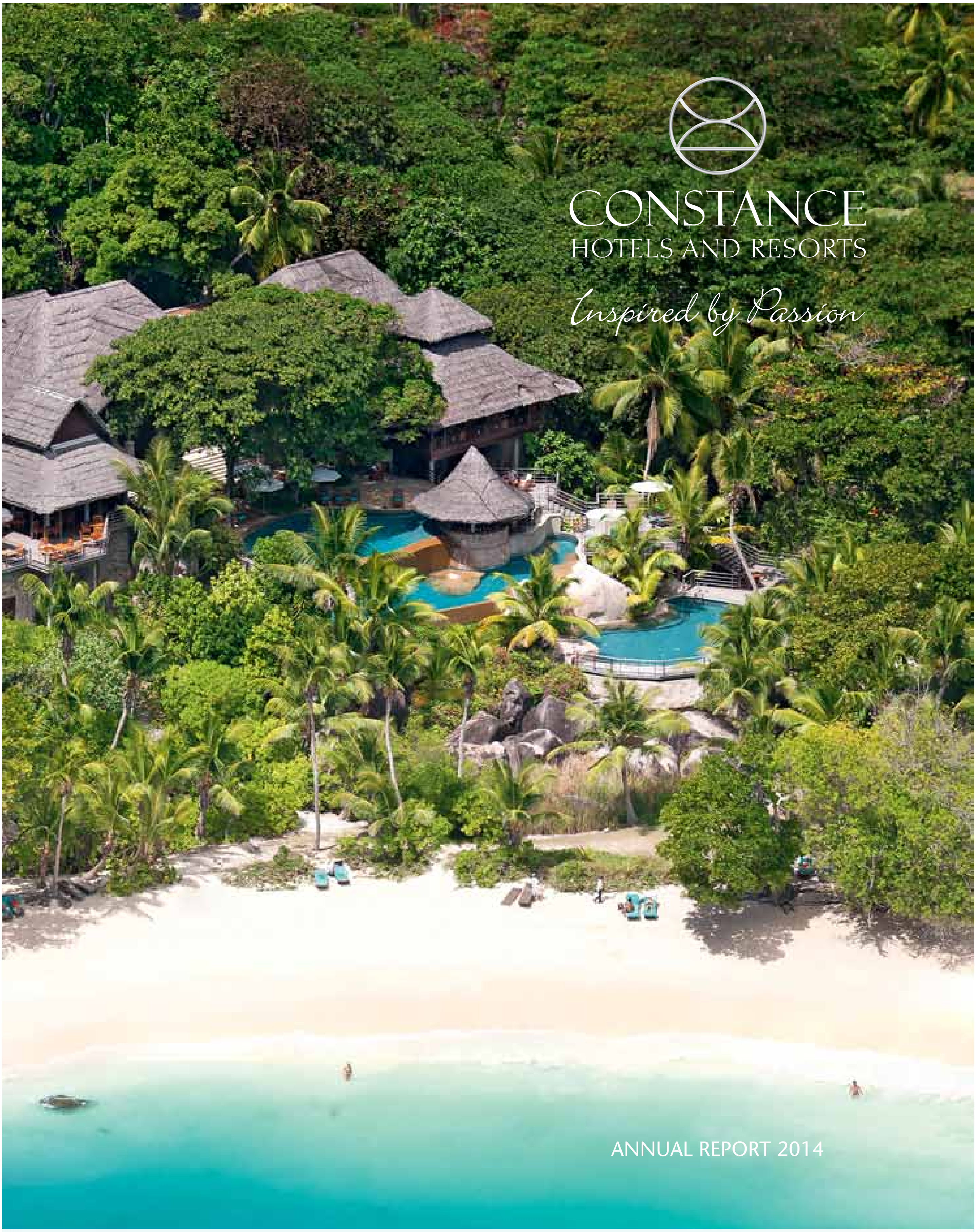


CONSTANCE
HOTELS AND RESORTS

Inspired by Passion

ANNUAL REPORT 2014

INSPIRED BY PASSION

CONSTANCE
HOTELS AND RESORTS

Inspired by Passion

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Constance Hotels Services Limited for the year ended 31 December 2014. This report was approved by the Board on 31 March 2015.

(s) George J. Dumbell *Chairperson*	(s) Jean Ribet *Director* *Group Chief Executive Officer*

CONTENTS

Inspired by Passion

The foundation of Constance Hotels and Resorts lies in the passion and creativity of its people who translate the power of its brand promise in achieving improved financial results year after year.

Chairperson's Statement

Dear Shareholder,

In 2014, your Company achieved a much-improved performance and continued to strengthen its brand, in face of the ongoing challenges of a slow and uncertain global economic recovery. It also successfully completed its major financial programme, which included a Rights Issue of MUR 1,234 million.

The Region

The small positive signs shown by the hospitality sector in the first quarter, persisted, to a large extent throughout the year albeit in varying degrees, in the principal jurisdictions, in which we operate. Seychelles was the least performing with tourist arrivals showing a 1% increase compared to Mauritius +4.6% and Maldives +7.1%.

Growing with Purpose

Your Company continued to benefit from its diversification strategy with positive revenue growth, higher RevPAR and improved EBITDA achieved by all its resorts in Mauritius, Maldives, Seychelles and Madagascar.

Over these past years your Company has made strong and measurable progress in its pursuit of becoming the pre-eminent hospitality company in the region. Last year, we were recognised as the top luxury hotel brand in the world, in the small hotel group category, by ReviewPro. This year, in the TripAdvisor Travellers' Choice Awards, two of our resorts were in the Top 25 Best Hotels of the World, besides achieving first place in Africa and fifth in Asia.

As your Company grows in prominence, so is its commitment to Corporate and Social Responsibility. Today, all our resorts are Green Globe certified, proving our engagement to environmental best practices. Also, we launched a comprehensive Enterprise Risk Management Programme across all our resorts. Year after year, our employees and operations work closely with the local communities in which we are located, providing employment; supporting local suppliers; enhancing the communities through education, training and health programmes; protecting the environment; and boosting tourism. Your Company has become a partner to help deliver a shared economic social value that benefits all its stakeholders.

Key Strategic Priority

Your Company is focussed on making the Constance brand, the brand of choice in the region.

The foundation for your Company's success is and will continue to be based on the passion, creativity and professionalism of its people, translated into the power of its brand and the realisation of its guests' dreams; supported by a stable and well-balanced financial platform. In this latter regard, the Strategic Financial Programme, completed end 2014, will enable your Company to embark on its next expansion programme, principally in the fast-developing emerging tourism markets of Africa, Asia and elsewhere.

" Your Company continued to benefit from its diversification strategy with positive revenue growth, higher RevPAR and improved EBITDA achieved by all its resorts in Mauritius, Maldives, Seychelles and Madagascar."

Outlook

2015 will mark a milestone for your Company, which will be celebrating its 40th anniversary.

Global Travel and Tourism forecasts over the next ten years look favourable. However, if our region is to capitalize from this growth, it will require the tourism authorities in the region to address, with determination and purpose, the specific inherent issues facing their respective industry, so that a successful and sustainable tourism sector, a vital economic activity for the countries of this region, is established. The alternative outcome is an uncertain and bumpy road ahead for all regional operators.

We remain confident that with the strategy we are pursuing, your Company is in a strong position to benefit from any sustainable upturn in the regional tourism industry, as well as from opportunities arising in the new emerging tourism markets of Asia and Africa, specifically in the field of hotel management, where we can use the Constance brand, which is, today, globally recognised and highly rated, to extend our presence further afield. This said, we cannot ignore the dampening effect that the weak Euro will have on any upswing in our revenue stream, relating specifically to our operations in Mauritius and the Seychelles.

Our People

The achievements attained and awards received by your Company come from the commitment, motivation and loyalty of its people. The tough trading conditions we have faced during these past years have not dented their resolve to take the already high standards of our properties, product and service offerings, to even greater heights. For this, we extend our appreciation and deep gratitude to our CEO and his team, and to each and every member of the personnel.

Acknowledgement

On behalf of the Board, I wish to express my gratitude to Mrs Christine Sauzier, Messrs Jérôme De Chasteauneuf and Iqbal Mallam-Hasham, who have stepped down as directors of the Company, for their valuable contribution and support during their tenure of service. The Board welcomes Mrs Georgina Rogers, and Messrs Marc Freismuth and Jean De Fondaumière. Also, I thank my fellow directors for their wise council and guidance, and all our stakeholders for their continuing trust and confidence.

Finally, I would like to acknowledge the outstanding work undertaken by the Constance Group Chief Executive Officer and his team, in bringing the Group's major financial programme to a very successful conclusion.

(s) George J. Dumbell
Chairperson

" Your Company is in a strong position to benefit from any sustainable upturn in the regional tourism industry, as well as from opportunities arising in the new emerging tourism markets of Asia and Africa, specifically in the field of hotel management."

Key Financial and Operational Highlights

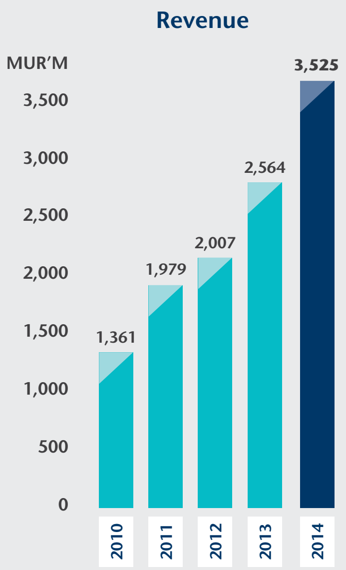
THEGROUP

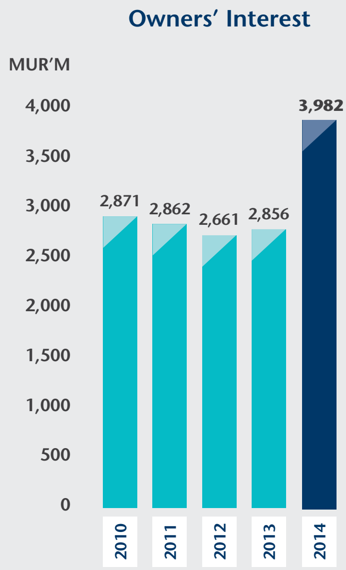
Statement of Financial Position		**2014 MUR'M**	2013 MUR'M Restated	2012 MUR'M Restated	2011 MUR'M Restated	2010 MUR'M
Total assets		**9,475**	9,646	7,248	7,224	7,277
Borrowings		**4,561**	6,038	4,104	3,822	3,476
Owners' interest		**3,982**	2,856	2,661	2,855	2,871
Net asset value per share	MUR	**36.31**	44.65	41.60	44.64	44.89
Gearing	%	**53.29**	67.77	60.61	57.24	54.69

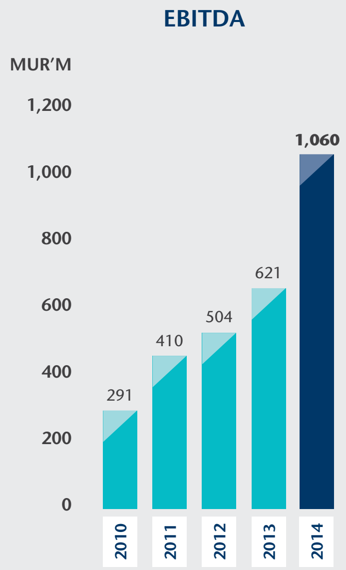
Statement of Profit or Loss	**2014 MUR'M**	2013 MUR'M Restated	2012 MUR'M Restated	2011 MUR'M	2010 MUR'M
Turnover	**3,525**	2,564	2,007	1,979	1,361
EBITDA	**1,060**	621	504	410	291
Operating profit	**644**	279	243	163	165
Profit/(loss) before taxation	**269**	15	(179)	(192)	(126)
Profit/(loss) for the year	**148**	(7)	(180)	(167)	(137)
Profit/(loss) attributable to owners of the parent	**130**	(26)	(198)	(185)	(147)

Ratios		**2014 MUR'M**	2013 MUR'M Restated	2012 MUR'M Restated	2011 MUR'M	2010 MUR'M
Earnings/(loss) per share *	MUR	**1.67**	(0.35)	(3.09)	(2.89)	(2.30)
Operating margin	%	**18.26**	10.90	12.12	8.24	12.12
Return on equity	%	**3.24**	(0.90)	(7.44)	(6.45)	(5.12)
Share price	MUR	**39.00**	37.00	23.00	30.00	35.50
Volume traded		**13,567,951**	22,894	1,473,785	523,100	3,293,991

* 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.

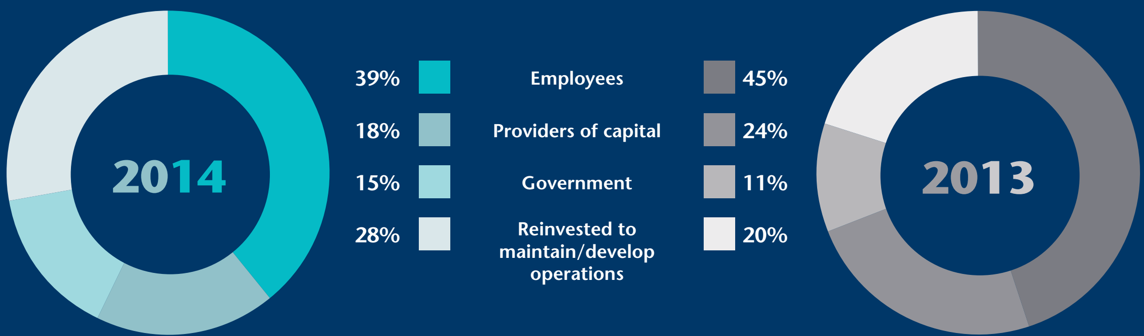






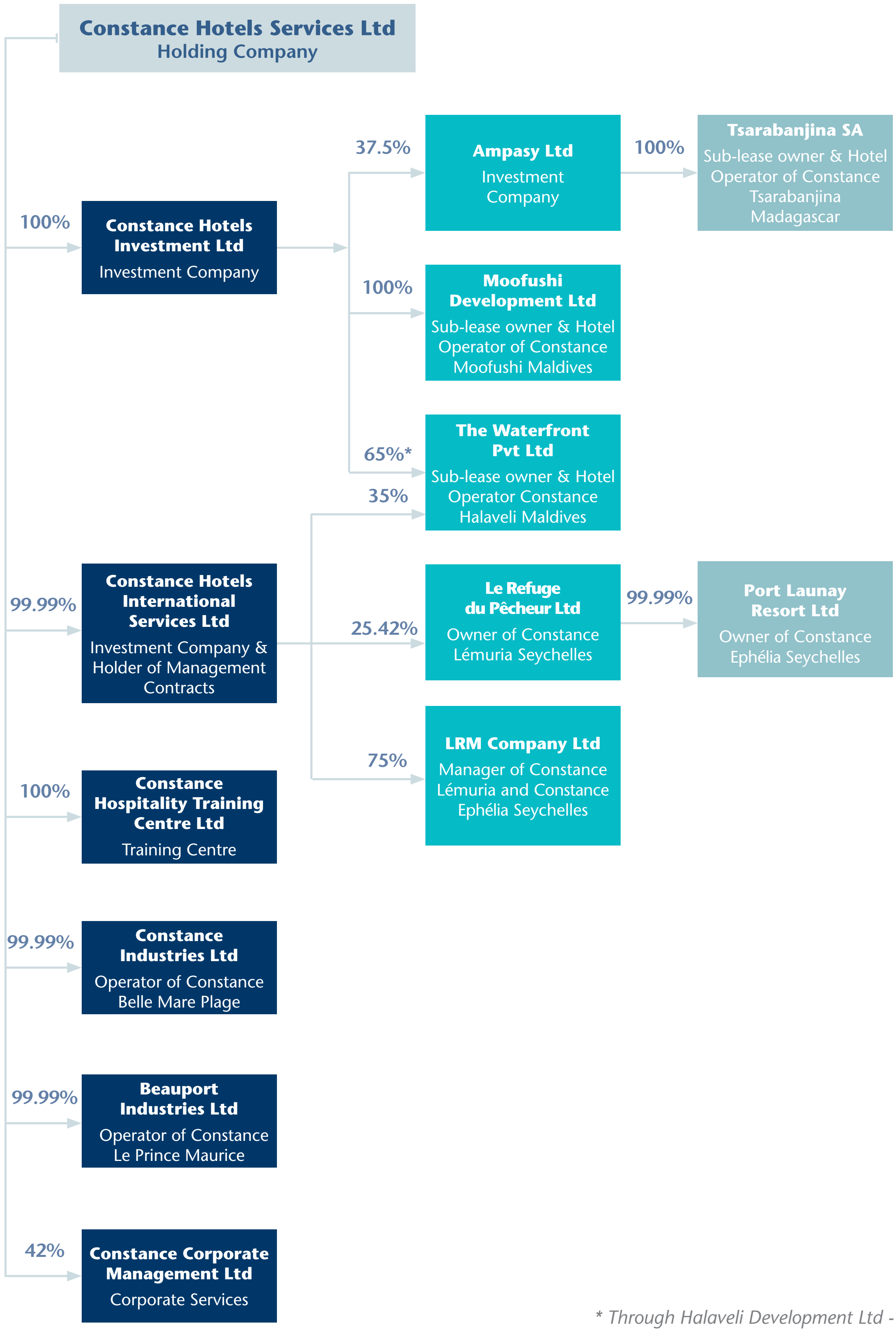
Value Added Statement

	2014		2013	
	MUR '000	**Percentage**	MUR '000	Percentage
Revenue	**3,525,087**		2,563,590	
Payment to suppliers for materials and services	**(1,696,856)**		(1,306,354)	
Value added by operations	**1,828,231**		1,257,236	
Investment and other income	**38,146**		110,768	
Value-added tax	**152,259**		115,129	
Total wealth created	**2,018,636**	100%	1,483,133	100%
Distributed as follows:				
Employees				
Salaries and wages	**787,226**		664,308	
	787,226	39%	664,308	45%
Government				
Value-added tax	**152,259**		115,129	
Corporate tax	**121,176**		22,773	
Licences, leases and other taxes	**14,298**		12,841	
Social-security charges	**19,325**		17,361	
	307,058	15%	168,104	11%
Reinvested to maintain/ develop operations				
Depreciation and amortisation	**416,396**		341,463	
Retained earnings	**148,225**		(50,281)	
	564,621	28%	291,182	20%
Providers of capital				
Interest on borrowings	**359,732**		359,539	
	359,732	18%	359,539	24%
Total wealth distributed	**2,018,637**	100%	1,483,133	100%



Corporate Structure as at 31 December 2014

(main companies forming the CHSL group of companies)



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

Operations Report

Principal Activity

Constance Hotels Services Ltd (Constance Hotels) is a public company listed on the Development and Enterprise Market (DEM) of the Stock Exchange of Mauritius. Constance Hotels not only manages but also owns, or holds sublease rights in respect of, as well as equity participation in, hotels in Mauritius, Seychelles, the Maldives, and Madagascar. The combined turnover generated by all the Group's hotels in operation was MUR 5.6 billion at 31 December 2014 (2013: MUR 4.9 billion).

