CONSTANCE
HOTELS AND RESORTS

Inspired by Passion

ANNUAL REPORT
2015

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Dear Shareholder,

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

George J. Dumbell
Chairman

Jean Ribet
Director
Group Chief Executive Officer

Constance Halaveli - Maldives

Passion is a powerful emotion. It inspires, innovates and transforms dreams into reality.

At Constance Hotels and Resorts, passion is in our DNA - from our beginnings at Constance Belle Mare Plage, more than 40 years ago, to our position today as a leading luxury hotel brand in the Indian Ocean.

Our people are at the very heart of our brand. Driven by the passion for excellence, our people continuously nurture creativity and innovation to turn guests' dreams into luxury emotional experiences.

Culinary class at Constance Le Prince Maurice - Mauritius

CONSTANCE HOTELS AND RESORTS AT A GLANCE

Who We Are

Constance Hotels and Resorts owns and manages seven luxury hotels in idyllic destinations of the Indian Ocean: Mauritius, Maldives, Seychelles and Madagascar.

From luxurious glamour to a Robinson Crusoe getaway, Constance Hotels and Resorts offers a variety of products and services designed to meet the needs and desires of all guests. Its stunning properties, customised and friendly services, culinary spirit, the exceptional wellness treatment at its spas and its three 18-hole championship golf courses in the Indian Ocean are the key attributes of the Group.

Our Brand

The brand architecture consists of the corporate brand, Constance Hotels and Resorts, which encompasses the different product brands. Each 5-star property has its own personality with a unique architecture that embraces the natural scenery.

At Constance Hotels and Resorts, we define a lifestyle in exclusive and innovative luxury hotels by location, architecture and the creative power of our teams.

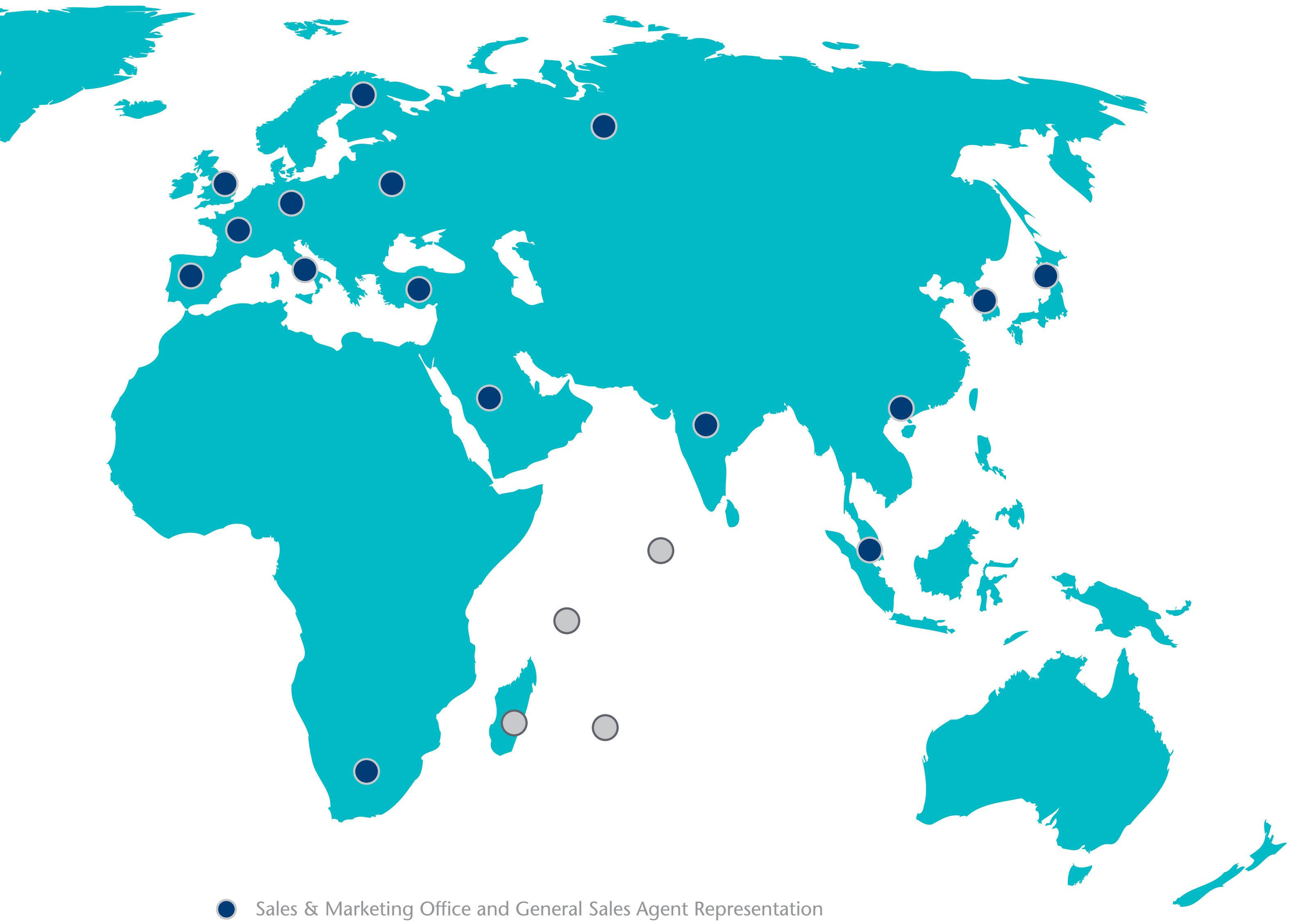
As a result, the Constance Hotels and Resorts brand is now globally recognised, having collected many accolades over the past years; clearly demonstrating its ability to surpass the expectation of its guests.

