)*

(vii) The assets of the plan are invested in the Deposit Administration Policy. The Deposit Administration Policy is a pooled insurance product for Group Pension Schemes, underwritten by Swan Life Ltd. It is a long-term investment Policy which aims to provide a smooth progression of returns from one year to the next without regular fluctuations associated with asset-linked investments such as Equity Funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4% p.a.

(viii) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	2015	2014
	%	%
Discount rate	**7.0**	7.0
Future salary growth rate	**5.0**	6.0
Future pension growth rate	-	-

(ix) Sensitivity analysis on defined benefit obligations at end of the reporting date:

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
December 31,		
Discount rate (1% movement)	**28,192**	28,418
Future long term salary (1% movement)	**34,127**	28,629

An increase/decrease of 1% in other principal actuarial assumptions would not have a material impact on defined benefit obligations at the end of the reporting period.

The sensitivity above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the Projected Unit Credit Method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(x) The defined benefit pension plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

(xi) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xii) The Group expects to pay Rs 20.7m in contributions to its post-employment benefit plans for the year ending December 31, 2016.

(xiii) The weighted average duration of the defined benefit obligation is 10-15 years at the end of the reporting period for the Group.

16 RETIREMENT BENEFIT OBLIGATIONS *(continued)*

(b) **Other post retirement benefits**

Other post retirement benefits comprise mainly of gratuity on retirement payable under the Employment Rights Act 2008.

(i) The amounts recognised in the statement of financial position are as follows:

	THE GROUP	
	2015 Rs'000	2014 Rs'000
Present value of unfunded obligations	**1,249**	1,156

(ii) Movement in the liability recognised in the statement of financial position:

	THE GROUP	
	2015 Rs'000	2014 Rs'000
At January 1,	**1,156**	1,008
Included in profit or loss		
Current service cost	**81**	14
Net interest expense	**87**	71
Included in other comprehensive income		
Actuarial (gains)/ losses	**(75)**	63
Balance at December 31,	**1,249**	1,156

17 TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Trade payables	**230,178**	229,711	-	-
Payable to group companies:				
- Associated companies	**22,255**	16,681	**590**	363
Other payables	**485,865**	424,382	**859**	4,638
	738,298	670,774	**1,449**	5,001

The carrying amounts of trade and other payables approximate their fair values.

18 DIVIDENDS PAYABLE

	THE GROUP AND THE COMPANY	
	2015 Rs'000	2014 Rs'000
Amounts recognised as distribution to equityholders in the year:		
- Final dividend declared and payable for the year ended December 31, 2015 of Rs 0.23 per share	**12,862**	-
- Interim dividend declared and paid for the year ended December 31, 2015 of Rs 0.25 per share	**13,981**	-
	26,843	-

19 INCOME TAX

(a) **Amounts recognised in the statements of financial position are as follows:**

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
Current tax liabilities	**91,394**	97,385

Current tax liabilities is on adjusted profit for the year at 15% (2014: 15%)

(b) **Amounts recognised in the statement of profit or loss:**

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
Current tax on the adjustment profit for the year at 15% (2014: 15%)	**54,612**	65,388
Withholding tax	**19,710**	20,689
Penalty and interest	**16,516**	-
Under provision in previous years	**11,877**	49,146
Deferred income tax (Note 10(c))	**(23,739)**	(14,047)
Charged to profit or loss	**78,976**	121,176

(c) **Withholding tax**

Withholding tax at 15% is suffered by a subsidiary on its offshore operation.

(d) **Tax reconciliation**

The tax on the Group's and the Company's loss before taxation differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit/(loss) before taxation	**306,782**	250,704	**39,849**	(2,974)
Add : Loss of associates	**34,879**	13,176	-	-
	341,661	263,880	**39,849**	(2,974)
Tax calculated at a rate of 15% (2014: 15%)	**51,249**	39,582	**5,977**	(446)
Expenses not deductible for tax purposes	**21,984**	59,786	-	-
Withholding and foreign tax	**34,169**	36,533	-	-
Income not subject to tax	**(43,774)**	(54,109)	-	-
Deemed tax credit	**(24,849)**	(32,955)	-	-
Utilisation of previously unrecognised tax losses	**(16,499)**	(4,646)	(5,977)	-
Under provision in previous years	**11,877**	49,146	-	-
Other adjustments	**22,499**	11,121	-	-
Penalty interest	**16,516**	-	-	-
Tax for loss which no deferred income tax was recognised	**5,804**	16,718	-	446
Charged to profit or loss	**78,976**	121,176	-	-