Operations Review

Whilst hotel revenue recovered partially towards 2008 pre-crisis levels, inflationary pressures have remained on operating and other costs, especially labour costs, and margins continue to be under pressure in several of our hotel properties. Nevertheless, for the year ended 31 December 2014, the Group achieved a good turnaround with good RevPAR improvements across all our properties, which had a positive impact on the Group's financial performance. On the operating front, the salient features were:

- The pursuit of the ongoing review of our operating practices, with a view to improving the quality of operations and profitability in our hotels, whilst providing innovative hospitality. In 2014, our properties were awarded a total of 17 TripAdvisor Awards with two of our properties, namely Constance Le Prince Maurice (CLPM) and Constance Moofushi Maldives (CMM), voted amongst the top 25 best hotels in the world. Constance Le Prince Maurice was, also, voted the top hotel in Africa and Constance Moofushi Maldives achieved fifth place in Asia.
- The continued recognition of our commitment to excellence, attention to detail and personalised service. In 2014, ReviewPro, the leading independent provider of online reputation and social media analytics for the hotel industry, rated Constance Hotels and Resorts as the World's Top Luxury Hotel Brand in the small hotel group category.
- The growth of our U Spa brand with its own range of retail products and the development of our wellness, fitness and nutritional concepts.
- The Green Globe certification of all our resorts, reflecting our strong commitment to the environment. Green Globe is the global certification for sustainable tourism. It is recognised as the highest level of sustainability certification by leaders in green travel and ecotourism.
- The successful launching of numerous Group Procurement projects, which helped reduce expenses across the board.
- The rollout of the second stage in our Constance Kids Club concept, in line with our strategy to create an enhanced family offering in our resorts.
- The implementation and adoption of our Food and Beverage offering to better satisfy the demands of our Asian clientele. We also improved the scope of our entertainment, ensuring enhanced guest enjoyment in all our hotels.
- The improvement in the quality and variety of our food, wine and services. We continue to push the barriers higher with all resorts showing a progression in 2014.

Operations Review *(continued)*

Mauritius

Tourist arrivals in Mauritius grew by 4.6%, attaining 1,038,968 tourists against 993,106 in 2013. Markets that improved the most were China with 51% growth, Sweden 41%, and USA 26.5%. Italy and Russia were in decline and, our principal market, France, although decreasing by 0.4%, showed signs of improvement compared to the previous years.

In spite of the challenging conditions, our properties in Mauritius achieved combined increases in revenue of 22.36% and EBITDA of 86.07% respectively.

Constance Belle Mare Plage (CBMP)

Revenue increased by 7.05%, primarily during the high and mid seasons. Traditional markets remained strong and our initiatives in the Asian Markets have shown positive results.

Occupancy rate at 69.3% was comparable with the 69.8% achieved in the previous year but the average room rate increased to MUR 8,456 from MUR 7,815 in 2013.

The programme to renovate and redefine our Food and Beverage outlets got underway to match guests' expectations, with very positive initial feedback. New initiatives were implemented at all levels of the resort to adapt to the specific needs of our Asian guests.

Constance Le Prince Maurice (CLPM)

The financial results of our flagship property in Mauritius, Constance Le Prince Maurice, improved further during the financial year under review. The average occupancy rate increased to 51.8% against 39.1% in 2013 and average room rate improved significantly to MUR 17,192 from MUR 14,875; a strong indication that our repositioning strategy is paying off.

Seychelles

Seychelles encountered a marginal 1% increase in the number of visitors in 2014, in spite of the dampening impact of the ongoing slowdown in economic activities in Europe, its principal market, and the growing competition from other destinations in the region.

Tourist arrivals stood at 232,667 visitors compared to 230,272 in 2013, with the Chinese market growing by 72.4%, France 9.4% and Germany 7.3%.

Helped by the comparatively good performance of Constance Ephélia Seychelles, 2014 was a positive year for our combined properties in the Seychelles, which saw a 10.9% growth in revenue and a 52.5% increase in EBITDA.

Constance Ephélia Seychelles (CES)

Constance Ephélia Seychelles continues its growth and positioning in the Seychelles' luxury market. It is now considered as the first choice for group and incentive travels in the Seychelles, as well as the leading destination for active leisure and a favoured option for honeymoon travellers.

In 2014, the resort saw its occupancy rate rise to 76.8% from 75.6% but its average room rate dropped to EUR 267 from EUR 287, mainly due to the integration of the newly built 42 Tropical Garden View rooms that were added to our offering late in 2013.

Constance Lémuria Seychelles (CLS)

Constance Lémuria Seychelles had a challenging year due to the heavy competition prevailing in its market segment. Nonetheless, revenue was steady, as we recorded growth in our traditional markets, with average spending remaining at the EUR 620 level and RevPAR reaching EUR 454, proving that the property is still amongst the leaders in the Seychelles.

In 2014, occupancy rate was up 19.6% to 73.4% but the average room rate dropped marginally to EUR 380 from EUR 409.

Maldives

2014 has been another positive year for the Maldives in terms of tourist arrivals, representing a 7.1% growth over 2013. Although recording a 13.3% drop in the Russian market, total visitors to the Maldives stood at 1,204,857.

Arrivals from the Asian market remained strong with China representing 30.2% of total market share. Germany, UK, Russia and Italy accounted for 25.9% of the market.

2014 was a good year for our combined properties in the Maldives, achieving a 14.3% growth in revenue and a 32.8% increase in EBITDA.

Constance Halaveli Maldives (CHM)

The resort is recognised as one of the leading hotels in the Maldives with strong growth in key markets, such as Asia, Middle East and, to a lesser extent, Russia, which represented an increase of 10.5% in total revenue.

In 2014, occupancy increased to 71.3% from 66.6%, while average room rate dropped marginally to MUR 21,818 from MUR 21,908 in 2013.

A refurbishment programme was implemented at several food and beverage outlets to create a more barefoot chic and pleasant atmosphere to suit both our European and Asian guests.

Constance Moofushi Maldives (CMM)

Constance Moofushi Maldives continued its positive trend and consolidated the growth it has experienced since its launch in 2010.

In 2014, the resort achieved an occupancy rate of 89.6% compared with 81.3% in 2013 and recorded an average room rate of MUR 14,645 compared to MUR 13,506.

Madagascar

Madagascar continued to experience political uncertainty, which it has been facing since 2009. However, there have been some encouraging signs recently, which should translate into a more stable and favourable environment for the tourism sector. The national carrier Air Madagascar has purchased five new aircrafts and this initiative is expected to significantly improve this carrier's capacity between Antananarivo and Nosy Be.

Constance Tsarabanjina Madagascar (CTM)

In 2014, the resort's revenue improved after the successful completion of its refurbishment programme in late 2013. The hotel now offers a very attractive all-inclusive package, which is much appreciated by the clients. Its occupancy increased to 37% compared to 26.7%, whereas its average room rate marginally dropped from MUR 9,304 to MUR 9,226 in 2013.

Group Review

Financial Results

With the improved operations across our resorts and the full year's consolidation of CHM, the Group turnover reached MUR 3,525 million from MUR 2,564 million last year. This generated an appreciable EBITDA of MUR 1,060 million (2013: MUR 621 million). As a result of these improved operations, the Group was able to maintain its finance costs in line with the previous financial exercise at around MUR 360 million, although its Financial Program was completed at the end of the 2014. Notwithstanding the improved activities of our associates, these companies continue to post some losses mainly due to some capital imbalance and our share of loss amounted to MUR 14 million for year under review. Taxation charge for the year amounted to MUR 121 million, mainly attributable to our Maldives operations. The Group posted a profit of MUR 148 million against a loss, which has been restated following the remeasurement of surplus generated upon acquisition of CHM last year, of MUR 7 million in 2013.

During the year, the Group raised MUR 1,234 million from its Rights issue and generated some MUR 602 million from its operations. It reinvested a net of MUR 115 million as capital expenditure, invested MUR 106 million into debt obligation of one of its associates and reimbursed a total of MUR 1,477 million borrowings. As a result, the gearing of the Group reduced to 53.3% from 67.8% in 2013.

Marketing

Constance Hotels's main market for Mauritius, Seychelles, Maldives and Madagascar is Europe, within which the largest markets are Germany, United Kingdom, France, and Italy. However, Asia, notably, Japan, Korea, China and Hong Kong, is playing an increasingly important role for the Maldives, Mauritius, and Seychelles. We have seen improved air access to all our destinations, leading to an increase in occupancy in our hotels.

Since April 2014, we have opened a new representative office in Spain, based in Madrid, which also takes care of Portugal. With the creation of a new Groups and Incentives Department, our resources are also mobilised to increase market share from the MICE (Meetings, Incentives, Conferences and Exhibitions) business. We have re-enforced our communication strategy to increase the Constance Hotels brand recognition. Our new website was launched in September 2014 for the re-positioning of the brand image of our Ultimate and Unique hotels. Our E-Business Department has intensified online activities, optimised web contents for all devices (such as mobile, tablets, etc.), and strengthened our online communities through social media platforms for both traditional and emerging markets.

Strategic alliances with prestigious companies in different sectors have allowed us in the following: Brand Empowerment, Luxury Positioning, Grow our customer database, Sales, Traffic, Marketing and Visibility.

With our website, tour operators, online travel agencies we provide customers with options, tools and resources to facilitate their decision-making. With strategic alliances, we grow our prestige , enhance our corporate visibility, differentiate ourselves from other companies , tap into new markets & customer database.

We have partnered with prestigious companies such as Qatar National Bank, MCB Group, The Footballers Club, Five Star Alliance, Leading Hotels of the World, Etihad Guest (loyalty programme), Splendia Hotels, Turkish Airlines and Baglioni Hotels, which are in alignment with our aim to grow the Company's high-end image and increase awareness amidst new markets.

Constance Hotels' Main Concepts – Culinary and Food & Beverage

Our properties remain committed to our 'culinary spirit' and our gastronomic reputation. At various events during the year, several reputed chefs, winemakers and spirit producers came and shared their knowledge and professional experiences with our guests and employees.

We continue to adapt our food and beverage concepts to cater for our increasing Asian clientele and improving our bar experience through specialised training, adopting the latest trends, and sourcing the finest ingredients and beverages. A number of important strategic alliances were signed with well-known brands, which will assist us in sponsoring our major events and provide training and support to our teams.

In 2014, we increased training and expanded our wine offering. Our wine culture continues its journey with good revenue growth being achieved year after year.

The Main Events

Festival Culinaire Bernard Loiseau

A Michelin Star Chef, **Masachi Ijichi,** of Japanese origin from La Cachette Restaurant in Valence, France, and **Dammika Sarath** from Constance Halaveli Maldives, won the 9th Edition of the Festival Culinaire Bernard Loiseau. The competition took place at the Constance Belle Mare Plage from the 29th March to 6th April 2014 and included Michelin Star Chefs.

This internationally reputed event depicts our passion for culinary adventure, delicious fresh ingredients and sophisticated international cuisine, and provides a unique platform for these renowned chefs to share their knowledge and experiences with our own chefs.

We welcomed a panel of prestigious juries and for the first time a food critic from Asia was present. The event was able to secure a considerable amount of coverage in certain leading international magazines.

Art de Vignes – France

The gastronomic wine and dine event was held in Mauritius from 14th to 24th March 2014 both in Constance Belle Mare Plage and Constance Le Prince Maurice. Numerous wine masters from France were given the opportunity to present their produce to our guests, who savoured these wines with their gastronomic clusters.

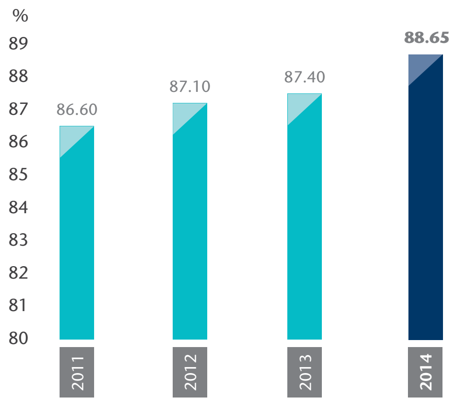
Business Excellence and Quality Management

Guest surveys and mystery audits are the specific tools which enable Constance Hotels to ensure that the standards and quality of our products and services are maintained at the highest level throughout our resorts.

The data captured from these surveys are used to closely monitor and evaluate guests' satisfaction and expectations. Furthermore, it enables our Hotels to benchmark operating and services indices and helps identify any need for improvement, to better customise product and services.

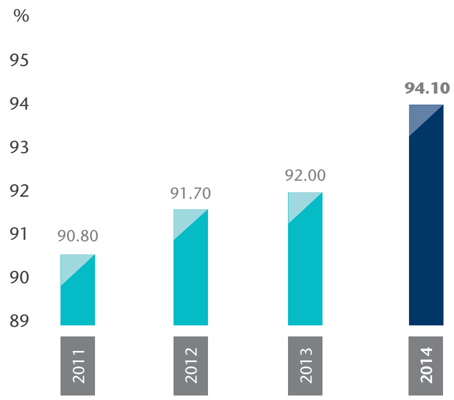
Mystery audits and reservation tests reflecting the customer experience have been conducted in our properties by our specialist partner.

Guest Satisfaction



Our guests' satisfaction progressed constantly year after year. The overall scores reflect consistency and improvement over the past four years from 86.66% to 88.65% and a commitment from all our team members towards development and creativity.

Emotions



The emotions a guest feels during a hotel stay are critical components of their satisfaction and loyalty. We strive to turn every guest's dream into an emotional experience to enhance the chances of their returning to our resorts and recommending Constance Hotels.

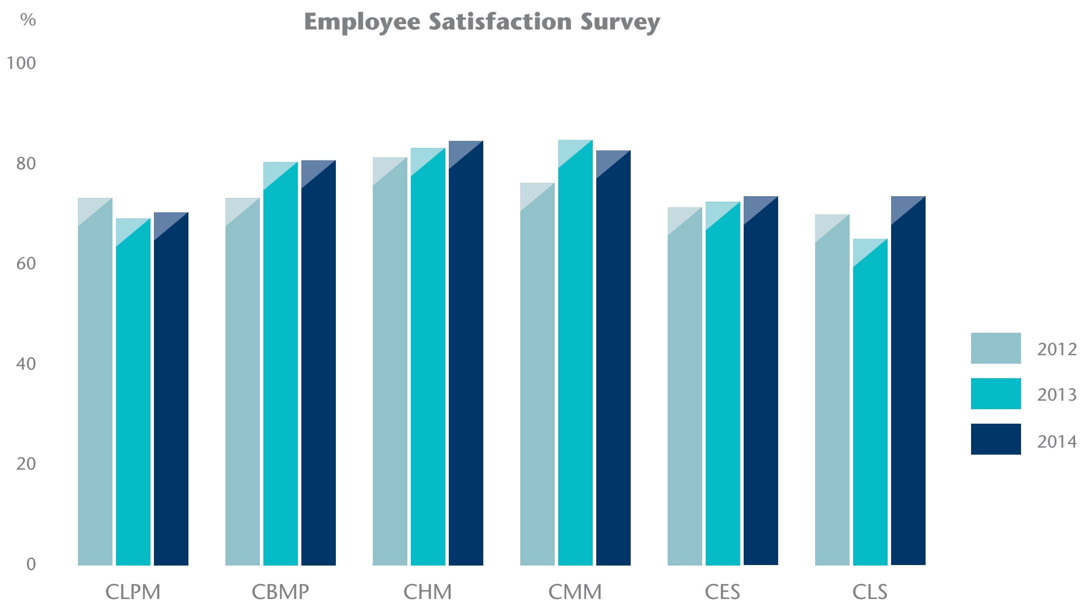
Human Resources and Industrial Relations

In 2014, Constance Hotels's work force totalled 3,000 people representing a cultural diversity of not less than 45 different nationalities. In January, a new HR strategy geared towards recruitment, retention and talent development was introduced. Much emphasis was put on employees' satisfaction and the retention of our key team members. A competency framework was developed for Constance Hotels and a new online applicant tracking system was launched to build up our database of CVs, to reduce the cost of recruitment and the time to fill each position.

Due to the very volatile and competitive nature of the hospitality industry in the Maldives and Seychelles, as well as mass recruitment by cruise companies in Mauritius, we faced some relatively high staff turnover during the year, which required careful management. We were able to end the year on a stable footing.

Manning levels, payroll and related expenses were closely monitored in all our resorts and remained within budget, even though we experienced an increase of 20% in the minimum salary for the catering and tourism industry. The Balanced Scorecard concept gained further foothold, thereby consolidating the performance culture within Constance Hotels. It also contributed to a better alignment with our strategy and a more coherent approach to the different objectives of Constance Hotels regarding shareholder value, customer focus, process improvement, and people.

With the talent development focus in the HR strategy, training hours per team member attained a record high of 32.69 hours. A variety of training courses were organised for our junior staff and middle managers.



Company-wide Employee Satisfaction Surveys conducted in May and October showed an average satisfaction score of 76.16%, which represents a progression of 1.5 point compared to 2013. Constance Lémuria Seychelles achieved the best progression between 2013 and 2014, with an impressive increase of 5.36 point, followed by Constance Belle Mare Plage with a 5.26 point increase. Even though we noticed a drop in the scores of Constance Moofushi Maldives, it was insignificant as the challenge is to keep the satisfaction level at the already very high level of over 80%.

Health & Safety

In line with our Group Health & Safety Policy we developed a Safety & Health Performance Management System (SHPMS) for one of our resorts, and proceeded to assess the level of safety and health practices against the OHSAS 18000 standards series, with satisfactory results.