4 *Destinations*

7 *Hotels*

2,993 *Employees*

Our Market Presence



- Sales & Marketing Office and General Sales Agent Representation
- Destinations

MAURITIUS: CONSTANCE Le Prince Maurice MAURITIUS; CONSTANCE Belle Mare Plage MAURITIUS

MALDIVES: CONSTANCE Moofushi MALDIVES; CONSTANCE Halaveli MALDIVES

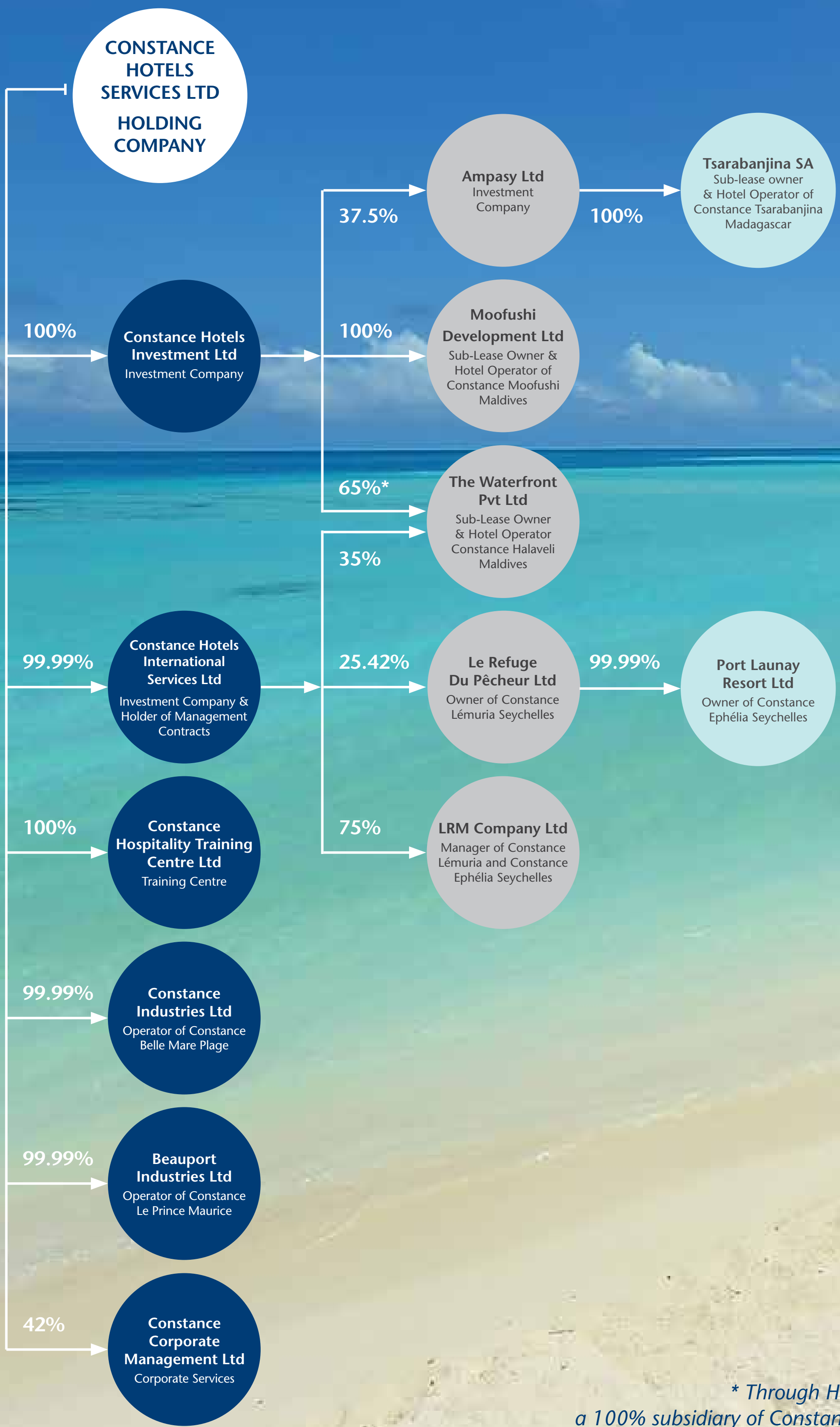
SEYCHELLES: CONSTANCE Lémuria SEYCHELLES; CONSTANCE Ephelia SEYCHELLES