20 OPERATING PROFIT/(LOSS)

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	Rs'000	**Rs'000**	Rs'000
The operating profit/(loss) is arrived at:				
after crediting:				
Dividend income	-	-	**41,942**	-
Other operating income	**2,077**	5,613	-	-
Interest income	**13,321**	7,494	-	-
Net foreign exchange transaction gains	**47,766**	38,835	-	-
Profit on disposal of property, plant and equipment	**2,610**	645	-	-
after charging:				
Cost of sales	**1,212,078**	1,123,900	-	-
Operating expenses	**1,206,947**	1,057,638	-	-
Administrative expenses	**768,373**	771,703	**1,776**	2,153

(a) The expenses disclosed below have been included in operating expenses and administrative expenses:

	THE GROUP	
	2015	2014
	Rs'000	Rs'000
Depreciation - owned assets	**375,757**	351,520
- leased assets	**19,700**	17,955
Amortisation of intangible assets	**46,332**	46,921
Staff costs	**889,494**	806,551

21 FINANCE COSTS

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest expense				
- Bank overdrafts	**15,937**	131,117	**296**	482
- Bank and other borrowings repayable by instalments	**263,985**	228,329	-	-
- Other interests	**2,514**	1,107	**21**	339
Total borrowing costs	**282,436**	360,553	**317**	821

22 EARNINGS/(LOSS) PER SHARE

		THE GROUP		THE COMPANY	
		2015	2014	**2015**	2014
Profit or (loss) attributable to equityholders	Rs'000	**104,085**	55,062	**39,849**	(2,974)
Weighted average number of ordinary shares - including effects of Rights issue (thousands)		**55,923**	35,699	**55,923**	35,699
Earnings/(loss) per share - including effects of Rights issue	Rs	**1.86**	1.54	**0.71**	(0.08)

23 NOTES TO THE STATEMENTS OF CASH FLOWS

(a) **Bank balances and cash**

	THE GROUP		THE COMPANY	
	2015 **Rs'000**	2014 Rs'000	**2015** **Rs'000**	2014 Rs'000
Cash and cash equivalents	**92,110**	73,775	**-**	-
Bank overdrafts (Note 15)	**(396,955)**	(297,868)	**(952)**	(6,767)
	(304,845)	(224,093)	**(952)**	(6,767)

(b) **Non-cash transactions**

	THE GROUP	
	2015 **Rs'000**	2014 Rs'000
Acquisition of property, plant and equipment using finance lease	**18,295**	6,184

(c) **Operating lease - where the Group is the lessee**

The Group leases land under non-cancellable operating lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	THE GROUP	
	2015 **Rs'000**	2014 Rs'000
Not later than one year	**170,393**	141,564
Later than one year and not later than five years	**831,236**	664,992
Later than five years	**3,897,104**	3,664,063
	4,898,733	4,470,619

24 COMMITMENTS

(a) **Capital commitments**

	THE GROUP	
	2015 **Rs'000**	2014 Rs'000
Capital expenditure contracted for at the end of the reporting date but not recognised in the financial statements is as follows:		
Property, plant and equipment	**40,626**	18,285

(b) **Operating lease - where the Group is lessee**

The Group leases land under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses, and renewal and lease extension rights. The lease renewals are at the specific entity that hold the lease. There are no purchase options attached to the lease. There are no restriction imposed on the Group by the lease arrangements other than in respect of the specfic land being leased.

The future aggregrate minimum lease payments under the non-cancellable operating leases are as follows:

	THE GROUP	
	2015 **Rs'000**	2014 Rs'000
Not later than one year	**170,393**	141,564
Later than one year and not later than five years	**831,236**	664,992
Later than five years	**3,897,104**	3,664,063
	4,898,733	4,470,619

25 CONTINGENCIES

	THE GROUP	
	2015 **Rs'000**	2014 Rs'000
(a) **Contingent liabilities**		
Bank guarantees to third parties	**276**	236

26 RESTATEMENT OF COMPARATIVE FIGURES

Group figures for year 2014 & 2013, have been restated to reflect:

- Net deferred tax liability not recognised in previous years on the associated company.
- Effect of exchange difference on goodwill, property, plant and equipment and intangible assets of foreign entities within the Group.