SHPMS provided the resort's management with an accurate and comprehensive picture of their current Occupational Safety and Health (OSH) risks and sound reliable facts and figures, which resulted in:

- A better management of OSH risks through the identification of upcoming trends and related preventive measures,
- An increase in the awareness of the importance of safety and health at work among employees,
- A reduction of 20% in their accident cases, and
- A reduction of 22% and 47% in their accident-related time lost and costs respectively.

For the year 2015, Constance Hotels will aim at implementing SHPMS across its remaining resorts and continue to drive its continuous improvement programmes to embed a safety and health culture within all its operations.

Constance Hospitality Training Centre

The Constance Hospitality Training Centre (CHTC) continues to bring innovative solutions to the learning and development needs of our people. One of these is the Constance BRIGHT Programme, which is a highly customised competency-based programme developed and managed by Constance Hospitality Training Centre in collaboration with the Group Human Resources Department.

After successfully rolling out the ten months Leadership Development Programme (BRIGHT Level 1), which saw the graduation of more than 250 team members throughout our resorts in the past four years, CHTC is now proposing the Manager Development Programme (BRIGHT Level 2) in a blended learning mode where 60% of the programme will be delivered face to face and 40% through e-learning modules.

To cater for the training requirement of our executives, CHTC has established a partnership with the prestigious Cornell University, whereby our managers and executives can register for online MBA level Cornell University programmes through a dedicated CHTC portal.

This year CHTC has enrolled 50 apprentices in our National Certificate Level 3 programme; all are in a one-year full time work placement in our resorts in Mauritius. More than 200 people from external corporations as well as students from Reunion Island also participated in many of our training programmes.

Information Technology Systems

2014 was a milestone for Constance Hotels as we successfully changed over our property management and financial systems. The Group is now geared up for consolidation of its information systems and can confidently look forward to its future international expansion.

Constance Hotels has also invested in new entertainment systems for all its rooms. All Constance Hotels rooms are equipped with the latest Mac Mini, which provide digital high definition TV, iPad applications, free Wi-Fi, AirPlay, USB hub, video on demand, music on demand, and international electronic newspapers. Our rooms are 'IT enabled' and ready to cater for future technological developments.

Constance Hotels's new website is more responsive and showcases more multimedia content for a better online experience. In addition, we continue to develop our social media initiatives, in our quest to reach out to the millennial and we are now well positioned on the different social media platforms.

In 2015, we intend to implement a new Customer Relationship Management (CRM) system for better profiling of Constance Hotels guests, leading to higher guest loyalty and equity. A collaborative platform (ConstanceNext) will soon be available to facilitate exchanges between team members. It will also promote knowledge sharing and best practices. We intend to go a step further by providing guests and partners access to our platform for better product and service offering, and enhanced guest loyalty.

The Way Ahead

The Group continues to be focused on driving quality throughout its operations and adapting to the ever-changing demands and expectations of our guests.

The focus of our project and development activities continues to be on:

(i) The establishment of a select number of new Constance Hotels in key international destinations

(ii) Continual enhancement of our existing hotels so as to maximize their long-term value.

Finally, at the heart of our brand are our passion and our people, who exemplify our values and beliefs in their dealings with our guests and the communities in which we operate.

It is the drive and creativity of our people which provide special and memorable experiences for our guests that hopefully sets us apart from the competition.

Acknowledgements

We thank our Chairperson and the members of the Board for the support that they extended to Management during the year. Our gratitude also goes to our colleagues in the management team and to all the staff, who by their relentless efforts contributed to the year's performance.

(s) Jean Ribet
Group Chief Executive Officer

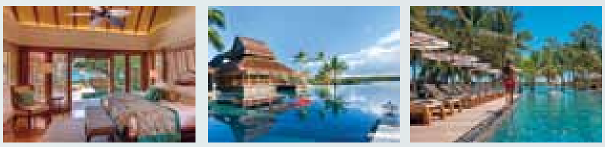
(s) Jean-Jacques Vallet
Chief Executive Officer

ULTIMATE HOTELS

Magical places that enable you to experience the essence of sheer luxury. Our uncompromising, tailor-made service enables you to relax in an intimate and serene setting. Enjoy our three stunning locations which are all enhanced by their attention to detail.

LHW
EST·1928
THE LEADING HOTELS
OF THE WORLD®

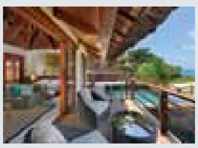
CONSTANCE
Le PRINCE MAURICE
MAURITIUS



THE ESSENCE OF SHEER LUXURY

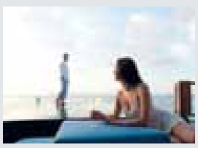
CONSTANCE HALAVELI - MALDIVES

CONSTANCE
Lémuria
SEYCHELLES



AN EXTRAORDINARY LOCATION,
UNIQUE IN ITS BEAUTY AND ENVIRONMENT

CONSTANCE
Halaveli
MALDIVES



A LUXURY HIDEAWAY

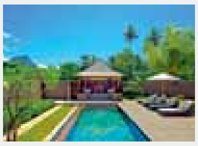
UNIQUE RESORTS

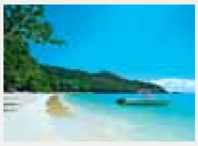
Freedom is luxury. Discover the wide range of activities and live the total resort experience. Enjoy our high quality service in four magnificent locations.

CONSTANCE
Belle Mare Plage
MAURITIUS

THE TOTAL RESORT EXPERIENCE

CONSTANCE
Ephelia
SEYCHELLES

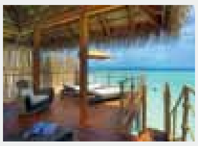
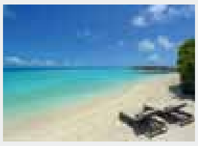
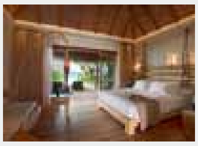




A MAGICAL PLACE TO REVIVE THE SENSES

CONSTANCE EPHELIA - SEYCHELLES

CONSTANCE Moofushi MALDIVES

THE JEWEL ISLAND

CONSTANCE Tsarabanjina MADAGASCAR

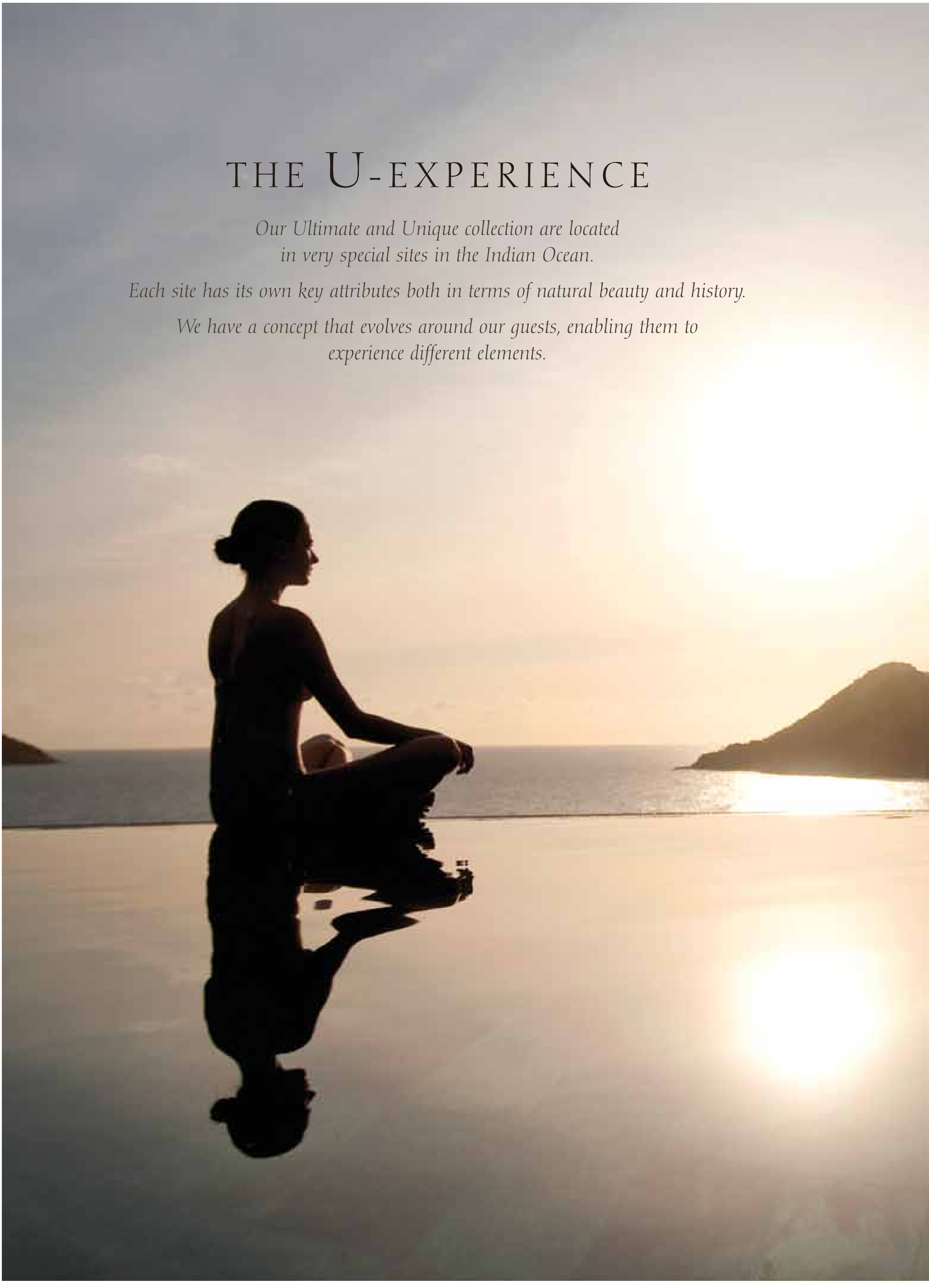
AN ISLAND OF YOUR OWN

THE U-EXPERIENCE

Our Ultimate and Unique collection are located in very special sites in the Indian Ocean.

Each site has its own key attributes both in terms of natural beauty and history.

We have a concept that evolves around our guests, enabling them to experience different elements.

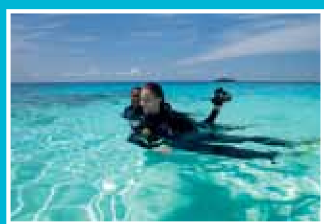


YOUR GOLFING EXPERIENCE

"If you're golfer this is exactly what you're looking for."

PETER B. - FRANCE

YOUR DIVING EXPERIENCE



"We saw turtles, sharks, rays and Nemo fish just off the beach."

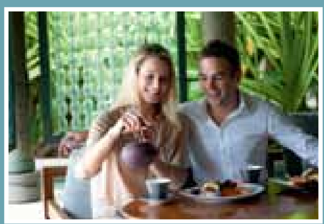
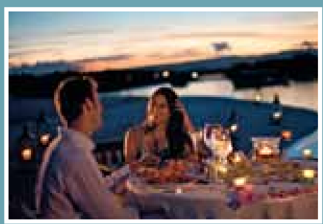
MATT W. - UNITED KINGDOM

YOUR WINE AND DINING EXPERIENCE

"Client is king! - Fine dining exquisite."

YOUYOUIN

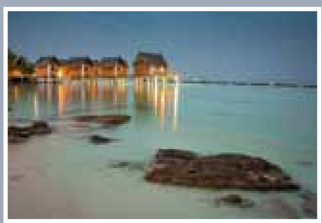
YOUR WEDDING AND HONEYMOON EXPERIENCE

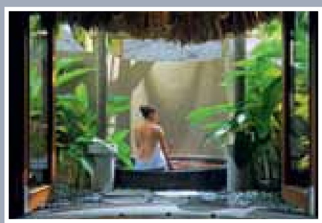




"We came for the first week of our honeymoon back in June 2013. We're now addicted."

KAY - CARDIFF

YOUR WELLNESS EXPERIENCE



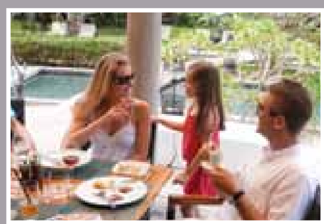


"One of the best spas in the world."

MAXBEHAR - BULGARIA

YOUR FAMILY EXPERIENCE

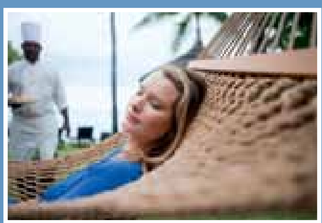


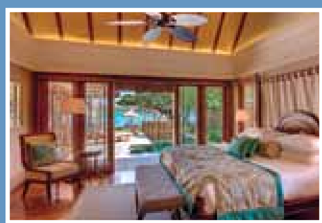


"The kids loved it, and so did we."

STEFAN - SWEDEN

YOUR VILLA EXPERIENCE





"It exceeded all our expectations and was the trip of a lifetime."

ABBYKS - UNITED KINGDOM

Awards

Constance Hotels & Resorts has received with pride various recognitions and have counted among those the ReviewPro's Awards 2014 – Top Small Luxury Hotel Brand awarding Constance Hotels and Resorts the 1st place and the TripAdvisor Travellers' Choice Awards 2015 ranking Constance Le Prince Maurice the number one hotel in the African 'Top 25 Hotels', as well as the Mauritian 'Top 10 Hotels' categories.

Listening to our guests always sits at the heart of our business strategy. We put the customer at the centre of everything we do, and our success is built on listening and talking directly with them. The continued growth of our social media activity means we are able to build deeper relationships with our guests through engaging content on our blog and social media platforms, as well as our website.

This is in line with our objective of always thriving to give the best service to our guests.

2014 TRAVELLERS' CHOICE®

tripadvisor®

TripAdvisor Travellers' Choice Awards

Constance Le Prince Maurice
1st - Top 25 Hotels In The Africa
1st - Top 10 Hotels In Mauritius
17th - Top 25 Hotels In The World
6th - Top 25 Luxury Hotels In Africa
2nd - Top 10 Luxury Hotels In Mauritius

Constance Halaveli Maldives
7th - Top 10 Luxury Hotels In Maldives

Constance Moofushi Maldives
3rd - Top 10 Luxury Hotels In Maldives
3rd - Top 10 Hotels For Service In Maldives
15th - Top 25 Hotels In The World

Constance Tsarabanjina Madagascar
6th - Top 10 For Romance Hotels In Madagascar

OTHER AWARDS

Constance Hotels & Resorts
ReviewPro's Awards - Top Small Luxury Hotel Brand

Constance Belle Mare Plage
World Golf Awards - Indian Ocean's Best Golf Hotel

Constance Ephélia Seychelles
International Hotel & Property Awards - Beach Hotel category
HolidayCheck.com - Most popular hotel in Mahé islands

Constance Halaveli Maldives
World Luxury Hotels Awards - Global winner in the Luxury Water villa category

Constance Tsarabanjina Madagascar
UK Tatler Travel Awards 2014 - 'Barefoot Adventure' award

Constance Le Prince Maurice
Connoisseur Circle's Hospitality Award - Readers' Choice category
Condé Nast Traveller Awards UK - 7th Best Overseas Hotel Spa

CORPORATE GOVERNANCE

Statement of Compliance

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

Name of Public Interest Entity (PIE): Constance Hotels Services Limited

Reporting Period: 1 January 2014 to 31 December 2014

We, the directors of Constance Hotels Services 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 30).
- Section 2.8.2: Remuneration of Directors: The reason for non-compliance is the confidentiality and sensitivity of the information. However, directors' remuneration is disclosed by category (see page 48).

Signed by

(s) George J. Dumbell *Chairperson*	(s) Jean Ribet *Director* *Group Chief Executive Officer*

31 March 2015

Statement on Corporate Governance

In line with its Statement on Corporate Governance, your Company is engaged in adhering to the Code of Corporate Governance issued by the National Committee on Corporate Governance and in upholding standards of corporate governance through Company-wide awareness of its business ethics and the stewardship and supervision of its management by the Board of Directors and committees of the Board.

The Company's comprehensive Risk Management Programme, which clearly defines responsibility for risk and compliance and outlines risk coverage and policy, as well as the required supporting infrastructure, is now well established and fully operational. It comprises a framework of key committees of the Board, an Internal Audit function, a Group Compliance Officer, external auditors, and an array of policies and standards.

Board

The Board consists of two independent, four non-executive and three executive directors. The Chairperson is an independent director. A Profile of Directors is given on pages 99 to 101.

The Board of Directors is ultimately responsible and accountable for all the affairs and general performance of the Company within the terms of reference outlined in the Board of Directors Charter. Nominations to the Board comply with the Company's Director Nomination Policy. All nominations are vetted by the Board's Nomination & Remuneration Committee and recommended to the Board. Mr Jean De Fondaumière was appointed as a non-executive director by a written notice to the Company, signed by the holder of a majority of the shares in the capital of the Company pursuant to article 21.3(a) of the Constitution of the Company, duly validated by the Nomination and Remuneration Committee. During 2014, Mr. Marc Freismuth and, after year-end Mrs Georgina Rogers, were appointed as, respectively, independent and non-executive director of the Company by the Board until the forthcoming annual meeting. Matters relating to directors' remuneration are dealt with by the Nomination & Remuneration Committee in accordance with the Company's Remuneration Policy.

Board *(continued)*

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 retiring director who makes himself/herself available for re-election is conducted by the Nomination and Remuneration Committee, which submits its nominations to the Board, which, in turn, makes its appropriate recommendations to the shareholders for their approval.

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. The next assessment is scheduled for 2015.

Chairperson

The Chairperson 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 with the Group Chief Executive Officer, the Head of Corporate Affairs and Group Compliance Officer, and the Company Secretary, the Chairperson 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 the Company's Chief Executive Office and Chief Operations Officer, Group Head of Projects and Development, Head of Corporate Affairs, and Head of Finance.

Executive, Non-executive and Independent 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 Chairperson, 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.

Committees of the Board

Three committees of the Board have been constituted to assist the directors in the discharge of their duties. Each committee of the Board has written terms of reference incorporated in a charter, which has been approved by the Board and is subject to regular review. The chairpersons of the committees are invited to report during Board meetings on matters addressed by the committees.