MADAGASCAR: CONSTANCE Tsarabanjina MADAGASCAR

CORPORATE STRUCTURE

as at 31 December 2015

(Main companies forming the Constance Hotels Services Ltd group of companies)



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

Constance Moofushi - Maldives

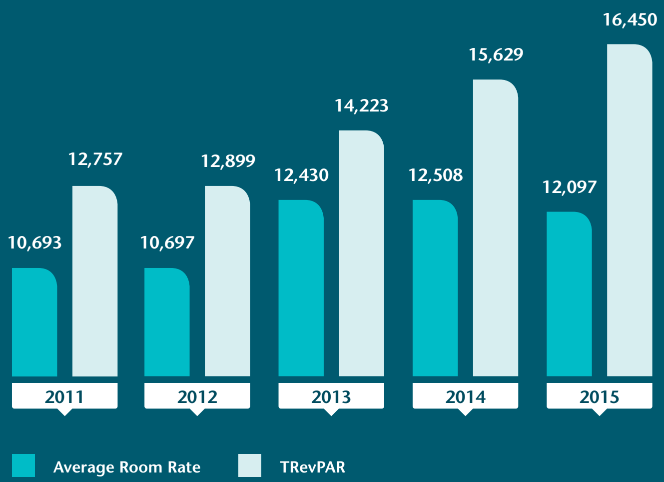
GROUP KEY PERFORMANCE INDICATORS

HOTELS UNDER MANAGEMENT

OCCUPANCY RATE (%)

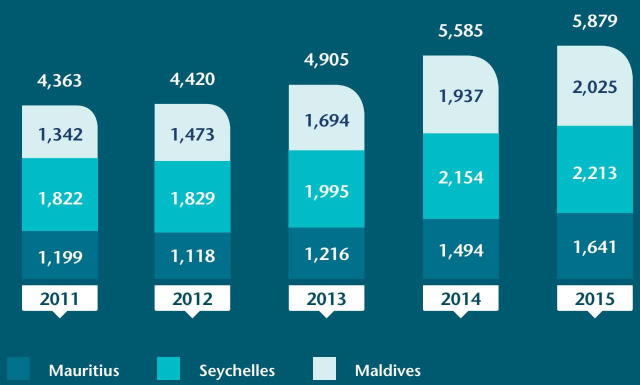
+5.6
PERCENTAGE POINTS
IN 2015

AVERAGE ROOM RATE AND TOTAL REVENUE PER AVAILABLE ROOM (MUR)