The effect on the statement of financial position are as follows:

THE GROUP	Property, plant and equipment Rs'000	Intangible assets Rs'000	Translation reserve Rs'000	Investment in associated company Rs'000	Retained earnings Rs'000	Non-controlling interest Rs'000
2014						
As previously reported	6,605,746	1,055,652	(25,247)	805,462	287,241	1,967,486
Prior year adjustment	100,010	75,925	89,727	(80,136)	(40,869)	46,941
As restated	**6,705,756**	**1,131,577**	**64,480**	**725,326**	**246,372**	**2,014,427**
2013						
As previously reported	6,856,294	1,094,160	79,020	773,209	228,423	1,415,412
Prior year adjustment	(64,586)	24,794	(20,294)	(81,401)	(41,515)	(59,384)
As restated	**6,791,708**	**1,118,954**	**58,726**	**691,808**	**186,908**	**1,356,028**

The effect on profit or loss and other comprehensive income is as follows:

	2014 Rs'000	2013 Rs'000
Profit or loss	**1,265**	(6,697)
Other comprehensive income	**215,727**	(39,792)

27 RELATED PARTY TRANSACTIONS

	Sales of goods and services		Purchase of goods and services		Management fees/ financial income/ (charges)		Amount due (to)/from	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000	**2015 Rs'000**	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
THE GROUP								
Enterprises with common shareholders	-	-	**(26,815)**	(26,031)	**(2,667)**	(2,657)	**(27)**	(27)
Associated companies	**1,572**	1,681	**(230)**	(46)	**107,077**	107,002	**389,686**	163,740
THE COMPANY								
Subsidiary company	-	-	-	-	-	-	**13,981**	-
Associated companies	-	-	**(230)**	**(23)**	**(20)**	(340)	**(590)**	(2,863)

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Key management personnel compensation:				
Short term employee benefit	**114,789**	107,118	**365**	344
Post employment benefit	**2,374**	2,287	-	-
Retirement benefit	-	3,000	-	-
	117,163	112,405	**365**	344

The amounts receivable and payable in respect to related parties have maturity within one year.

No provisions is held against receivables from related parties.

Related party transactions have been made in the normal course of business under normal terms and conditions.

28 SEGMENT REPORTING

(a) The Group has no significant reporting segment separate from the hotel industry.

(b) **Geographical information**

	Revenues from external customers		Non-current assets	
THE GROUP	**2015 Rs'000**	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Mauritius	**1,715,111**	1,582,943	**4,619,189**	4,540,494
Maldives	**2,030,610**	1,942,144	**4,440,560**	4,066,067
Total	**3,745,721**	7,270,808	**9,059,749**	8,606,561

The Group's customer base is diversified, with no individual significant customer.

Profile of Directors and Senior Officers

DIRECTORS

George J. Dumbell (67) - Independent director, Chairman

Appointed director in December 2005 and Chairman in January 2006

Mr Dumbell is an Associate of the Chartered Institute of Bankers (UK) with over 47 years of financial and commercial experience, including 34 years in various senior management positions, within the HSBC Group, across the Globe. In 1994, he was seconded for two and a half years to Eurochambres, Association of European Chambers of Commerce and Industry, in Belgium, as Deputy Secretary General and Managing Director of its business arm; an organisation representing over 14 million companies across western, central and eastern Europe. Mr Dumbell is a former director of several financial institutions in Asia and Europe, and of a number of listed companies in Mauritius. He sat on the founding board of the Mauritius Institute of Directors, and is currently a fellow of this Institute and member of its Directors' Forum. In 2003 he undertook a two-year consultancy contract with the Mauritius Commercial Bank Ltd in the field of Risk Management. Mr Dumbell is currently a director of the ChrysCapital Group of Companies.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

Belle Mare Holding Ltd

Nicolas Boullé (56) – Non-executive director

Appointed in 2014

Notary qualified and practicing since 1990. Me Boullé has worked in close collaboration in the first instance with Me Pierre Doger de Spéville and thereafter with Me Jacques Montocchio until 2002. Me Boullé now practices independently but in close collaboration with three other colleagues.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

Belle Mare Holding Ltd

Jean de Fondaumière (62) – Non-executive director

Appointed in 2007

Mr de Fondaumière qualified as a Chartered Accountant in Edinburgh and held various managerial positions in the fields of audit and merchant banking at Price Waterhouse, Kleinwort Benson, and Security Pacific in Australia between 1980 and 1992. He retired as Chief Executive of the Swan Group on 31 December 2006 after 15 years with the Group. He is a director of a number of companies involved in economic activities varying from agriculture and commerce to finance and tourism operating in Mauritius and the region. He is a past Chairman of the Stock Exchange of Mauritius and is a member of a number of audit and corporate-governance committees.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