The committees cover corporate-governance adherence by the Company's subsidiaries, including Beauport Industries Ltd and Constance Industries Ltd.

Committees of the Board *(continued)*

Audit (and Risk Management) Committee

The Audit Committee, which also has responsibility for the Company's Risk Management function, consists of three directors (one independent and two non-executive). The committee is scheduled to meet at least four times a year, and operates within the scope of its charter. 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 reports to the Board of Directors at each Board meeting. The Group Chief Executive Officer, the Chief Executive Officer, the Chief Operating Officer, the Head of Finance, the Group Compliance Officer and the Business Compliance Officer, as well as the internal and external auditors attend the committee's meetings on request.

During the year, the committee met on five occasions. It reviewed, inter alia, the 2013 Audited Financial Statements, Annual Report, and Management Letter; the 2014 unaudited quarterly financial statements, for publication, and 2014 forecasts; approved the 2014 Internal Audit Plan and reviewed and assessed the reports of the internal auditors; and the reappointment, remuneration and terms of engagement of the external auditors; and assessed the Company's underlying risk profile.

Corporate Governance Committee

The Corporate Governance Committee consisted of three directors during 2014 (two independent and one non-executive). The committee operates within the scope of its charter. Its principal function is to direct and monitor the Company's Corporate Governance and Compliance programmes. The committee reports to the Board of Directors at each Board meeting. The Group Chief Executive Officer, the Group Compliance Officer and the Business Compliance Officer are invited to attend each committee meeting.

During the year, the committee met on three occasions. Its broad achievements were:

1. Reviewing the Company's Annual Report for 2013, specific to the Corporate Governance and Corporate Social Responsibility Report and Statutory Disclosures.
2. Approving the Group Corporate Social Responsibility Plan for 2014 under the banner of Fondation Constance.
3. Approving the Business Compliance Action Plan for the year and monitoring progress as to the plan's implementation. The principal action points of the plan were the health and safety programme, the enterprise risk management implementation, tourist enterprise licences renewal, training programmes for the Code of Conduct/data protection/corporate policies/trademarks/Equal Opportunities Act.
4. Monitoring progress on Green Globe certification.
5. Monitoring matters relating to Conflict of Interest and Related Party Transactions, with no issues of an unusual nature having been reported.
6. Reviewing quarterly compliance reports.
7. Evaluating results of the bi-annual employees satisfaction surveys.
8. Enhancing the policy for conflict of interest and related party transactions.
9. Enhancing and introducing new policies.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee, which consists of two independent and one executive directors, directs and monitors matters pertaining to nominations to the Board and committees, the performance and remuneration of directors and senior executives, and succession planning.

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

1. Reviewing nominees for the annual re-election of directors and make recommendations to the Board.
2. Reviewing new Board and committees nominations and make recommendations to the Board.
3. Reviewing for Board approval a new Director Assessment and Self-evaluation Questionnaire.
4. Reviewing for Board approval a new Letter of Appointment for Directors.
5. Introducing a specific Code of Ethics and Conduct for Directors.
6. Recommending to shareholders through the Board revised Directors' Fees for 2015.

Board and Committee Attendance

		Committees of the Board		
	Board of Directors	**Audit**	**Corporate Governance**	**Nomination & Remuneration**
Number of meetings held in 2014	**4**	**5**	**3**	**5**
Meetings attended *Board*				
George J. DUMBELL	4		3	5
Nicolas BOULLE	4			
L.J. Jérôme DE CHASTEAUNEUF (up to 12 September 2014)	2	4		
Jean DE FONDAUMIÈRE (As from 17 December 2014)	-			
Marc FREISMUTH (As from 11 September 2014)	1	1		2
M. Iqbal MALLAM-HASHAM (up to 18 December 2014)	3		2	
Clément D. REY	3			
Jean RIBET	4			5
Louis RIVALLAND	3		2	
Christine SAUZIER (up to 12 September 2014)	2			
N. Adolphe VALLET	2	5		
Jean-Jacques VALLET	4			
Committee				
Jean DE FONDAUMIÈRE		5		

Statement of Remuneration Philosophy

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

i. Remuneration must reflect the level of good governance within the Company.

ii. Remuneration must reflect the dimension of shareholder relationship.

iii. Remuneration must be linked to the creation of value for shareholders.

iv. Remuneration must take into account both the strategic and financial performance of the Company.

For 2014, directors' annual fees remained at MUR 300,000 for the Chairperson and MUR 80,000 for other Board members.

In addition to the above, the annual fees for members of committees of the Board for 2014 were:

	Audit Committee	**Corporate Governance Committee**	**Nomination & Remuneration Committee**
	MUR	**MUR**	**MUR**
Chairperson	80,000	40,000	40,000
Member	50,000	20,000	20,000

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

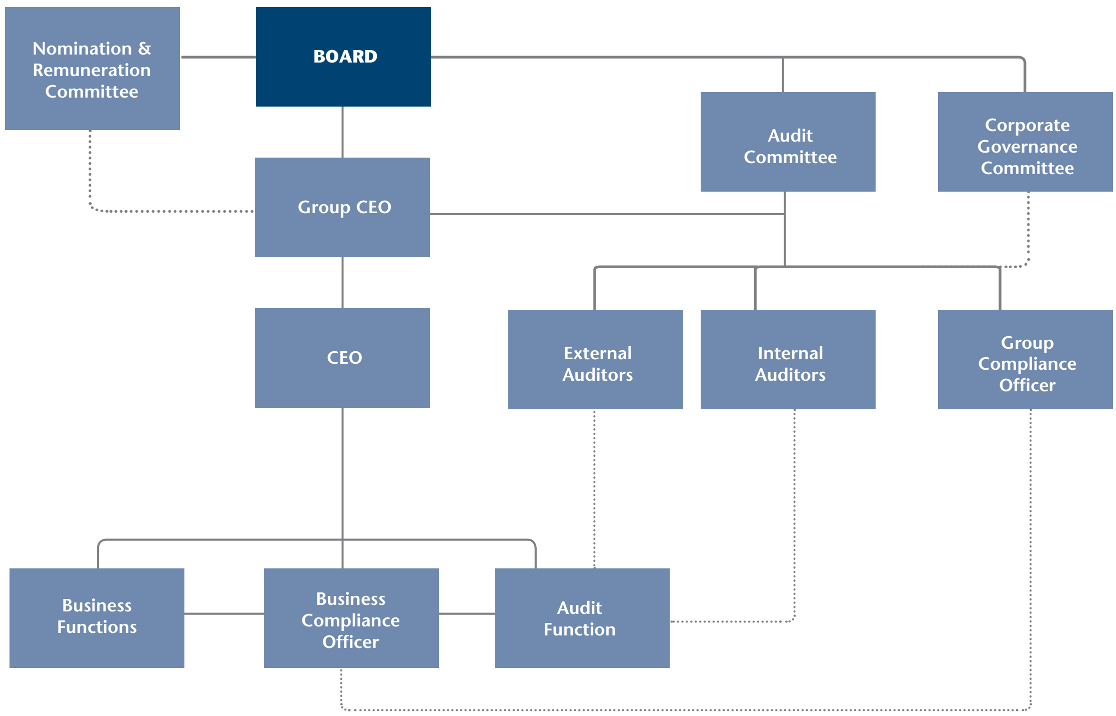
Statement of Remuneration Philosophy *(continued)*

Following a review undertaken by the Nomination & Remuneration Committee, the Board of Directors will be recommending to the shareholders revised fees for the members of the Board (MUR 100,000), Chairperson and members of the Audit Committee (MUR 100,000 and MUR 60,000 respectively), and Chairperson and members of the Corporate Governance Committee (MUR 50,000 and MUR 30,000 respectively) to bring these into line with the market. No change in fees will be proposed for the Nomination & Remuneration Committee.

Risk Management Framework

The Company is constantly faced with a variety of risks, which could adversely affect its performance and financial condition. Being responsible for managing these risks, the Board ensures that your Company has in place a system of internal control and risk management and continually monitors and reviews this system's adequacy and effectiveness. The Company's risk management framework, which extends across the Company's business, comprises a top-down approach, with strategy, policies and risk appetite approved by the Board of Directors, and their formulation, implementation and monitoring delegated to the committees of the Board, the internal and external auditors, and senior Management. In turn, line managers are responsible for continuous compliance with all laws, codes, rules, regulations, procedures, policies, and standards of good industry practice. The Company's Risk Management Programme was launched in August 2006 and is being significantly enhanced with the launch, in 2014, of its Enterprise Risk Management Programme across all its resorts, in all the jurisdictions in which it operates.

Risk Management Structure



Risks and Mitigation Initiatives

Financial Risk

The Company is exposed to a wide range of financial risks, market risk (including currency risk and price risk), credit risk, liquidity risk, interest rate risk and capital risk management, which are reported in detail in the Notes to the Financial Statements, on pages 70 to 73.

Besides these risks, some of the more prominent to which the Company is exposed are:

- **Reputation:** Any event that materially damages the reputation of the Company and/or any failure to sustain its appeal to its shareholders could adversely affect the market value and attractiveness of the Company. 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 procedures and internal monitoring has been put in place by the Compliance and Accounting functions, with the aid of Internal Audit, to ensure that financial and regulatory requirements are adhered to. The Quarterly Financial Statements and the Abridged Financial Statements are scrutinised by the Audit Committee and, subsequently, reviewed and approved by the Board.
- **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. To ensure prudent financial management, the Company prepares detailed budgets and projected cash flows, which are reviewed on a regular basis by the Audit Committee and quarterly by the Board, both of which also scrutinise Account Receivables and Payables.
- **Personnel:** The Company's growth and success depend on its ability to identify, secure and retain top-quality management and highly skilled employees. Any failure in this regard could undermine the Company's ability to implement its strategic business plans and remain profitable. To mitigate this risk we apply a policy of recruitment and recognition of performance that is fair, transparent, and based on merit. Also, we strive to ensure we have an attractive and safe working environment and a competitive remuneration structure. We also develop, monitor and maintain succession planning for key roles.
- **Health & Safety:** Each of our resorts has either a dedicated health & safety officer or a senior executive responsible for this function. All reasonable precautions are taken to provide and maintain the health and well-being of our guests and employees. Controls are in place to ensure compliance with international good practices, all statutory requirements and all legally binding codes of practice. Appropriate and ongoing training is provided to staff and the highest standards of care are applied to the services and products offered to our guests. A Health and Safety Plan is approved annually and progress, thereof, monitored on a quarterly basis, by the Corporate Governance Committee.
- **Political, Economic and Financial Market Events:** Occupancy levels and room rates, and consequently the Company's 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, as well as currency and interest-rate fluctuations. Changes in the macroeconomic and industry environment are regularly assessed by the management team and quarterly by the Board and its committees to ensure prompt decisions are taken to safeguard the value of the Company's brand and assets.
- **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, excess hotel-room supply, reduced international demand for hotel rooms and associated services, uncompetitive open-sky policy, competition in the industry, Government policies and regulations, fluctuations in interest and foreign-exchange rates, and other natural and social factors. We are at present experiencing the adverse impact of a number of those negative factors, notably: the ongoing crisis in the Eurozone; a weak Euro; the over-supply of hotel rooms; heavy room-rate discounting; and insufficient air seats. 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.

Risks and Mitigation Initiatives *(continued)*

- **Geographical Concentration:** Failure to expand geographically could adversely affect the Company's financial results. The Company 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 and the value of its brand are influenced by a variety of factors, including the Company's ability to demonstrate sufficiently responsible practices in such areas as sustainability, responsible tourism, environmental management, health and safety, and support for the local community. CSR programmes and initiatives are tailored to the need of the 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.
- **Technologies and Systems:** To varying degrees, the Company is reliant upon certain technologies and systems for the smooth and efficient running of its business. Disruption to these technologies or systems could adversely affect the quality and standard of the Company's product and service offering, as well as the Company's productivity, operating costs, and efficiency. To mitigate this risk the Company has an IT Disaster Recovery Plan that caters for prompt restoration to normal service to minimise any adverse impact on the business. The Corporate Governance Committee monitors developments and progress and the Board is updated annually with a detailed presentation of this operations.

Your Company has various policies and methods to counter these risks effectively, as elaborated in this Corporate Governance Report and in the Notes to the Financial Statements, on pages 70 to 73. The Company, also, has Director & Officer Liabilities insurance cover.

Enterprise Risk Management

Enterprise Risk Management (ERM) encompasses the aligning of risk appetite and strategy, enhancing risk response decisions, reducing operational surprises and losses, identifying and managing multiple and cross-enterprise risks, seizing opportunities and improving the deployment of capital. During first-half 2014 much effort was put on developing an effective ERM methodology and framework for Constance Hotels, which included training, communication and reporting modules. In the last quarter, our ERM programme was formally launched and successfully implemented in our two resorts in Mauritius; we expect to complete the implementation of ERM in all our other resorts by end-September 2015. We believe that ERM, with its more reliable, extensive and timely reporting structure, will greatly enhance the management of Risk and Compliance by the Company's Management and its Board.

Compliance Function

The Group Compliance Officer has the responsibility for coordinating the Compliance function across all companies of the Constance Group, with a functional reporting line to the Audit and Corporate Governance committees of each company. During 2014, the Group Compliance Officer and the Business Compliance Officer operated within the scope of the Company's Compliance Charter and in accordance with professional standards and guidelines approved by the Board. The business objectives set out in the Compliance Action Plan for 2014 were met.

During the year, the Business Compliance Officer (BCO) assisted line management in complying with the laws, codes, rules, regulations, and standards of good market practices pertaining to their field of operation, and ensured that Management were equipped with the right tools and received timely information and necessary training to appropriately discharge their compliance responsibilities.

Auditors

External Audit

BDO & Co. have expressed their willingness to continue to act 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

Internal Audit is an appraisal function established to examine and evaluate the activities of the Company independently, as a service to the Board of Directors and to Management. The internal auditors are entrusted with the responsibility for appraising the policies and procedures and the operating, financial and management controls of the Company 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 the chairperson of the Audit Committee.

The Company has an Internal Audit Charter, which has been approved by the 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 the records, Management, and employees of the Company.

The Company's Internal Audit function is outsourced to Messrs PricewaterhouseCoopers (PwC) on a three-year contract which was last renewed on 1st January 2013.

The annual internal audit plan, which is approved by the Audit (and Risk Management) Committee, is based on the principles of risk management to align coverage and effort with the degree of risk attributable to the areas audited. During 2014, the internal auditors conducted audits of the Company's procurement and storage procedures; reviewed and assessed the effectiveness of monitoring inventory movements and internal controls; made recommendations on enhancing the payroll process; and housekeeping procedures at Constance Belle Mare Plage and Constance Le Prince Maurice.

Policies

The policies laid out in the under-mentioned key documents, approved by the Board on the recommendation of its relevant committee, are applied throughout the Company:

Director Nomination Policy	Risk Management Charter
Remuneration Policy	Corporate Governance Charter
Anti-trust Compliance Policy	Internal Audit Charter
Dividend Policy	Compliance Charter
Donations Policy	Audit Committee Charter
Corporate Social Responsibility Policy	Corporate Governance Committee Charter
Share Dealing Policy	Nomination & Remuneration Committee Charter
Anti-money-laundering Policy	Board of Directors Charter
Conflicts of Interest and Related Party Transactions Policy	Professional Standards and Guidelines for Compliance Officers
Health and Safety Policy	Code of Ethics and Conduct
Equal Opportunities Policy	Code of Ethics and Conduct for Directors
Procurement Policy	Statement on Corporate Governance
Environmental Policy	IT Code of Practice
Data Protection Policy	
Printing Policy	

Conflicts of Interest and Related Party Transactions

The Company's Conflicts 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 its stakeholders in so far as it relates to good corporate practice.

For disclosure of related-party transactions, please refer to page 97 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 to the Company by business or common shareholding. All directors, related parties and designated employees 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 designated employees are notified by the Company of the commencement and closure of non-trading periods.

In the context of the company's Financial and Investment Plan, a Rights Issue was undertaken by the Company in 2014. Directors and senior officers of the Company and parties related to directors subscribed to the Company's shares.

In addition, Mr Kevin Chan Too, Head of Finance, purchased 300 shares during the year.

Directors' and Senior Officers' Share Interests

The interests of directors and senior officers in the securities of the Company as at 31 December 2014 were as follows:

	Direct		Indirect
	No. of Shares	% Held	% Held
Directors			
George J. Dumbell – Chairperson	34,285	0.03	-
Nicolas Boullé	-	-	-
Marc Freismuth	-	-	-
Jean de Fondaumière	-	-	-
Clément D. Rey	42,857	0.04	0.88
Jean Ribet	697	0.00	0.23
Louis Rivalland	-	-	-
N. Adolphe Vallet	17,930	0.02	0.52
Jean-Jacques Vallet	211,561	0.19	0.36
Senior Management			
Andrew Milton	47,500	0.04	-
Siegfried Espitalier Noël	87,168	0.08	-
Jan Boullé	483	0.00	0.24
Kevin Chan Too	300	-	0.02
Tham Fong Lee Chip Hing	21,793	0.02	-

Codes of Ethics and Conduct

The Company is committed to a Code of Ethics and Conduct, which is outlined in its general Code of Ethics and Conduct as well as in its Code of Ethics and Conduct for Directors. These documents are comprehensive statements of the guiding principles of conduct which the Company expects its directors and employees 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 employees.

Management Services Agreement

The Company has a Management Services Agreement with Constance Corporate Management Ltd (CCM), in which the Company holds a 42% interest. Under this agreement, CCM provides a wide range of corporate and management services to the Company, in the fields of corporate affairs, financial accounting, company secretariat, planning, and development. The fees charged are based on a percentage mix of net asset value, market capitalisation, and net profit and advisory fees related to the company's Financial Program, amounted to MUR 26.9 million for the year under review.

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 was materially interested either directly or indirectly.