+5.3%
IN TRevPAR
IN 2015

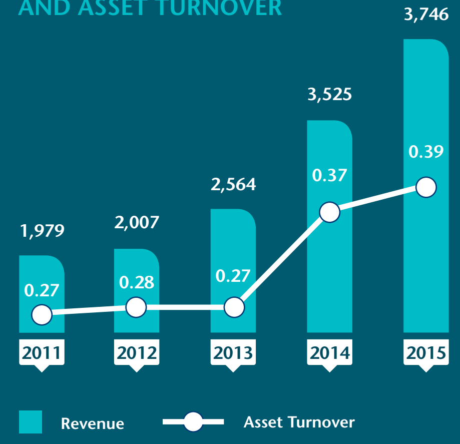
COMBINED REVENUE OF HOTELS (MUR'M)*



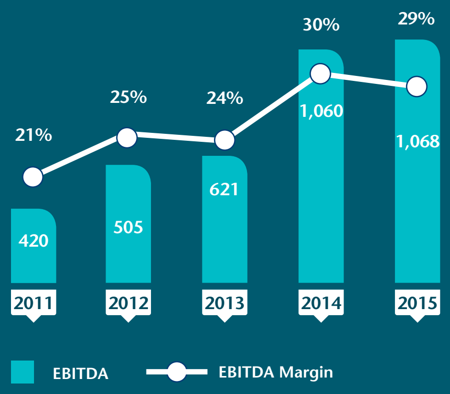
** Constance Tsarabanjina Madagascar has been included under Mauritius for practical reason*

GROUP FIGURES AND RATIOS

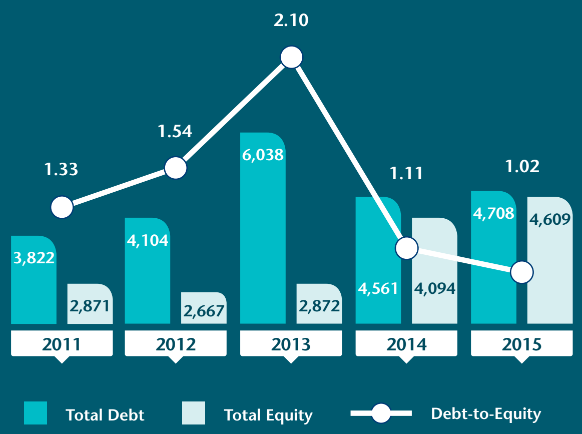
REVENUE (MUR'M) AND ASSET TURNOVER



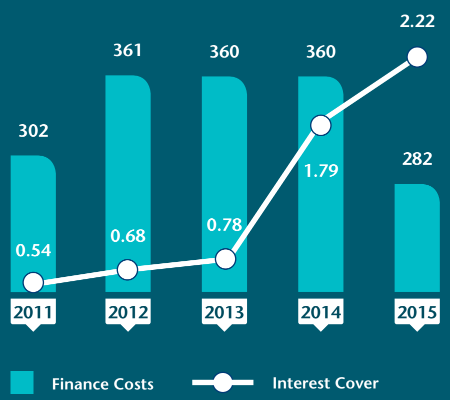
EBITDA (MUR'M) AND EBITDA MARGIN



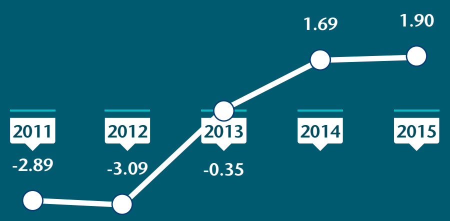
TOTAL DEBT (MUR'M), TOTAL EQUITY (MUR'M) AND DEBT-TO-EQUITY



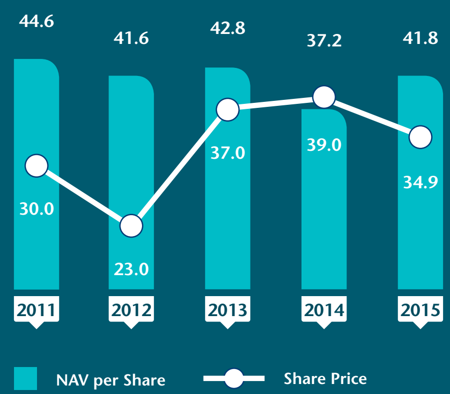
FINANCE COSTS (MUR'M) AND INTEREST COVER