Alteo Ltd

Lux Island Resorts Ltd

Marc Freismuth (64) - Independent director

Appointed in 2007

Mr Freismuth holds an MPhil degree in Economics from the Sorbonne (Paris) and an *agrégation* in Economics and Management. He was a lecturer at the University of Montpellier (France) until July 1988, when he decided to join the University of Mauritius as Lecturer of Management and Finance until July 1994. While in the latter post, Mr Freismuth participated in the setting-up of the Stock Exchange of Mauritius as consultant to the Stock Exchange Commission and member of the Listing Committee. He taught Hospitality Management at the University of Réunion from 2000 to 2005. Since this date, he is working as a private consultant in management and finance. He is also a director of several other listed and non-listed companies.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

Belle Mare Holding Ltd

The United Basalt Products Ltd.

DIRECTORS *(continued)*

Clément D. Rey (46) – Group Head of Corporate Affairs, executive director

Appointed in 2004

Mr Rey holds a Bachelor's and a Master's degree in Business Law from the United Kingdom. Before joining the Constance Group as Group Head of Corporate Affairs, he held a similar position within the Ciel Group, one of the largest industrial groups in Mauritius. In his present capacity, he has overall responsibility for corporate transactions and regulatory matters relating to the member companies of the Constance Group. He is a director of a number of companies in the commercial and financial sectors and is a member of various Board committees.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

Belle Mare Holding Ltd.

Jean Ribet (56) - Group Chief Executive Officer, executive director

Appointed in 2007

Mr Ribet is a member of the South African Institute of Chartered Accountants and holds a Bachelor of Commerce degree. He joined the Constance Group as Group Financial Controller in 1991. He was appointed Group Chief Executive Officer in 2004 and has overall responsibility for the agro-industrial, tourism and investment activities of the Constance Group.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

Belle Mare Holding Ltd

Ireland Blyth Ltd.

Louis Rivalland (45) - Non-executive director

Appointed in 2007

Mr Rivalland holds a Bachelor's degree in Actuarial Science and Statistics, a Post Graduate Diploma in Strategy and Innovation from SAID Business School, University of Oxford and is a Fellow of the Institute of Actuaries of the United Kingdom.

He is currently the Group Chief Executive of Swan General Ltd and Swan Life Ltd. He is a past president of the Joint Economic Council and of the Insurer's Association of Mauritius.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

Air Mauritius Ltd

ENL Land Ltd

Ireland Blyth Ltd

New Mauritius Hotels Ltd

Swan General Ltd.

Georgina Rogers (53) – Non-executive director

Appointed in 2010

Mrs Rogers holds a Bachelor of Commerce degree from the University of Natal in South Africa. She practiced as an accountant until 1995 and is now involved in the realisation of real-estate development projects.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

Belle Mare Holding Ltd.

Profile of Directors and Senior Officers *(continued)*

DIRECTORS *(continued)*

Colin Taylor (50) – Non-executive director

Appointed in August 2015 by the Board of Directors until the forthcoming Annual Meeting where his appointment will be proposed.

Mr Taylor holds a BSc (Hons) in Engineering with Business Studies and an MSc in Management.

He is presently Chief Executive of Taylor Smith Investment and the Honorary Consul of Sweden in Mauritius. He is also a member of the Board of the Mauritius Chamber of Commerce and Industry.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

New Mauritius Hotels Ltd
CIM Financial Services Ltd.

Noël Adolphe Vallet (50) - Non-executive director

Appointed in 1999

After studying Management in South Africa, Mr Vallet gained professional experience in the UK before returning to Mauritius to take up the position of manager of Fleurs des Tropiques Exports Ltée, a company which was then part of the Constance Group. He held that position for two years before moving on to a number of other Management functions within the Group. He was responsible, as Project Manager, for setting up Mauritius's sugar museum, L'Aventure du Sucre. He left the Group in 2006 and now runs his own business in the events industry, as Managing Director of Bedouin Tents and Rocket Fireworks. Mr Vallet is very involved in sports activities and holds positions of responsibility in a few clubs and associations.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

Belle Mare Holding Ltd.

SENIOR OFFICERS

Jan Boullé (59) – Group Head of Projects and Development

Mr Boullé qualified as *Ingénieur statisticien économiste* in France and holds a *Diplôme de 3ème cycle, sciences économiques* from Université Laval, Quebec, Canada. He joined the Constance Group in 1984 and is at present the Group Head of Projects and Development. He is also a director of several major companies in Mauritius.