Data Analysis on Shareholdings as at 31 December 2014

Size of Shareholding	Number of Shareholders	Number of Shares Owned	Percentage Shareholding
1–500	141	23,069	0.022
501–1,000	42	33,414	0.030
1,001–5,000	78	182,896	0.167
5,001–10,000	39	282,694	0.258
10,001–50,000	56	1,298,471	1.183
50,001–100,000	14	1,128,356	1.029
100,001–250,000	12	2,124,621	1.938
250,001–500,000	7	2,594,140	2.366
Over 500,000	14	101,985,688	93.007
Total	403	109,653,349	100.000

Shareholder Category	Number of Shareholders	Number of Shares Owned	Percentage Shareholding
Individuals	308	7,506,923	6.846
Insurance and assurance companies	8	21,399,352	19.515
Pension and provident funds	4	490,629	0.447
Investment and trust companies	2	29,871	0.028
Other corporate bodies	81	80,226,574	73.164
Total	403	109,653,349	100.000

Common Directors

The names of common directors of the subsidiaries of the Company are found on page xxx of the Annual Report and are as follows for Hotelest Ltd, the holding company:

Directors of Hotelest Ltd

Messrs George J. Dumbell, Nicolas Boullé, Marc Freismuth, Jean De Fondaumière, N. Adolphe Vallet, Clément D. Rey, Jean Ribet, Louis Rivalland, and Mrs Georgina Rogers.

Substantial Shareholders

As at 31 December 2014, the following shareholders held more than 5% of the Company's share capital:

Shareholders	% Held
Hotelest Ltd	51.00
The Anglo-Mauritius Assurance Society Ltd	19.17
Kingston Asset Management Ltd	5.43

Shareholders' Agreement

The Company is aware of a *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. 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.

Dividend

The Company's Dividend Policy is to distribute to its shareholders, whenever possible, an adequate dividend, subject to the Company's performance, cash-flow position and capital-expenditure requirements.

Employee Share Option Plan

No such scheme exists at present within the Company.

Material Clauses of the Constitution

There are no clauses of the Company's 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

Sustainability Report and Corporate Social Responsibility

CORPORATE VALUES AND CORPORATE SOCIAL RESPONSIBILITY

CORPORATE VALUES

The Company pursues the enhancement of corporate values through sound and ethical business practices. To fulfil this objective, we continually undertake Group-wide initiatives to strengthen our corporate-governance structure; maintain sound employment practices – a healthy and safe workplace, with quality- and job-related training; and protect and conserve the environment in which we operate, with efficient resource management and utilisation; as well as play an active role in poverty eradication; and the furtherance of a sustainable society through social-contribution programmes.

In recent years, we have more closely aligned our social and environmental responsibilities with our business strategy to better reflect the Company's vision and values. Our ultimate objective in so doing is to fully integrate our values within our business practices, with particular emphasis on the management of our economic, social and environmental obligations. These initiatives are driven by the Group Compliance Officer and the Business Compliance Officer in each Group member company.

CORPORATE VALUES *(continued)*

Shareholders

We reported formally to our shareholders at the Company's Annual Meeting and published our quarterly results in the press. We also enhanced our website by making available more information about the Company.

Employees

We continued to place great emphasis on the training and development of our employees and are committed to providing and maintaining a safe and healthy working environment for them. Regular feedback is sought to ascertain their level of performance and satisfaction and to ensure their continual improvement and motivation.

Guests

We greatly value feedback from our guests as to their expectations and satisfaction. We closely monitor and analyse guests' comments through in-house surveys and social media networks such as TripAdvisor and integrate the analysis in the Company's employee balance scorecard.

Corporate Patrons

We continued to listen carefully to the views and opinions of our corporate patrons and engaged with them in a number of top-of-the-range events at our resorts, such as the MCB Open, held under the aegis of golf's European Seniors Tour, and the Culinary Festival, with Le Relais Bernard Loiseau. We value the important business opportunities that they represent.

Suppliers

The positive feedback received from our suppliers reflects our continuing commitment to maintaining the highest standards of ethics and integrity in our dealings with them. We favour suppliers, who share our values and conduct their business in a responsible, ethical, social and environment-friendly manner.

Anti-money-laundering

It is the Company's objective to make a positive contribution towards the combat against money laundering and terrorist financing by ensuring that its Management and employees 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 Group Compliance Officer and Head of Finance.

Health & Safety

Hotels Constance has either a dedicated Health & Safety Officer or a senior Executive responsible for this function, in each of its resorts as well as appropriate policies. It carries out ongoing health and safety audits as well as provides 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. An annual Health & Safety Plan is approved by the Corporate Governance Committee, which monitors progress on a quarterly basis.

Environment

All our properties have been certified Green Globe, which is recognized as the highest level of sustainability certification by leaders in green travel and responsible ecotourism.

Green Globe is a global certification for sustainable tourism. It helps members to save energy and water resources, reduce operational costs, positively contribute to local communities and their environment. Members also enjoy promotion of their businesses to the worldwide market of leisure and corporate travellers, as well as meeting planners, all looking for sustainable travel options.

During the year 2014, a wide range of projects and events, intended for our guests as well as our personnel and the community at large, were undertaken by our properties across the region with a view of enhancing environmental awareness and protection and better managing the environmental challenges.

CORPORATE VALUES *(continued)*

Environment *(continued)*

We have green measures that have been implemented in Constance Hotels and Resorts:

- The use of glass bottles for water to reduce the use of PET bottles
- Recycling of paper
- Use and recycling of grey water for irrigation purposes
- Guests' re-use towels policy
- Eco-bulbs
- Staff awareness campaigns
- Vacant room policy in respect of lightning and air conditioning
- Regular training of team members on energy saving and control
- Use of organic and eco-friendly pesticides.
- Purchase of key cards made of eco-friendly material
- Implementation of half-load washing formulas which decrease water level and percentage of chemical in washing load
- Card in guestrooms to inform them about eco-system, lizards, insects and non-feeding of birds; and in Constance Ephélia, emphasis is put on the wetland, the mangroves for their vital importance on the ecosystems for both wildlife and people. Thematic leaflets are placed in the rooms:
  - Discover the Mangroves by Kayak: The Do's and Don'ts
  - Mangroves and Humans
  - Life in the Mangroves, presenting the various species.

Waste Management

- New compacting machines enabled the resort to reduce the volume of garbage by more than 50%, thus making transport and disposal much easier.
- Waste separation has also been implemented in the whole resort: glass, metal, paper, and plastic.

Energy Cost-Saving Programme

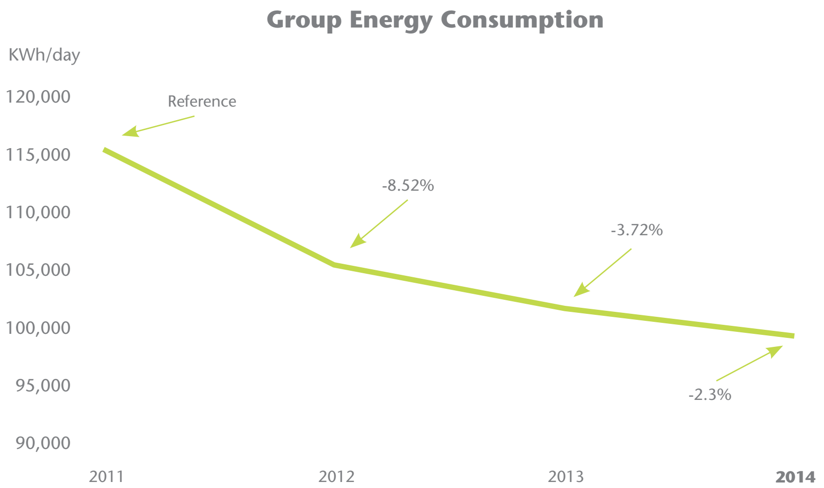
All our resorts are fitted with meteorological stations, connected to the Supervisory Control And Data Acquisition (SCADA) system. The analysis of the data has proven that further energy saving on air conditioning was possible by optimizing the settings. The data collected will also help for eventual developments in the green energy fields (solar, wind, rain harvesting).

The SCADA of each resort has been expanded with a cold room monitoring system, reporting permanently on temperature and door openings, which have direct impact on energy savings as well as health and safety.

CORPORATE VALUES *(continued)*

Energy Cost-Saving Programme *(continued)*

Since we launched the first SCADA on April 2011, the energy demand in electricity for the Group has dropped by 14%.



CORPORATE SOCIAL RESPONSIBILITY

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, Fondation Constance was established in December 2009. Each Group member company contributes 2% of its previous year's book profit to the fund's annual budget, in line with the fiscal legislation in force. Fondation Constance is managed by the Group's CSR Project Committee.

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.

Principles

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

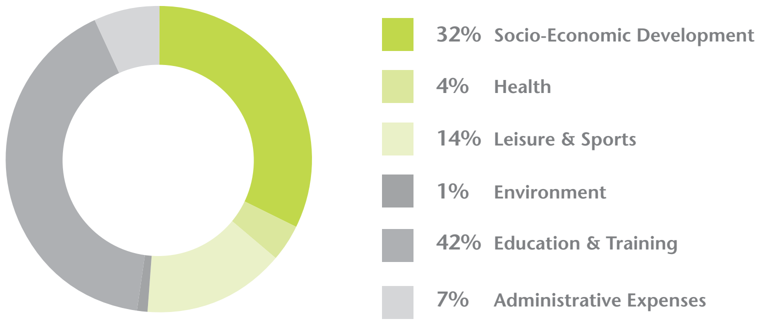
- Conducting business in a socially responsible and ethical manner
- Protecting the environment and people's safety
- Supporting human rights
- Engaging with and learning from respecting and supporting the communities and cultures within which it operates.

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.

CORPORATE SOCIAL RESPONSIBILITY *(continued)*

For 2014, the financial resources available for Fondation Constance were utilised principally for ongoing projects in education development, poverty eradication, leisure and sports, and health protection, as follows:

Allocation per Category at 31 December 2014



Education Development

Scholarships were awarded to the two best CPE pupils of the Poste de Flacq Government and RCA schools to cover their secondary studies.

The Fondation organised the Constance Education Award 2014 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 two topics chosen for 2014 were:

- **SC:** "Reduction of crime has become increasingly challenging for the local authority. What are the measures you would propose to tackle the problem?"
- **HSC:** "Economic disparity represents a threat to both global and national security and stability. Discuss."

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.

Fondation Constance sponsored an NGO which aim was to improve the quality of non-formal education programmes for children from vulnerable groups. In the same context, it continued to provide lunch for them.

Fondation Constance continued to sponsor Friends of the Poor with a view to promoting education through the provision of basic amenities to children in vulnerable groups of the eastern region.

Empowerment

Fondation Constance continued to provide a year's training at the Constance Hospitality Training Centre under our Work Experience Programme to vulnerable groups of the eastern region to give them skills with a view to making them employable.

Fondation Constance continued to sponsor one student from vulnerable groups to attend St Gabriel Technical School and one student from Saint Joseph Technical School to develop their technical skills for future employment.

CORPORATE SOCIAL RESPONSIBILITY *(continued)*

Environmental and Health Protection

During the year, Fondation Constance provided support to various NGOs such as Pils, TiDiams, and Lizie dan Lamain in their effort to promote health.

We recognise our obligation to respect the environment and we have always striven to achieve environment best practices across our operations through awareness and training.

Leisure and Sports

To promote recreational and leisure activities as well as to encourage sports activities in the eastern region, Fondation Constance sponsored Faucon Flacq's sports activities and organised the Constance Challenge Cup.

Donations

The Company has a Donations Policy which states that 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
- Encouraging its employees in their efforts to raise money or involve themselves with charities and providing opportunities for staff to become involved in charitable work.

The Company and its subsidiaries contributed Rs 750,000 to Fondation Constance.

	THE GROUP		THE COMPANY	
MUR '000	**2014**	2013	**2014**	2013
CSR Contribution	**750**	-	**750**	-
Political	**1,850**	-	**-**	-
Others	**156**	210	**25**	-
	2,756	210	**775**	-

(s) George J. Dumbell
Chairperson

(s) 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:

	2014 MUR '000	2013 MUR '000
Directors of Constance Hotels Services Ltd		
Executive (full-time)	**16,278**	13,882
Non-executive	**1,105**	1,733
Directors of subsidiary companies		
Executive	**5,279**	821
Non-executive	**-**	-

Directors' Service Contracts

Mr George J. Dumbell, Chairperson of the Company, has a two-year service contract which expires on 31 December 2015. The other directors do not have service contracts with the Company, but letters of appointment.

Directors of Subsidiary Companies

Directors	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
George J. Dumbell	*	*		*			*	*	*		*	
Jean-Jacques Vallet	*	*	*			*				*		
Clément D. Rey	*	*	*	*	*	*	*	*	*		*	*
Jean Ribet	*	*	*	*	*	*	*	*	*		*	*
Jan Boullé	*	*										
Dominik Kunstle												*
Guy Adam						*						
Jean Weeling Lee						*						

Auditors' Remuneration	THE GROUP		THE COMPANY	
	2014 MUR '000	2013 MUR '000	**2014 MUR '000**	2013 MUR '000
The fees paid to the auditors (exclusive of VAT) were:				
Audit fees paid to:				
BDO & Co.	**1,637**	1,783	**315**	300
Other firms	**800**	558	-	-
Fees for other services paid to:				
BDO & Co.	-	700	-	700
Other firms	**388**	316	-	-

Fees for other services relate to accounting, advisory and taxation services.

Statement of Directors' Responsibilities

in Respect 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 of 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:

(s) George J. Dumbell
Chairperson

(s) Jean Ribet
Director
Group Chief Executive Officer

31 March 2015

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.

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

31 March 2015

Corporate Information

Directors

George J. Dumbell	Independent – Chairperson
Nicolas Boullé	Non-executive
L.J. Jérôme De Chasteauneuf *(up to 12 September 2014)*	Non-executive
Jean De Fondaumière *(as from 17 December 2014)*	Non-executive
Marc Freismuth *(as from 11 September 2014)*	Independent
M. Iqbal Mallam-Hasham *(up to 18 December 2014)*	Independent
Clément D. Rey	Executive
Jean Ribet *(Group Chief Executive Officer)*	Executive
Louis Rivalland	Non-executive
Georgina Rogers *(as from 23 March 2015)*	Non-executive
L. M. Adolphe Vallet *(up to 23 January 2014)*	Non-executive
Christine Sauzier *(up to 12 September 2014)*	Non-executive
N. Adolphe Vallet	Non-executive
Jean-Jacques Vallet	Executive

Committees of the Board

Audit Committee

Jérôme de Chasteauneuf, chairperson *(up to 12 September 2014)*
Marc Freismuth *(as from 12 September 2014)*
Jean de Fondaumière
N. Adolphe Vallet

Corporate Governance Committee

M. Iqbal Mallam-Hasham, chairperson *(up to 18 December 2014)*
George J. Dumbell, chairperson *(as from 18 December 2014)*
Louis Rivalland

Nomination & Remuneration Committee

George J. Dumbell, chairperson
Marc Freismuth *(as from 1 April 2014)*
Jean Ribet
L. M. Adolphe Vallet *(up to 23 January 2014)*

Management Team – Corporate

Jean Ribet	Group Chief Executive Officer
Jan Boullé	Group Head of Projects & Development
Clément D. Rey	Head of Corporate Affairs and Group Compliance Officer
Kevin Chan Too	Head of Finance

Management Team – CHSL

Jean-Jacques Vallet	Chief Executive Officer
Andrew Milton	Chief Operations Officer
Siegfried Espitalier-Noël	Chief Marketing Officer
Brigitte de Fontenay Desmarais	Customer Relationship and Quality Manager
Josep Alaves	Business Development & Group Revenue Manager
Roshan Koonja	Chief Information Officer
Aurélie Leclézio Aupée	Group Communications Manager
Xavier Harel	E-Business Manager
Georges Lee Chip Hing	Group Financial Controller
Noorani Mungloo	Group Chief Financial Accountant and Analyst
Meela Ramlochun-Bunwaree	Group Accountant
Imelda Jorre de St Jorre	Central Reservations Manager
Philippe Offre	Group Technical Manager
Dominique Roussel	Regional Chief Engineer
Jean-Philippe Leong Kwai Cheong	Area Development Manager
Marc Marivel	Senior Human Resources Advisor
Vincent de Marassé Énouf	Group Human Resources Manager
Gilbert Chetty	Group Purchasing Manager
Ram Joorawon	Group Golf Courses Superintendant
Christophe Plantier	General Manager, Constance Le Prince Maurice
Gert Puchtler	General Manager, Constance Belle Mare Plage
Jean Marc Lagesse	General Manager, Constance Ephélia Seychelles
Bruno Le Gac	General Manager, Constance Lémuria Seychelles
Olivier de Guardia	Resort Manager, Constance Tsarabanjina Madagascar
Dominik Kuenstle	General Manager, Constance Halaveli Maldives
Kai Hoffmeister	General Manager, Constance Moofushi Maldives
Claude Narain, OSK	General Manager, Constance Hospitality Training Centre and External Relations

Secretaries

La Gaieté Services Limited

Registered Office

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

Bankers

The Mauritius Commercial Bank Ltd
The Hong Kong & Shanghai Banking Corporation Ltd
Barclays Bank plc
Banque Française Commerciale Océan Indien
AfrAsia Bank Limited
State Bank of Mauritius Ltd

Independent Auditors' Report to the Members

This report is made solely to the members of Constance Hotels Services 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 Constance Hotels Services Limited and its subsidiaries (the "Group") and the Company's separate financial statements on pages 57 to 98 which comprise the statements of financial position at December 31, 2014, the statement 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 57 to 98 give a true and fair view of the financial position of the Group and of the Company at December 31, 2014, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

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

Financial Statements

Statements of Financial Position - December 31, 2014

	Notes	THE GROUP 2014 Rs'000	THE GROUP Restated 2013 Rs'000	THE COMPANY 2014 Rs'000	THE COMPANY 2013 Rs'000
Assets					
Non-current assets					
Property, plant and equipment	5	**6,605,746**	6,856,294	**13,844**	21,273
Intangible assets	6	**1,055,652**	1,094,160	**1,894**	2,785
Investments in subsidiary companies	7	-	-	**1,563,722**	1,738,810
Investments in associated companies	8	**805,462**	773,209	**6,510**	6,510
Investments in available-for-sale financial assets	9	**545**	2,045	**545**	2,045
Deferred tax assets	10	**43,357**	31,585	**16,684**	14,017
		8,510,762	8,757,293	**1,603,199**	1,785,440
Current assets					
Inventories	11	**255,386**	225,203	**1,643**	834
Trade and other receivables	12	**635,493**	594,753	**1,783,517**	666,432
Cash and cash equivalents	22(a)	**73,775**	68,360	**16,154**	15,269
		964,654	888,316	**1,801,314**	682,535
Total assets		**9,475,416**	9,645,609	**3,404,513**	2,467,975
Equity and Liabilities					
Capital and reserves (attributable to owners of the parent company)					
Stated capital	13	**2,153,395**	936,783	**2,153,395**	936,783
Revaluation and other reserves	14	**1,278,546**	1,507,494	**(18,158)**	(15,958)
Retained earnings/(revenue deficit)		**550,039**	411,890	**(833)**	(9,758)
Owners' interest		**3,981,980**	2,856,167	**2,134,404**	911,067
Non-controlling interest		**16,317**	15,891	-	-
Total equity		**3,998,297**	2,872,058	**2,134,404**	911,067
Liabilities					
Non-current liabilities					
Borrowings	15	**3,791,516**	3,665,802	**907,253**	750,762
Deferred tax liabilities	10	**50,382**	55,458	-	-
Retirement benefit obligations	16	**102,428**	75,906	**48,199**	40,067
		3,944,326	3,797,166	**955,452**	790,829
Current liabilities					
Trade and other payables	17	**665,773**	603,145	**228,806**	304,480
Borrowings	15	**769,635**	2,372,483	**85,851**	461,599
Current tax liabilities	18(a)	**97,385**	757	-	-
		1,532,793	2,976,385	**314,657**	766,079
Total liabilities		**5,477,119**	6,773,551	**1,270,109**	1,556,908
Total equity and liabilities		**9,475,416**	9,645,609	**3,404,513**	2,467,975

These financial statements have been approved for issue by the Board of directors on 31 March 2015.