EARNINGS / (LOSS) PER SHARE (MUR)



NAV PER SHARE AND SHARE PRICE (MUR)



GROUP FINANCIAL HIGHLIGHTS

STATEMENT OF FINANCIAL POSITION	2015 MUR'M	2014 MUR'M Restated
Total assets	**10,318**	9,571
Borrowings	**4,708**	4,561
Owners' interest	**4,579**	4,078
Total equity	**4,609**	4,094

STATEMENT OF CASH FLOW	2015 MUR'M	2014 MUR'M
Net cash generated from operating activities	**489**	602
Net cash used in investing activities	**(262)**	(115)
Net cash (used in)/generated from financing activities	**(314)**	878

STATEMENT OF PROFIT OR LOSS		2015 MUR'M	2014 MUR'M Restated	Variance
Revenue	▲	**3,746**	3,525	6%
EBITDA	▲	**1,068**	1,060	1%
Operating profit	▼	**626**	644	-3%
Finance cost	▼	**282**	360	-22%
Profit before taxation	▲	**309**	271	14%
Profit for the year	▲	**230**	149	54%
Profit attributable to owners of the parent	▲	**208**	131	59%

FINANCIAL RATIOS			2015	2014 Restated	Variance
NAV per share	MUR	▲	**41.76**	37.19	12%
Debt to equity ratio		▼	**1.03**	1.12	-8%
Operating margin	%	▼	**16.71**	18.26	-8%
Return on total equity	%	▲	**4.99**	3.65	37%
Interest coverage ratio		▲	**2.22**	1.79	24%
Earnings per share	MUR	▲	**1.90**	1.69	12%
Dividend per share	MUR	▲	**0.75**	-	N/A

VALUE ADDED STATEMENT

	2015 MUR'000	**Percentage**	2014 MUR'000	Percentage
Revenue	**3,745,721**		3,525,087	
Value added tax / Goods and services tax	**380,456**		303,547	
Total Revenue	**4,126,177**		3,828,634	
Payment to suppliers for materials and services	**(1,776,734)**		(1,657,029)	
Value added by operations	**2,349,443**		**2,171,605**	
Investment and other income	**30,895**		39,411	
Total wealth created	**2,380,338**	**100%**	**2,211,016**	**100%**
Distributed as follows:				
Employees				
Salaries and wages	**865,524**		785,170	
	865,524	**36%**	**785,170**	**36%**
Government				
Value added tax / Goods and services tax	**380,456**		303,547	
Environment fees	**13,564**		-	
Corporate tax	**78,976**		121,176	
Licences,leasesand campement site tax	**66,899**		45,907	
Social-security charges	**23,970**		21,381	
	563,865	**24%**	**492,011**	**22%**
Reinvested to maintain/develop operations				
Depreciation and amortisation	**431,511**		416,396	
Retained earnings	**133,373**		139,000	
	564,884	**24%**	**555,396**	**25%**
Providers of capital				
Dividend to shareholders	**82,240**		-	
Interest on borrowings	**282,119**		359,732	
Profit attributable to non-controlling interest	**21,706**		18,707	
	386,065	**16%**	**378,439**	**17%**
Total wealth distributed	**2,380,338**	**100%**	**2,211,016**	**100%**

2015		2014
36%	Employees	36%
24%	Reinvested to maintain/ develop operations	25%
24%	Government	22%
16%	Providers of capital	17%

OUR BOARD OF DIRECTORS

Standing from left

Marc Freismuth
Independent Director and Chairman of the Audit Committee

Colin Taylor
Non-Executive Director and Chairman of the Corporate Governance Committee