Directorships in other companies listed on the official market of the Stock Exchange of Mauritius Ltd:

Alteo Ltd

Belle Mare Holding Ltd

Phoenix Beverages Ltd.

Kevin Chan Too (38) – Group Head of Finance

Mr Chan Too is a Fellow of the Association of Chartered Certified Accountants. He joined the Constance Group in 2007 as Group Financial Accountant and is currently its Group Head of Finance with main responsibility for the finance, accounting, treasury and internal control functions. Prior to joining the Constance Group, Mr Chan Too held various finance and accounting positions within listed companies dealing in the property, finance and investment sectors.

Siegfried Espitalier Noël (47) - Chief Marketing Officer of CHSL

Mr Espitalier Noël holding a MSc in International Hospitality Management at the Oxford Brookes University in the United Kingdom.

As the Chief Marketing Officer of Constance Hotels and Resorts, he is responsible of all Marketing and Commercial activities belonging to the Group in Mauritius and abroad.

SENIOR OFFICERS *(continued)*

Andrew Milton (49) – Chief Operations Officer of CHSL

Mr Milton is the Chief Operations Officer (COO) Constance Hotels and Resorts. He is operationally and financially responsible for seven high-end luxury hotels and their 3,000 employees.

Holder of a Bsc Institutional Management, Cardiff university and later studied Finance (INSEAD), Leadership at (IMD) and Asset Management (Cornell).

Mr Milton started his career in Abu Dhabi with Hilton Hotels and has held positions in London, Cannes arriving in Mauritius in 1995. He has held leadership positions with Beachcomber and Sun International before joining Constance Hotels and Resorts as the opening General Manager of Constance Lémuria Seychelles in 1999.

In July 2002, he became General Manager of the Constance Le Prince Maurice while retaining operational responsibility for the Constance Lémuria Seychelles and Tsarabanjina in Madagascar, and championed the re-branding of the latter in 2006.

After repositioning the One & Only Le St Géran for a period of 5 years Mr Milton rejoined Constance Hotels and Resorts as Chief Operations Officer in 2012.

Jean-Jacques Vallet (47) – Chief Executive Officer of CHSL

Mr Vallet holds a *Maîtrise en sciences et gestion* (MSG) and a post-graduate degree (DESS) in the fields of management science, logistical operations and industrial management. As the Chief Executive Officer of Constance Hotels and Resorts, he is responsible for the management of all hotels belonging to the Group in Mauritius and abroad. He was also the President of AHRIM, the Association of Hotels and Restaurants in Mauritius, for the periods 2003-2004 and 2011-2012.

Proxy Form

I/We

of

being a member of Hotelest Limited, hereby appoint

or failing him/her,

as my/our proxy to vote for me/us and my/our behalf at the Annual Meeting of the Company to be held on Wednesday, 8 June 2016 at 10.30 a.m. and at any adjournment thereof.

I/We desire this proxy to be used (see note 1) as follows:

		For	Against	Abstain
3	To adopt the Audited Financial Statements of the Company and the Group for the year ended December 31, 2015.			
4	To authorise the Board of Directors to fix the remuneration of the external auditors, BDO & Co, who have expressed their willingness to continue to act as external auditors of the Company and will be automatically reappointed.			
5	To appoint Mr Colin Taylor as a non-executive director of the Company.			
6	By separate resolutions and in accordance with article 21.2 (1) of the Constitution of the Company, to re-elect the following persons who, retiring by rotation, offer themselves for re-election as directors of the Company: a. Mr Noël Adolphe Vallet b. Mr Clement D. Rey c. Mr Nicolas Boullé			

Dated this day of 2016

Signature (s)

Notes

1 *Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will exercise his discretion as to how he votes or whether or not he abstains from voting.*

2 *This instrument appointing a proxy, any general power of attorney or written resolution appointing a representative should reach the Company Secretary, at the registered office of the Company, 5th Floor, Labama House, 35 Sir William Newton Street, Port Louis, not less than twenty four hours prior to the time scheduled for the meeting, i.e., by 10:30 am on Tuesday, 7 June 2016. In default, the instrument of proxy shall not be treated as valid.*

For the purpose of this Annual Meeting, the Directors have resolved in compliance with section 120 of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend such meeting shall be those shareholders whose names are registered in the share register of the Company as at 13 May 2016.

Hotelest Limited

Registered Office
5th Floor, Labama House
35 Sir William Newton Street
Port Louis

Telephone: (230) 212 4173 / 4
Facsimile: (230) 208 8295
Email: admin@constancegroup.com