(s) **George J. Dumbell**
Chairperson

(s) **Jean Ribet**
Director
Group Chief Executive Officer

The notes on pages 62 to 98 form an integral part of these financial statements.
Auditors' report on pages 54 and 55.

Statements of Profit or Loss - Year ended December 31, 2014

		THE GROUP		THE COMPANY	
	Notes	**2014** **Rs'000**	Restated 2013 Rs'000	**2014** **Rs'000**	2013 Rs'000
Revenue	2(m)	**3,525,087**	2,563,590	-	-
Earnings before interest, taxation, depreciation and amortisation		**1,059,970**	620,892	**110,409**	55,219
Depreciation and amortisation	5, 6	**(416,396)**	(341,463)	**(10,822)**	(10,620)
Operating profit	19	**643,574**	279,429	**99,587**	44,599
Finance costs	20	**(359,732)**	(359,539)	**(92,941)**	(113,101)
Share of results of associated companies	8	**(14,441)**	(104,962)	-	-
		269,401	(185,072)	**6,646**	(68,502)
Surplus on remeasurement of associate to subsidiary	25	-	200,384	-	-
Profit/(loss) before taxation		**269,401**	15,312	**6,646**	(68,502)
Income tax (expense)/credit	18(b)	**(121,176)**	(22,773)	**2,279**	2,227
Profit/(loss) for the year		**148,225**	(7,461)	**8,925**	(66,275)
Attributable to:					
Owners of the parent		**129,518**	(25,928)	8,925	(66,275)
Non-controlling interest		**18,707**	18,467	-	-
		148,225	(7,461)	**8,925**	(66,275)
Earnings/(loss) per share (Rs)	21	**1.67**	(0.35)	**0.12**	(0.90)

The notes on pages 62 to 98 form an integral part of these financial statements.
Auditors' report on pages 54 and 55.

Statements of Profit or Loss and Other Comprehensive Income -
Year ended December 31, 2014

	Notes	THE GROUP 2014 Rs'000	THE GROUP Restated 2013 Rs'000	THE COMPANY 2014 Rs'000	THE COMPANY Restated 2013 Rs'000
Profit/(loss) for the year		**148,225**	(7,461)	**8,925**	(66,275)
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation	16	**(18,672)**	(12,485)	**(2,588)**	(5,142)
Deferred tax on remeasurement of defined benefit obligations	10	**2,801**	1,872	**388**	771
Share of other comprehensive income of associates	8	**-**	136,009	**-**	-
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences	14(b)	**(203,673)**	95,504	**-**	-
Other comprehensive income for the year		**(219,544)**	220,900	**(2,200)**	(4,371)
Total comprehensive income or the year		**(71,319)**	213,439	**6,725**	(70,646)
Total comprehensive income attributable to:					
Owners of the parent		**(90,799)**	195,113	**6,725**	(70,646)
Non-controlling interest		**19,480**	18,326	**-**	-
		(71,319)	213,439	**6,725**	(70,646)

The notes on pages 62 to 98 form an integral part of these financial statements.
Auditors' report on pages 54 and 55.

Statements of Changes in Equity - Year ended December 31, 2014

	Notes	Attributable to owners of the parent					
		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**
THE GROUP							
At January 1, 2013		936,783	1,286,453	437,818	2,661,054	5,537	2,666,591
Loss/(profit) for the year - Restated	26	-	-	(25,928)	(25,928)	18,467	(7,461)
Other comprehensive income for the year - Restated	26	-	221,041	-	221,041	(141)	220,900
Dividends to non-controlling interest		-	-	-	-	(7,972)	(7,972)
At December 31, 2013 - Restated	26	**936,783**	**1,507,494**	**411,890**	**2,856,167**	**15,891**	**2,872,058**
At January 1, 2014 - Restated	26	936,783	1,507,494	411,890	2,856,167	15,891	2,872,058
Profit for the year		-	-	129,518	129,518	18,707	148,225
Other comprehensive income for the year		-	(220,317)	-	(220,317)	773	(219,544)
Transfer to retained earnings		-	(8,631)	8,631	-	-	-
Net proceeds from rights issue	13	1,216,612	-	-	1,216,612	-	1,216,612
Dividends to non-controlling interest		-	-	-	-	(19,054)	(19,054)
At December 31, 2014		**2,153,395**	**1,278,546**	**550,039**	**3,981,980**	**16,317**	**3,998,297**

	Note	**Stated capital Rs'000**	**Revaluation and other reserves Rs'000**	**Retained earnings/ (revenue deficit) Rs'000**	**Total Rs'000**
THE COMPANY					
At January 1, 2013		936,783	(11,587)	56,517	981,713
Loss for the year		-	-	(66,275)	(66,275)
Other comprehensive income for the year		-	(4,371)	-	(4,371)
At December 31, 2013		**936,783**	**(15,958)**	**(9,758)**	**911,067**
At January 1, 2014		936,783	(15,958)	(9,758)	**911,067**
Profit for the year		-	-	8,925	**8,925**
Other comprehensive income for the year	13	-	(2,200)	-	**(2,200)**
Net proceeds from rights issue		1,216,612	-	-	**1,216,612**
At December 31, 2014		**2,153,395**	**(18,158)**	**(833)**	**2,134,404**

The notes on pages 62 to 98 form an integral part of these financial statements.
Auditors' report on pages 54 and 55.

Statements of Cash Flows - Year ended December 31, 2014

	Note	THE GROUP 2014 Rs'000	THE GROUP Restated 2013 Rs'000	THE COMPANY 2014 Rs'000	THE COMPANY 2013 Rs'000
Operating activities					
Profit/(loss) before taxation		**269,401**	15,312	**6,646**	(68,502)
Adjustment for:					
Share of results of associated companies		**14,441**	104,962	-	-
Translation difference		**(37,552)**	26,048	-	-
Depreciation of property, plant and equipment		**369,475**	302,065	**9,664**	9,515
Amortisation of intangible assets		**46,921**	39,398	**1,158**	1,105
Surplus on remeasurement of associate to subsidiary		-	(200,384)	-	-
Profit on sale of financial assets		**(4,111)**	-	**(4,111)**	-
(Profit)/loss on disposal of property, plant and equipment		**(645)**	787	**(175)**	(8)
Interest expense		**359,732**	359,539	**92,941**	113,101
Interest income		**(7,494)**	(24,270)	**(54,776)**	(65,819)
Retirement benefit obligations		**7,850**	9,151	**5,544**	5,076
Operating profit/(loss) before working capital changes		**1,018,018**	632,608	**56,891**	(5,532)
- inventories		**(30,183)**	(15,549)	**(809)**	569
- trade and other receivables		**(40,740)**	85,123	**(1,117,085)**	(33,983)
- trade and other payables		**45,640**	(150,596)	**(92,662)**	80,406
Cash flows generated from/(used in) operating activities		**992,735**	551,586	**(1,153,665)**	41,460
Interest paid		**(359,732)**	(359,539)	**(92,941)**	(113,101)
Interest received		**7,494**	24,270	**54,776**	65,819
Tax paid		**(38,596)**	(37,059)	-	-
Net cash generated from/(used in) operating activities		**601,901**	179,258	**(1,191,830)**	(5,822)
Cash flows used in investing activities					
Purchase of property, plant and equipment		**(112,793)**	(84,557)	**(2,235)**	(2,237)
Purchase of intangible assets		**(8,413)**	(4,784)	**(267)**	(818)
Proceeds from sale of property, plant and equipment		**695**	16	**175**	16
Disposal of investment in financial assets		**5,611**	-	**5,611**	-
Acquisition of subsidiary, net of cash acquired		-	(485,976)	-	-
Consolidation adjustment arising on conversion of associate to subsidiary		-	(208,432)	-	-
Investments in financial assets		-	(115)	-	(115)
Net cash (used in)/generated from investing activities		**(114,900)**	(783,848)	**3,284**	(3,154)
Cash flows generated from financing activities					
Proceeds from borrowings		**2,070,464**	108,311	**900,464**	12,672
Payments of borrowings		**(2,281,897)**	(537,466)	**(900,767)**	(161,905)
Proceeds from rights issue		**1,233,600**	-	**1,233,600**	-
Finance lease principal repayment		**(19,667)**	(13,817)	**(7,097)**	(6,285)
Loans (granted to)/repaid by related companies		**(105,797)**	-	**175,088**	-
Dividends paid to non-controlling interest		**(19,054)**	(7,972)	-	-
Net cash generated from/(used in) financing activities		**877,649**	(450,944)	**1,401,288**	(155,518)
Net increase/(decrease) in cash and cash equivalents		**1,364,650**	(1,055,534)	**212,742**	(164,494)
Cash and cash equivalents at January 1,		**(1,581,976)**	(526,442)	**(232,224)**	(67,730)
Cash and cash equivalents at December 31,	22(a)	**(217,326)**	(1,581,976)	**(19,482)**	(232,224)

The notes on pages 62 to 98 form an integral part of these financial statements.
Auditors' report on pages 54 and 55.

1 COMPANY PROFILE

Constance Hotels Services 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. The principal activity of the Group is to operate and manage resort hotels. 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 Constance Hotels Services 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

Amendments to IAS 32, 'Offsetting Financial Assets and Financial Liabilities', clarify the requirements relating to the offset of financial assets and financial liabilities. The amendment is not expected to have any impact on the Group's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27, 'Investment Entities', define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. As the Company is not an investment entity, the standard has no impact on the Group's financial statements.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what obligating event that gives rise to pay a levy and when should a liability be recognised. The Company is not subject to levies so the interpretation has no impact on the Group's financial statements.

Amendments to IAS 36, 'Recoverable Amount Disclosures for Non-financial Assets', remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated. The amendment has no impact on the Group's financial statements.

Amendments to IAS 39, 'Novation of Derivatives and Continuation of Hedge Accounting', provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. The amendment has no impact on the Group's financial statements.

Annual Improvements 2010 - 2012 Cycle

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of preparation *(continued)*

Annual Improvements 2011 - 2013 Cycle

IFRS 1 (Amendment), 'First-time Adoption of International Financial Reporting Standards', clarifies 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.

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, 2015 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)
- Annual Improvements to IFRSs 2010 - 2012 cycle
- Annual Improvements to IFRSs 2011 - 2013 cycle
- 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)

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Investment in subsidiaries *(continued)*

Consolidated financial statements (continued)

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.

(c) Investment 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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Investment in associates *(continued)*

Consolidated financial statements (continued)

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;

(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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Property, plant and equipment *(continued)*

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 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.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using 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).

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Intangible assets *(continued)*

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.

(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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Financial instruments *(continued)*

(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 liability 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.

(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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Retirement benefit obligations *(continued)*

Defined benefit plan (continued)

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.

(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 *(continued)*

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 risks, 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					
2014	**EUR Rs'000**	**USD Rs'000**	**GBP Rs'000**	**MUR Rs'000**	**OTHERS Rs'000**	**TOTAL Rs'000**
Financial Assets						
Investments in associated companies	805,462	-	-	-	-	**805,462**
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**
	932,547	**176,514**	**33,173**	**39,059**	**6,712**	**1,188,005**
Financial Liabilities						
Borrowings	79,591	2,117,136	-	2,364,044	380	**4,561,151**
Trade payables	-	196,875	-	96,320	-	**293,195**
	79,591	**2,314,011**	-	**2,460,364**	**380**	**4,854,346**

2013	**EUR Rs'000**	**USD Rs'000**	**GBP Rs'000**	**MUR Rs'000**	**OTHERS Rs'000**	**TOTAL Rs'000**
Financial Assets						
Investments in associated companies	773,209	-	-	-	-	773,209
Net trade receivables	95,302	113,834	27,212	36,405	1,607	274,360
Cash and cash equivalents	27,228	30,484	7,182	3,383	83	68,360
	895,739	144,318	34,394	39,788	1,690	1,115,929
Financial Liabilities						
Borrowings	124,357	3,022,184	-	2,891,568	176	6,038,285
Trade payables	-	123,439	-	124,869	-	248,308
	124,357	3,145,623	-	3,016,437	176	6,286,593

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial Risk Factors *(continued)*

Currency Profile *(continued)*

	THE COMPANY					
2014	**EUR Rs'000**	**USD Rs'000**	**GBP Rs'000**	**MUR Rs'000**	**OTHERS Rs'000**	**TOTAL Rs'000**
Financial Assets						
Investments in associated companies	-	-	-	6,510	-	**6,510**
Cash and cash equivalents	15,209	32	718	195	-	**16,154**
	15,209	**32**	**718**	**195**	-	**16,154**
Financial Liabilities						
Borrowings	288	21,975	-	970,841	-	**993,104**
Trade payables	-	-	-	6,997	-	**6,997**
	288	**21,975**	-	**977,838**	-	**1,000,101**

2013	**EUR Rs'000**	**USD Rs'000**	**GBP Rs'000**	**MUR Rs'000**	**OTHERS Rs'000**	**TOTAL Rs'000**
Financial Assets						
Investments in associated companies	-	-	-	6,510	-	6,510
Cash and cash equivalents	13,980	357	272	660	-	15,269
	13,980	**357**	**272**	**660**	-	**15,269**
Financial Liabilities						
Borrowings	-	-	-	1,212,361	-	1,212,361
Trade payables	-	-	-	6,348	-	6,348
	-	-	-	1,218,709	-	1,218,709

At December 31, 2014, 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 10.7 million (2013: Rs 2.5 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 127.5 million (2013: Rs 222.3 million) higher/lower, principally due to Group's share of net assets in foreign associates and cash 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.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial Risk Factors *(continued)*

Credit risk *(continued)*

As at December 31, 2014, trade receivables before impairment amounted to Rs 397.6 million (2013: Rs 360.6 million) for the Group. Provision for impairment amounted to Rs 88.8 million at December 31, 2014 (2013: Rs 86.3 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.

	Within normal credit period Rs'000	Past due but not impaired Within 3 months Rs'000	 More than 3 months Rs'000	Impaired Rs'000	Total Rs'000
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**
2013					
Trade receivables	273,812	7,435	79,402	-	360,649
Provisions	-	(6,887)	(79,402)	-	(86,289)
At December 31,	273,812	548	-	-	274,360

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, 2014, 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 12.6 million (2013: Rs 18.3 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.

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 FINANCIAL RISK MANAGEMENT *(continued)*

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 2014, the Group's strategy which was unchanged from 2013, 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, 2014 and December 31, 2013 were as follows:

	THE GROUP		THE COMPANY	
	2014 Rs'M	Restated 2013 Rs'M	**2014 Rs'M**	Restated 2013 Rs'M
Total debt	**4,561**	6,038	**993**	1,212
Total equity	**3,998**	2,872	**2,134**	911
Total capital	**8,559**	8,910	**3,127**	2,123
Debt-to-capital ratio	**53.3%**	67.8%	**31.8%**	57.1%

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 was 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 50.7 million (2013: Rs 66.5 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

4.1 Critical accounting estimates and assumptions *(continued)*

(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 in determining the net cost (income) for pensions include the discount rate. 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 the use of estimates.

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, 2014	6,570	1,446,900	5,641,101	207,341	994,807	133,734	698,892	9,129,345
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**	**5,671,307**	**219,976**	**1,047,823**	**131,686**	**720,206**	**9,245,262**
Depreciation								
At January 1, 2014	-	-	1,068,124	133,790	588,584	94,468	388,085	2,273,051
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	-	-	**1,248,890**	**164,497**	**673,608**	**108,477**	**444,044**	**2,639,516**
Net Book Values								
At December 31, 2014	**7,364**	**1,446,900**	**4,422,417**	**55,479**	**374,215**	**23,209**	**276,162**	**6,605,746**

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, 2013	8,646	1,446,900	3,601,003	149,643	636,761	92,707	481,877	6,417,537
Additions	4,090	-	23,971	41,534	34,335	9,095	12,492	125,517
Disposals	(795)	-	-	-	-	(5,104)	(16)	(5,915)
Transfer	(5,371)	-	96	5,275	-	-	-	-
Effect of transfer from associate to subsidiary	-	-	2,016,031	10,889	323,711	37,036	204,539	2,592,206
At December 31, 2013	**6,570**	**1,446,900**	**5,641,101**	**207,341**	**994,807**	**133,734**	**698,892**	**9,129,345**
Depreciation								
At January 1, 2013	-	-	624,656	96,585	375,983	66,336	266,633	1,430,193
Charge for the year	-	-	147,690	28,026	66,924	15,771	43,654	302,065
Disposal adjustment	-	-	-	-	-	(5,104)	(8)	(5,112)
Effect of transfer from associate to subsidiary	-	-	295,778	9,179	145,677	17,465	77,806	545,905
At December 31, 2013	-	-	**1,068,124**	**133,790**	**588,584**	**94,468**	**388,085**	**2,273,051**
Net Book Values								
At December 31, 2013	**6,570**	**1,446,900**	**4,572,977**	**73,551**	**406,223**	**39,266**	**310,807**	**6,856,294**

5 PROPERTY, PLANT AND EQUIPMENT *(continued)*

(c) Freehold land was last revalued in December 2010, by Société D'hotman De Spéville, Chartered Surveyor, at their open market value. The revaluation surplus was credited to revaluation reserve in shareholders' equity.