Jean Ribet
Executive Director and Group Chief Executive Officer

Sitting from left

Georgina Rogers
Non-Executive Director

Clément D. Rey
Executive Director and Group Head of Corporate Affairs

Standing from left

Nicolas Boullé
Non-Executive Director

Jean-Jacques Vallet
Executive Director and Chief Executive Officer

Jean de Fondaumière
Non-executive Director

Noël Adolphe Vallet
Non-Executive Director

Sitting from left

George J. Dumbell
Independent Director and Chairman

Louis Rivalland
Non-Executive Director

OUR SENIOR MANAGEMENT TEAM

Vincent de Marassé Enouf
Group Human Resources Manager

Clément D. Rey
Executive Director and Group Head of Corporate Affairs

Jan Boullé
Group Head of Projects & Development

Andrew Milton
Chief Operations Officer

Jean Ribet
Executive Director and Group Chief Executive Officer

Siegfried Espitalier-Noël
Chief Marketing Officer

Jean-Jacques Vallet
Executive Director and Chief Executive Officer

Roshan Koonja
Chief Information Officer

Aurélie Leclézio Aupée
Group Communications Manager

Georges Lee Chip Hing
Group Financial Controller

Kevin Chan Too
Group Head of Finance

Noorani Mungloo
Group Chief Financial Accountant and Analyst

Josep Alaves
Business Development & Group Revenue Manager

CHAIRMAN'S STATEMENT

"THE COMPANY'S DIVERSIFICATION STRATEGY, STRONG BRAND AND FINANCIAL DISCIPLINE WERE CRITICAL TO THE DELIVERY OF THESE GOOD RESULTS."

DEAR SHAREHOLDER,

I am pleased to report that your Company achieved good results, in the midst of an unpredictable world economy, with some countries returning to growth and others continuing to face uncertainty, in the shape of natural, economic and political upheaval; our main source market, Europe, unfortunately, falling in the latter category.

The Region

Tourist arrivals in our region of operations were positive, overall, but varied with Mauritius welcoming 1.15 million tourists (+10.9%), Maldives 1.23 million (+2.4%), the Seychelles 0.28 million (+18.7%) and Madagascar 0.24 Million (+9.9%) It is acknowledged that the favourable trend for Mauritius reflects the concerted actions taken by the Tourism authorities to address a number of challenges facing the local industry; of note are the introduction of a more liberal sky policy and the expansion of new air routes to the east.

Your Company

In this context, the Company's diversification strategy, strong brand and financial discipline were critical to the delivery of these good results. Our resorts, as a whole, achieved improved Occupancy Rates, Profit Margins and RevPARs. This driving up the Company's annual Turnover and Group EBITDA to MUR 3.75 billion (+ 6.3%) and MUR 1.07 billion (+ 0.7%) respectively, notwithstanding the significant positive impact to EBITDA, in 2014, of an exceptional event in Mauritius.

On the recognition front, the Constance Hotels and Resorts Brand and our individual resorts continued to receive numerous awards across the globe, as highlighted later in this Annual Report.

Costs were well managed - in face of mounting pressure on wages - with lower finance costs, improved productivity, greater efficiencies in sourcing our products and meaningful savings in our energy bill, as a consequence of the energy saving programme, fully implemented throughout our properties in 2014, amplified by favourable oil prices. The positive outcome of this was the achievement of a much improved Net Profit of MUR 230 million (+54%) for 2015, in spite of the unfavourable foreign-exchange fluctuations of the EURO and GBP during the year.

Growing with Purpose

We continue to remain focussed on growing our brand's awareness and building, developing and shaping our business for the future. Our long history of innovation and delivering high standard product and service offerings will help us to successfully adapt and evolve in what is a fast-changing and competitive market, with ever-growing guest expectations.

A new five-year Strategic Plan is being developed and will focus on enhancing the return on our hotel real estates, by realising more of the intrinsic value of these properties. Also, it will help develop further our hotel-management portfolio by deploying the Constance Hotels and Resorts brand in key emerging tourism destinations. This should enable the Group to create greater guest loyalty and life-time relationships as well as to deliver superior shareholder returns over the medium and long term.

Constance Lémuria - Seychelles

"From your Company's perspective, we believe that it is well positioned to continue to improve its performance. "

Responsible Business

Your Company operates as a responsible and sustainable business applying, consistently, strong corporate values through sound and ethical best practices. It continues to align its social and environmental responsibilities with its business strategy. Its commitment to good Corporate Governance and Corporate Social Responsibility is well documented in this report.