Land is classified as level 3 on the fair value hierarchy.

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

	THE GROUP	
	2014 Rs'000	2013 Rs'000
Cost	**147,426**	147,426

(e) Additions include Rs 6.2m (2013: Rs 40.9m) of assets leased under finance leases for the Group.

(f) THE COMPANY

	Plant & Machinery Rs'000	Motor Vehicles Rs'000	Furniture & Fittings Rs'000	Computer Equipment Rs'000	Total Rs'000
Cost/Deemed Cost					
At January 1, 2014	864	52,163	4,954	21,119	79,100
Additions	147	-	179	1,909	2,235
Disposals	-	(632)	-	-	(632)
At December 31, 2014	**1,011**	**51,531**	**5,133**	**23,028**	**80,703**
Depreciation					
At January 1, 2014	497	37,551	2,777	17,002	57,827
Charge for the year	87	6,884	481	2,212	9,664
Disposal adjustment	-	(632)	-	-	(632)
At December 31, 2014	**584**	**43,803**	**3,258**	**19,214**	**66,859**
Net Book Values					
At December 31, 2014	**427**	**7,728**	**1,875**	**3,814**	**13,844**

5 PROPERTY, PLANT AND EQUIPMENT *(continued)*

(g) THE COMPANY

	Plant & Machinery Rs'000	Motor Vehicles Rs'000	Furniture & Fittings Rs'000	Computer Equipment Rs'000	Total Rs'000
Cost/Deemed Cost					
At January 1, 2013	773	49,862	4,308	19,635	74,578
Additions	91	3,361	662	1,484	5,598
Disposals	-	(1,060)	(16)	-	(1,076)
At December 31, 2013	**864**	**52,163**	**4,954**	**21,119**	**79,100**
Depreciation					
At January 1, 2013	414	31,727	2,307	14,932	49,380
Charge for the year	83	6,884	478	2,070	9,515
Disposal adjustment	-	(1,060)	(8)	-	(1,068)
At December 31, 2013	**497**	**37,551**	**2,777**	**17,002**	**57,827**
Net Book Values					
At December 31, 2013	**367**	**14,612**	**2,177**	**4,117**	**21,273**

(h) There was no addition to assets under finance leases for the Company during the year 2014 (2013: Rs 3.4m).

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

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
Cost	**89,774**	83,590	**34,419**	34,419
Accumulated depreciation	**(51,751)**	(33,796)	**(26,691)**	(19,807)
Net book amount	**38,023**	49,794	**7,728**	14,612

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

(k) Total depreciation charge for both the Group and the Company have been included in operating expenses.

6 INTANGIBLE ASSETS

(a) THE GROUP

	Goodwill on Acquisition Rs'000	Leasehold Land Payments Rs'000	Computer Software Rs'000	Total Rs'000
Cost				
At January 1, 2013	-	432,329	15,039	447,368
Additions	-	-	4,784	4,784
Effect of transfer from associate to subsidiary - Restated (Note 25)	411,717	334,003	2,579	748,299
At December 31, 2013	411,717	766,332	22,402	1,200,451
Additions	-	-	8,413	8,413
At December 31, 2014	**411,717**	**766,332**	**30,815**	**1,208,864**
Amortisation				
At January 1, 2013	-	57,996	6,938	64,934
Charge for the year	-	35,720	3,678	39,398
Effect of transfer from associate to subsidiary (Note 25)	-	-	1,959	1,959
At December 31, 2013	-	93,716	12,575	106,291
Charge for the year	-	41,359	5,562	46,921
At December 31, 2014	-	**135,075**	**18,137**	**153,212**
Net Book Values				
At December 31, 2014	**411,717**	**631,257**	**12,678**	**1,055,652**
At December 31, 2013	411,717	672,616	9,827	1,094,160

(b) THE COMPANY

	Computer Software	
	2014 Rs'000	2013 Rs'000
Cost		
At January 1,	**6,147**	5,329
Additions	**267**	818
At December 31,	**6,414**	6,147
Amortisation		
At January 1,	**3,362**	2,257
Charge for the year	**1,158**	1,105
At December 31,	**4,520**	3,362
Net Book Values		
At December 31,	**1,894**	2,785

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

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

(e) Total amortisation charge for both the Group and the Company have been included in operating expenses.

(f) Impairment tests for goodwill: goodwill is allocated to the company's cash-generating units (CGVS) identified according to country of operation and business segment.

7 INVESTMENTS IN SUBSIDIARY COMPANIES (UNQUOTED)

	THE COMPANY	
	2014 Rs'000	2013 Rs'000
Cost		
At January 1,	**1,738,810**	2,172,723
Shareholder's loan repaid	**(175,088)**	(433,913)
At December 31,	**1,563,722**	1,738,810

The list of the Company's subsidiaries is as follows:

Name of corporation	Nominal value of investment Rs'000	Proportion of ownership interest Direct 2014 & 2013 %	Indirect 2014 %	Indirect 2013 %	Country of operation	Country of incorporation or residence	Issued capital Rs'000	Main business
Constance Industries Limited	514,475	**100**	-	-	Mauritius	Mauritius	458,052	Hotel Industry
Beauport Industries Limited	250,000	**100**	-	-	Mauritius	Mauritius	250,000	Hotel Industry
Constance Hotels International Services Limited	87,509	**100**	-	-	Mauritius	Mauritius	87,509	Investment Holding and Management Company
Constance Hospitality Training Centre Ltd	25	**100**	-	-	Mauritius	Mauritius	25	Training Centre
Constance Hotels Investment Limited	11,365	**100**	-	-	Mauritius	Mauritius	11,365	Investment Holding
Hotels Constance (UK) Limited	1	**100**	-	-	United Kingdom	United Kingdom	1	Marketing Representative
Ariatoll Services Ltd	32	-	**100**	-	Mauritius	Mauritius	32	Management Company
LRM Services Ltd	32	-	**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 LRM Company Ltd is 25% for both year 2014 and 2013.

Note: Ordinary shares are issued for the above subsidiaries and the statutory reporting date is 31 December 2014 for the above companies.

8 INVESTMENTS IN ASSOCIATED COMPANIES

(a) THE COMPANY	**2014 Rs'000**	2013 Rs'000
Unquoted - cost		
At January 1, and December 31,	**6,510**	6,510

8 INVESTMENTS IN ASSOCIATED COMPANIES *(continued)*

(b) THE GROUP	2014 Rs'000	Restated 2013 Rs'000
Unquoted		
At January 1,	**773,209**	985,552
Loan given to/(repaid by) associate	**105,797**	(181,458)
Share of profit for the year	**(14,441)**	(104,962)
Share of other comprehensive income	-	136,009
Effect of transfer to subsidiary (Note 25)	-	(87,833)
Exchange difference	**(59,103)**	25,901
At December 31,	**805,462**	773,209

Investment in associates at December 31, 2014 include goodwill of Rs 16m (2013: Rs 16m).

(c) 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 of company	Year end	Country of incorporation	Country of operation	By holding company		By other group companies	
				2014 %	2013 %	**2014 %**	2013 %
Le Refuge du Pêcheur Limited and its subsidiary	December 31, 2014	Seychelles	Seychelles	-	-	**25.42**	25.42
Ampasy Ltd and its subsidiary	December 31, 2014	Mauritius	Mauritius	-	-	**37.50**	37.50
Constance Corporate Management Limited	December 31, 2014	Mauritius	Mauritius	**42.00**	42.00	-	-

(i) All the above associates are private companies with no quoted market price for their shares and are 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 in the year Rs'000	Other comprehensive income Rs'000	Dividend Rs'000
2014								
Le Refuge du Pêcheur Limited and its subsidiary	556,144	4,731,840	1,150,619	2,286,274	2,127,355	(43,623)	(229,135)	-
2013								
Le Refuge du Pêcheur Limited and its subsidiary	613,286	5,582,413	1,452,563	2,619,287	1,989,209	(171,046)	80,094	-
The Waterfront PVT Ltd *	-	-	-	-	-	(153,791)	407,382	-

* As from 2 July 2013, Investment has been transferred to subsidiary (Note 25), 6 months results for the investment has been included in the share of total comprehensive income of associates for the year ended Dec 31, 2013.

8 INVESTMENTS IN ASSOCIATED COMPANIES *(continued)*

(iv) Reconciliation of summarised financial information

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

	Opening net assets Rs'000	Loss for the year Rs'000	Other comprehensive income 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
2014									
Le Refuge du Pêcheur Limited and its subsidiary	2,123,849	(43,623)	(229,135)	1,851,091	25.42%	470,547	291,916	15,952	778,415
2013									
Le Refuge du Pêcheur Limited and its subsidiary	2,214,801	(171,046)	80,094	2,123,849	25.42%	539,882	186,119	15,952	741,953

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

	2014 Rs'000	2013 Rs'000
Carrying amount of interests	**27,047**	31,256
Share of loss	**(3,352)**	(7,655)
Share of other comprehensive income	**(857)**	(1,034)
Share of total comprehensive income	**(4,209)**	(8,689)

Share of total comprehensive income not recognised amounted to Rs 2.6m (2013: Rs 2.2m) for Constance Corporate Management Limited as at Dec 31, 2014.

9 INVESTMENTS IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

	THE GROUP AND THE COMPANY	
	2014 Rs'000	2013 Rs'000
Unquoted (Level 3)		
At January 1,	**2,045**	1,930
Additions	-	115
Disposal	**(1,500)**	-
At December 31,	**545**	2,045

(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% (2013: 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 statements of financial position:

	THE GROUP		THE COMPANY	
	2014	Restated 2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Deferred tax assets	**43,357**	31,585	**16,684**	14,017
Deferred tax liabilities	**(50,382)**	(55,458)	**-**	-
Net deferred income tax assets	**(7,025)**	(23,873)	**16,684**	14,017

(b) At the end of the reporting period, the Group and the Company had unutilised tax losses of Rs 647.6 million (2013: Rs 725.2 million) and Rs 49 million (2013: Rs 92.5 million) respectively, available for offset against future taxable profits. A deferred tax asset has been recognised in respect of only Rs 337.9 million unutilised tax losses for the Group (2013: Rs 443.4 million). No deferred tax asset has been recognised in respect of the remaining Rs 309.7 million unutilised tax losses (2013: Rs 281.8 million) for the Group and Rs 49 million (2013: Rs 92.5 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		THE COMPANY	
	2014	Restated 2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1, - Restated	**(23,873)**	16,148	**14,017**	11,019
Effect of transfer from associate to subsidiary	**-**	(55,077)	**-**	-
Credited to profit or loss (note 18(b))	**14,047**	13,184	**2,279**	2,227
Credited to other comprehensive income	**2,801**	1,872	**388**	771
At December 31,	**(7,025)**	(23,873)	**16,684**	14,017

(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, 2013	48,924	-	**48,924**
Effect of transfer from associate to subsidiary - Restated (Note 26)	(4,835)	69,581	**64,746**
Credited to profit or loss	(11,899)	-	**(11,899)**
At December 31, 2013	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**

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, 2013	8,142	56,930	65,072
Effect of transfer from associate to subsidiary	-	9,669	9,669
Credited/(charged) to profit or loss	1,372	(87)	1,285
Credited to other comprehensive income	1,872	-	1,872
At December 31, 2013	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**

(iii) Deferred tax assets

	THE COMPANY		
	Accelerated tax depreciation Rs'000	**Retirement benefit obligations Rs'000**	**Total Rs'000**
At January 1, 2013	6,541	4,478	11,019
Credited to profit or loss	1,409	818	2,227
Credited to other comprehensive income	-	771	771
At December 31, 2013	7,950	6,067	14,017
Credited to profit or loss	1,447	832	2,279
Credited to other comprehensive income	-	388	388
At December 31, 2014	**9,397**	**7,287**	**16,684**

11 INVENTORIES

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
At Cost/Net Realisable Value				
Food and Beverages	**123,235**	104,704	-	-
Operating supplies	**42,586**	33,387	-	-
Maintenance	**56,767**	44,345	-	-
Sales products	**22,711**	26,553	-	-
Others	**10,087**	16,214	**1,643**	834
	255,386	225,203	**1,643**	834

(a) Bank borrowings are secured by floating charges on the assets of the Group including inventories (see note 15).

(b) The cost of inventories recognised as expense and included in cost of sales amounted to Rs 725.7 million (2013: Rs 551.8 million) for the Group.

12 TRADE AND OTHER RECEIVABLES

		THE GROUP		THE COMPANY	
		2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
(a)	Trade receivables	**397,608**	360,649	-	-
	Less: Provision for impairment (note 12(b))	**(88,840)**	(86,289)	-	-
	Net trade receivables	**308,768**	274,360	-	-
	Receivable from group companies:				
	- Subsidiary companies	-	-	**1,740,064**	634,418
	- Associated companies	**182,921**	204,701	**22,990**	16,594
	Other receivables	**143,804**	115,692	**20,463**	15,420
		635,493	594,753	**1,783,517**	666,432

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

(b) Provision for impairment of trade receivables

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
At January 1,	**86,289**	72,612	-	-
Provisions made during the year	**2,551**	13,677	-	-
At December 31,	**88,840**	86,289	-	-

13 STATED CAPITAL

		Number of shares	**Ordinary shares Rs'000**	**Share premium Rs'000**	**Total Rs'000**
(a)	**Issued shares**				
	At December 31, 2012 & 2013	63,964,454	639,645	297,138	936,783
	Proceeds from rights issue (Note 13(d))	45,688,895	456,889	776,711	1,233,600
	Issue cost	-	-	(16,988)	(16,988)
	At December 31, 2014	**109,653,349**	**1,096,534**	**1,056,861**	**2,153,395**

(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.

(d) **Rights issue**

A rights issue of 45,688,895 ordinary shares of Rs 10 each was alloted on December 29, 2014 at a premium of Rs 17 per share. Further to this issue, the ordinary share capital amounted to Rs 1,096,533,490 divided into 109,653,349 ordinary shares of Rs 10 each, with a corresponding net share premium of Rs 1,056,861,543.

14 REVALUATION AND OTHER RESERVES

	THE GROUP		THE COMPANY	
	2014	Restated 2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
The movements in each category are as follows:				
Revaluation surplus				
At January 1,	**1,390,930**	1,252,927	-	-
Movement during the year	-	138,003	-	-
Transfer to retained earnings	**(8,631)**	-	-	-
At December 31,	**1,382,299**	1,390,930	-	-
Translation of foreign operations				
At January 1,	**156,821**	61,176	-	-
Movement during the year	**(204,446)**	95,645	-	-
At December 31,	**(47,625)**	156,821	-	-
Actuarial losses				
At January 1,	**(40,257)**	(27,650)	**(15,958)**	(11,587)
Movement during the year	**(15,871)**	(12,607)	**(2,200)**	(4,371)
At December 31,	**(56,128)**	(40,257)	**(18,158)**	(15,958)
Total	**1,278,546**	1,507,494	**(18,158)**	(15,958)

(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.

(c) **Actuarial losses**

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

15 BORROWINGS

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Non-current				
Loans - USD	**1,614,691**	1,873,949	-	-
- EUR	**52,386**	103,600	-	-
- MUR	**2,090,988**	1,641,216	**900,464**	738,779
Finance lease liabilities	**33,451**	47,037	**6,789**	11,983
	3,791,516	3,665,802	**907,253**	750,762
Current				
Bank overdrafts	**291,101**	1,650,336	**35,636**	247,493
Loans - USD	**388,109**	309,642	-	-
- EUR	**26,916**	20,755	-	-
- MUR	**45,000**	373,139	**45,000**	206,988
Finance lease liabilities	**18,509**	18,611	**5,215**	7,118
	769,635	2,372,483	**85,851**	461,599
Total borrowings	**4,561,151**	6,038,285	**993,104**	1,212,361

(a) Finance lease liabilities - minimum lease payments:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Not later than 1 year	**21,701**	23,199	**6,033**	8,526
Later than one year and not later than two years	**18,803**	20,100	**4,979**	6,013
Later than two years and not later than five years	**17,302**	32,511	**2,322**	7,301
	57,806	75,810	**13,334**	21,840
Future finance charges on finance leases	**(5,846)**	(10,162)	**(1,330)**	(2,739)
Present value of finance lease liabilities	**51,960**	65,648	**12,004**	19,101
The present value of finance lease liabilities may be analysed as follows:				
Not later than one year	**18,509**	18,611	**5,215**	7,118
Later than one year and not later than two years	**17,004**	17,041	**4,579**	5,195
Later than two years and not later than five years	**16,447**	29,996	**2,210**	6,788
	51,960	65,648	**12,004**	19,101

(b) Bank and other 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%.

15 BORROWINGS *(continued)*

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

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

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
After one year and before two years	**651,915**	735,888	**54,579**	167,099
After two years and before three years	**434,519**	817,837	**51,832**	166,484
After three years and before five years	**718,347**	1,351,586	**100,378**	286,058
After five years	**1,986,735**	760,491	**700,464**	131,121
	3,791,516	3,665,802	**907,253**	750,762

(e) The carrying amounts of borrowings are not materially different from their fair values.

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		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
Amounts recognised in the statement of financial position:				
Defined pension benefits (note (a)(ii))	**101,272**	74,898	**48,199**	40,067
Other post retirement benefits (note (b)(i))	**1,156**	1,008	**-**	-
	102,428	75,906	**48,199**	40,067
Analysed as follows:				
Non-current liabilities	**102,428**	75,906	**48,199**	40,067
	102,428	75,906	**48,199**	40,067
Amounts charged to profit or loss:				
- Defined pension benefits (note (a)(v))	**20,174**	18,159	**9,343**	8,587
- Other post retirement benefits (note (b))	**85**	311	**-**	-
	20,259	18,470	**9,343**	8,587
Amount charged to other comprehensive income:				
- Defined pension benefits (note (a)(vi))	**18,609**	13,535	**2,588**	5,142
- Other post retirement benefits (note (b))	**63**	(1,050)	**-**	-
	18,672	12,485	**2,588**	5,142

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, 2014 by Anglo Mauritius. 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		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
Present value of funded obligations	**271,618**	229,225	**109,642**	95,603
Fair value of plan assets	**(170,346)**	(154,327)	**(61,443)**	(55,536)
Liability in the statement of financial position	**101,272**	74,898	**48,199**	40,067

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

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
At January 1,	**74,898**	52,523	**40,067**	29,849
Charged to profit or loss	**20,174**	18,159	**9,343**	8,587
Charged to other comprehensive income	**18,609**	13,535	**2,588**	5,142
Contributions paid	**(12,409)**	(9,319)	**(3,799)**	(3,511)
Balance at December 31,	**101,272**	74,898	**48,199**	40,067

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

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
At January 1,	**229,225**	193,095	**95,603**	80,070
Current service cost	**12,466**	11,259	**5,623**	5,136
Interest expense	**16,834**	17,296	**7,081**	7,235
Actuarial losses	**15,460**	9,820	**1,461**	3,796
Benefits paid	**(2,367)**	(2,245)	**(126)**	(634)
At December 31,	**271,618**	229,225	**109,642**	95,603

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		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
At January 1,	**154,327**	140,572	**55,536**	50,221
Return on plan assets	**11,076**	12,155	**3,994**	4,366
Actuarial losses	**(3,149)**	(3,715)	**(1,127)**	(1,346)
Scheme expenses	**(494)**	(389)	**(151)**	(141)
Cost of insuring risk benefits	**(1,456)**	(1,370)	**(482)**	(441)
Contributions by the employer	**12,409**	9,319	**3,799**	3,511
Benefits paid	**(2,367)**	(2,245)	**(126)**	(634)
At December 31,	**170,346**	154,327	**61,443**	55,536

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

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
Current service cost	**12,466**	11,259	**5,623**	5,136
Scheme expenses	**494**	389	**151**	141
Cost of insuring risk benefits	**1,456**	1,370	**482**	441
Net interest expense	**5,758**	5,141	**3,087**	2,869
Total included in employee benefit expense	**20,174**	18,159	**9,343**	8,587

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		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
Actual return on plan assets	**7,929**	8,441	**2,867**	3,020

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

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
Liability experience losses/(gains)	**15,460**	(6,941)	**1,461**	(2,014)
Actuarial losses arising from changes in financial assumptions	**-**	16,761	**-**	5,810
Actuarial losses	**15,460**	9,820	**1,461**	3,796
Return on plan assets excluding interest income	**3,149**	3,715	**1,127**	1,346
	18,609	13,535	**2,588**	5,142

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 Anglo-Mauritius. 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:

	2014 %	2013 %
Discount rate	**7.0**	7.0
Future salary growth rate	**6.0**	6.0
Future pension growth rate	**-**	-

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

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
December 31,				
Discount rate (1% movement)	**28,418**	26,220	**10,458**	9,925
Future long term salary (1% movement)	**28,629**	26,689	**11,188**	10,601

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 12.8m in contributions to its post-employment benefit plans for the year ending December 31, 2014.

(xiii) The weighted average duration of the defined benefit obligation is 10 -16 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	
	2014 Rs'000	2013 Rs'000
Present value of unfunded obligations	**1,156**	1,008

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

	THE GROUP	
	2014 Rs'000	2013 Rs'000
At January 1,	**1,008**	1,747
Included in profit or loss		
Current service cost	**14**	27
Past service cost	-	134
Net interest expense	**71**	150
	85	**311**
Included in other comprehensive income		
Actuarial losses/(gains)	**63**	(1,050)
At December 31,	**1,156**	1,008

17 TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
Trade payables	**293,195**	248,308	**6,997**	6,348
Payable to group companies:				
- Subsidiary companies	-	-	**161,540**	275,644
- Associated companies	**16,318**	11,774	**16,318**	6,819
Other payables	**356,260**	343,063	**43,951**	15,669
	665,773	603,145	**228,806**	304,480

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

18 INCOME TAX

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) **Amounts recognised in the statements of financial position are as follows:**				
Current tax liabilities	**97,385**	757	-	-

Current tax liabilities is on adjusted profit for the year at 15% (2013: 15%).

(b) **Amounts recognised in the profit or loss**

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current tax on the adjustment profit for the year at 15% (2013:15%)	**65,388**	18,492	-	-
Withholding tax	**20,689**	17,465	-	-
Under provision in previous years	**49,146**	-	-	-
Deferred income tax (Note 10(c))	**(14,047)**	(13,184)	**(2,279)**	(2,227)
Charged/(credited) to profit or loss	**121,176**	22,773	**(2,279)**	(2,227)

(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	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit/(loss) before taxation	**269,401**	15,312	**6,646**	(68,502)
Add: Loss of associates	**14,441**	104,962	-	-
	283,842	120,274	**6,646**	(68,502)
Tax calculated at a rate of 15% (2013: 15%)	**42,576**	18,041	**997**	(10,275)
Expenses not deductible for tax purposes	**59,786**	1,744	**2,978**	407
Withholding and foreign tax	**36,533**	30,858	-	-
Income not subject to tax	**(54,109)**	(45,967)	**(1,608)**	(1,467)
Deemed tax credit	**(32,955)**	(22,261)	-	-
Utilisation of previously unrecognised tax losses	**(4,646)**	-	**(4,646)**	-
Other adjustments	**8,573**	3,953	-	-
Under provision in previous years	**49,146**	-	-	-
Tax loss which no deferred income tax was recognised	**16,272**	36,405	-	9,108
Charged/(credited) to profit or loss	**121,176**	22,773	**(2,279)**	(2,227)

19 OPERATING PROFIT

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
The operating profit is arrived at:				
after crediting:				
Other operating income	**5,613**	26,403	**4,111**	860
Interest income	**7,494**	24,270	**54,776**	65,819
Net foreign exchange transaction gains	**38,835**	-	**42,866**	-
Profit on disposal of property, plant and equipment	**645**	-	**175**	8
after charging:				
Lease rentals on Property, plant and equipment	-	33	-	-
Loss on disposal of property, plant and equipment	-	787	-	-
Net foreign exchange transaction loss	-	10,154	-	21,220
Cost of sales	**1,123,900**	854,718	-	-
Operating expenses	**1,057,638**	825,031	-	-
Administrative expenses	**752,562**	644,111	**2,341**	868

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

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
Depreciation - owned assets	**351,520**	286,442	**2,780**	2,631
- leased assets	**17,955**	15,623	**6,884**	6,884
Amortisation of intangible assets	**46,921**	39,398	**1,158**	1,105
Staff costs - Note 1	**806,551**	683,069	-	-

Note 1:

Staff costs for the Company amounting to Rs 161.2 million for the year ended December 31, 2014 have been allocated to other companies in the Group (2013: Rs 152.7 million).

20 FINANCE COSTS

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
Interest expense:				
- Bank overdrafts	**130,635**	88,596	**17,971**	6,708
- Bank and other borrowings repayable by instalments	**228,329**	256,725	**72,145**	99,761
- Other interests	**768**	14,218	**2,825**	6,632
Total borrowing costs	**359,732**	359,539	**92,941**	113,101

21 EARNINGS/(LOSS) PER SHARE

		THE GROUP		THE COMPANY	
		2014	Restated 2013	2014	Restated 2013
Profit/(loss) attributable to equityholders	Rs'000	**129,518**	(25,928)	**8,925**	(66,275)
Weighted average number of ordinary shares - including effects of Rights issue (thousands)		**77,546**	73,371	**77,546**	73,371
Earnings/(loss) per share - including effects of Rights issue	Rs	**1.67**	(0.35)	**0.12**	(0.90)

Comparative figures for 2013 have been restated to reflect the rights issue adjustment factor and the restatement of comparative figures as illustrated in Note 26.

22 NOTES TO THE STATEMENTS OF CASH FLOWS

		THE GROUP		THE COMPANY	
		2014 Rs'000	2013 Rs'000	2014 Rs'000	2013 Rs'000
(a)	**Bank balances and cash**				
	Cash and cash equivalents	**73,775**	68,360	**16,154**	15,269
	Bank overdrafts (Note 15)	**(291,101)**	(1,650,336)	**(35,636)**	(247,493)
		(217,326)	(1,581,976)	**(19,482)**	(232,224)

(b) **Non-cash transactions**

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	2014 Rs'000	2013 Rs'000
Acquisition of property, plant and equipment using finance lease	**6,184**	40,960	-	3,361

(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	
	2014 Rs'000	2013 Rs'000
Not later than one year	**141,564**	141,484
Later than one year and not later than five years	**664,992**	574,106
Later than five years	**3,664,063**	3,715,071
	4,470,619	4,430,661

23 COMMITMENTS

	THE GROUP	
	2014 Rs'000	2013 Rs'000
(a) **Capital commitments**		
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	**18,285**	7,010

24 CONTINGENCIES

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
(a) **Contingent liabilities**				
Bank guarantees to third parties	**236**	256	**196**	256

25 BUSINESS COMBINATIONS

(a) **Effect of transfer of associate to subsidiary**

On July 2, 2013 the Group acquired 65% of the share capital of The Waterfont PVT Ltd for Rs 535m and obtained the control of the company. A goodwill of Rs 412m has arisen from the acquisition. None of the goodwill recognised is expected to be deductible for income tax purposes.

(b) The following table summarises the consideration paid for The Waterfront PVT Ltd and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date:

	THE GROUP
	Restated Rs'000
Consideration	
At July 2, 2013	
Cash	535,260
Total consideration transferred	**535,260**
Share of net asset of associate at acquisition date	87,833
Surplus on remeasurement of associate to subsidiary	200,384
Fair value of equity interest held before the business combination	**288,217**
Total consideration	**823,477**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	49,284
Property, plant and equipment	2,046,301
Computer Software (included in intangibles)	620
Leasehold land (included in intangibles)	334,003
Inventories	65,584
Trade and other receivables	63,493
Trade and other payables	(341,648)
Deferred tax liabilities	(55,077)
Borrowings	(1,750,800)
Total identifiable net assets	**411,760**
Goodwill (included in intangibles)	**411,717**

25 BUSINESS COMBINATIONS *(continued)*

(c) **Net cash outflow on acquisition of subsidiary**

	THE GROUP Rs'000
Consideration paid in cash	535,260
Less: cash and cash equivalent balances acquired	(49,284)
	485,976

(d) The fair value of trade and other receivables is Rs 63.5m and includes trade receivables with a fair value Rs 32.2m. The gross contractual amount for trade receivables due is Rs 47.3m and provision for doubtful allowances amount to Rs 15.1m

(e) The fair value of the acquired identifiable leasehold land is Rs 334m and Building is Rs 1,720.3m.

(f) The Group recognised a gain of Rs 200m as a result of measuring at fair value its 35% equity interest in the Group held before the business combination. The gain is included in the Group's statement of profit or loss for the year ended December 31, 2013.

The revenue included in the consolidated financial statements since 1 July 2013 was Rs 375m and contributed a loss of Rs 33.9m over the same period.

Had The Waterfront PVT Ltd been consolidated from 1 January 2013 revenue would have been Rs 782m and loss would have been Rs 188m.

26 RESTATEMENT OF COMPARATIVE FIGURES

Group figures for year 2013, have been restated to reflect the deferred tax element on the revaluation surplus amount used in the calculation of goodwill and remeasurement of fair value upon acquisition of a subsidiary.

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

THE GROUP	Intangibles Rs'000	Deferred Tax Asset Rs'000	Deferred Tax Liabilities Rs'000	Retained Earnings Rs'000	Revaluation and Other Reserves Rs'000
2013					
As previously reported	1,024,579	45,728	20	387,537	1,531,847
Effect of restatement of deferred tax element on revaluation surplus	69,581	(14,143)	55,438	24,353	(24,353)
As restated	**1,094,160**	**31,585**	**55,458**	**411,890**	**1,507,494**

The effect on profit or loss is as follows:	THE GROUP 2013 Rs'000
Increase in surplus on remeasurement of associate to subsidiary	24,353
	24,353

26 RESTATEMENT OF COMPARATIVE FIGURES *(continued)*

The effect on total comprehensive income is as follows:

THE GROUP	2013 Rs'000
Share of other comprehensive income of associates	(24,353)
Decrease in other comprehensive income	**(24,353)**
Movement in total comprehensive income for the year	-

27 RELATED PARTY TRANSACTIONS

	Sales of goods and services		Purchase of goods and services		Management fees/ Financial income/ (charges)		Amount due (to)/from	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000	**2014 Rs'000**	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
THE GROUP								
Enterprises with common shareholders	-	-	**(26,031)**	(19,904)	**(2,657)**	(4,761)	**(27)**	(602)
Associated companies	**1,681**	1,931	**(23)**	(111)	**135,194**	140,457	**166,603**	192,927
THE COMPANY								
Subsidiaries	-	-	-	-	**59,591**	89,967	**1,578,524**	358,774
Enterprises with common shareholders	-	-	**(911)**	(1,670)	**(1,557)**	(4,761)	-	660
Associated companies	-	-	-	(111)	**(26,950)**	(22,764)	**6,672**	9,775

	THE GROUP		THE COMPANY	
	2014 Rs'000	2013 Rs'000	**2014 Rs'000**	2013 Rs'000
Key management personnel compensation:				
Short term employee benefit	**106,774**	87,782	**75,709**	59,743
Post-employment benefit	**2,287**	2,116	**2,256**	2,087
Retirement benefit	**3,000**	2,596	-	2,596
	112,061	92,494	**77,965**	64,426

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

No provision is held against receivables from related parties.

Related party transactions have been made in the normal course of business.

28 ULTIMATE HOLDING COMPANY

The directors consider Hotelest Limited, whose registered office is at 35, Sir William Newton Street, Port Louis as the Ultimate Holding Company. The company is incorporated in Mauritius.

29 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	**2014 Rs'000**	2013 Rs'000	**2014 Rs'000**	Restated 2013 Rs'000
Mauritius	**1,582,943**	1,276,034	**4,620,630**	4,552,809
Maldives	**1,942,144**	1,287,556	**3,890,132**	4,204,484
Total	**3,525,087**	2,563,590	**8,510,762**	8,757,293

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

Profile of Directors and Senior Management

DIRECTORS

George J. Dumbell (66) – Independent director, Chairperson

Appointed director in December 2005 and Chairperson in 2006

Mr Dumbell is an Associate of the Chartered Institute of Bankers (UK) with over 46 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 (55) – Non-executive director

Appointed in January 2014

A qualified notary 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.

Marc Freismuth (63) – Independent director, Chairperson of Audit Committee

Appointed in September 2014 by the Board of Directors until the forthcoming Annual Meeting where his re-election will be proposed.

Mr Freismuth holds an MPhil degree in Economics from 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. After six years in Djibouti as head of a training project, 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. Mr Freismuth was the chairperson of the Audit Committee until 11 September 2014.

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

Belle Mare Holding Ltd

United Basalt Products Ltd.

Jean de Fondaumière (61) – Non-executive director

Appointed in December 2014

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 chairperson 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.

Profile of Directors and Senior Management *(continued)*

DIRECTORS *(continued)*

Clément D. Rey (45) – Executive director, Head of Corporate Affairs and Group Compliance Officer

Appointed in 2006

Mr Rey holds a Bachelor's and a Master's degree in Business Law from the United Kingdom. Before joining the Constance Group as 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 (55) – Executive director, Group Chief Executive Officer

Appointed in 2006

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 (44) – Non-executive director

Appointed in 2007

Mr Rivalland holds a Bachelor's degree in Actuarial Science and Statistics, and is a Fellow of the Institute of Actuaries of the United Kingdom. He is currently the Group Chief Executive of Swan Insurance Co. Ltd and The Anglo-Mauritius Assurance Society Limited. He is a past president of the Joint Economic Council and the Insurers' Association of Mauritius.

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

Air Mauritius Ltd

ENL Commercial Ltd

ENL Land Ltd

Ireland Blyth Ltd

New Mauritius Hotels Ltd

Swan Insurance Co. Ltd.

Georgina Rogers (52) – Non-executive director

Appointed on 23 March 2015 by the Board of Directors until the forthcoming Annual Meeting where her re-election will be proposed.

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

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

Belle Mare Holding Ltd.

DIRECTORS *(continued)*

Noël Adolphe Vallet (49) – Non-executive director

Appointed in 2001

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.

Jean-Jacques Vallet (46) – Executive director, Chief Executive Officer

Appointed Chief Operating Officer in 2004 and Chief Executive Officer in 2012

Mr Vallet holds a *Maîtrise en sciences et gestion* (MSG) and a postgraduate 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.

SENIOR MANAGEMENT

Jan Boullé (58) – 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 (37) – 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 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.

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, 10 June 2015, at 09.30 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 2014
2. To receive the report of BDO & Co., the external auditors of the Company
3. To consider and approve the Audited Financial Statements of the Company and the Group at 31 December 2014
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 Marc Freismuth as an independent director of the Company
6. To appoint Mrs Georgina Rogers as a non-executive director of the Company
7. To approve Board and Committee fees
8. 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 Clément D. Rey
    b. Mr Louis Rivalland
    c. Mr Jean-Jacques Vallet
9. Shareholders' questions.

By order of the Board

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

12 May 2015

Notes

A member of the C*ompany 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 24 hours prior to the time scheduled for the meeting, i.e. by 09.30 a.m. on Tuesday, 9 June 2015 (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 15 May 2015.

Proxy Form

I/We

of

being a member of Constance Hotels Services Limited, hereby appoint

or failing him/her,

as my/our proxy to vote for me/us and on my/our behalf at the Annual Meeting of the Company to be held on Wednesday, 10 June 2015, at 09.30 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 consider and approve the Audited Financial Statements of the Company and the Group at 31 December 2014			
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 Marc Freismuth as an independent director of the Company			
6	To appoint Mrs Georgina Rogers as a non-executive director of the Company			
7	To approve Board and Committee fees			
8	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 Clément D. Rey b. Mr Louis Rivalland c. Mr Jean-Jacques Vallet			

Dated this day of 2015

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/her discretion as to how he/she votes or whether or not he/she abstains from voting.*
2. *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 24 hours prior to the time scheduled for the meeting, i.e. by 09.30 a.m. on Tuesday, 9 June 2015 (being the last business day before the meeting). In default, the instrument of proxy shall not be treated as valid.*
3. *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 15 May 2015.*

Constance Hotels Services Limited

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35 Sir William Newton Street

Port Louis

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