Looking Ahead

All in acknowledging the many business challenges and global geo-political risks facing the tourism industry in our region, current indicators would point to another satisfactory performance for the sector in 2016. From your Company's perspective, we believe that it is well positioned to continue to improve its performance; we enter the year with our Balance Sheet in a good shape, great scores for both guest and employee satisfaction and loyalty, an innovative technological platform that give guests more choice and control over their experiences, growing global recognition and a strong personal and corporate engagement to take the Company forward to its next stage of development.

Dividend

Following its favourable financial performance in the year under review and the general positive outlook for 2016, the Company's directors declared an interim as well as a final dividend for the year, totalling MUR 0.75 per share.

Our People

We are a business of people serving people; at our core are all 2,993 of 'our people', representing 44 different nationalities, each playing a crucial role in the Company's success. It is they who have created outstanding properties, continually ensured exceptional guest satisfaction and upheld the Constance brand of Excellence in both product and service offerings. For this, we are deeply indebted to each and every one of them, led by their Chief Executive Officer and his team.

Acknowledgement

On behalf of the Board, I welcome Mr Colin Taylor, as a non-executive director, whose appointment will be recommended to the shareholders at their forthcoming meeting. I also thank the Constance Group Chief Executive Officer and his team for their contribution towards the on-going success of Constance Hotels and Resorts. I am grateful to my fellow board members for their support and wise counsel, and to those directors who serve on Board Committees and have responded so well to the high demands of their function. Finally, I thank our shareholders for their continued confidence and trust placed in the Board.

George J. DUMBELL
Chairman

MANAGEMENT REPORT

"CONSTANCE HOTELS AND RESORTS GROUP POSTED ANOTHER SOLID PERFORMANCE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015."

After the turnaround of 2013 and the improved results of 2014, Constance Hotels and Resorts Group posted another solid performance for the financial year ended 31 December 2015. All our hotels recorded satisfactory results, in spite of the subdued global economic activity and the persisting macroeconomic weaknesses and uncertainties in our main source markets.

During the year under review, we continued to leverage on our reputation for excellence and maintained our efforts to consolidate the competitive positions of our properties. The focus was geared towards optimal pricing decisions, improved operational efficiency and increased profitability, whilst delivering enhanced value to our guests through authentic and unique experiences.

Solid Financial Performance

In 2015, average occupancy rate and Total Revenue Per Available Room (TrevPAR) of resorts under CHSL management increased by 5.6 percentage points and 5.3% respectively over the previous year. As a result, Group revenue recorded a year-on-year growth of 6.3%, moving from MUR 3,525 million to MUR 3,746 million. This growth translated into an EBITDA of MUR 1,068 million against MUR 1,060 million in 2014, representing an EBITDA margin of 29% and 30% respectively.

This fall in EBITDA margin is explained by some major non-recurring maintenance expenses and a greater proportion of revenue generated from our Mauritian properties in 2015, whilst in 2014 the Group hosted an exceptional event with higher margins.

Despite improved revenue from our operations in the Seychelles (6% over the previous year), the corresponding EBITDA for the year under review was lower as a result of a weak Euro against the Seychelles Rupee and the US Dollar, affecting our operating expenses. This, coupled with the continued capital imbalance, affected our share of loss from associates, which increased to MUR 35 million from MUR 13 million the previous year.

With the additional cash generated from the operations and the proceeds of the rights issue completed in 2014, finance costs were down to MUR 282 million against MUR 360 million the previous year. Interest cover, taken as operating profit over finance costs, was 2.2 times compared to 1.8 in 2014.

Constance Le Prince Maurice - Mauritius

Profit attributable to shareholders stood at MUR 208 million, up from MUR 131 million in 2014, after providing for taxation of MUR 79 million (2014: MUR 121 million) and non-controlling interest of MUR 22 million (2014:MUR 19 million).

The Group cash flow from operating activities for the year under review stood at MUR 489 million, a decrease of MUR 113 million from 2014 as a result of some prepayments and income tax settlements.

Capital expenditure amounted to MUR 262 million compared to MUR 121 million in 2014. The increase is mainly attributable to works at Constance Belle Mare Plage, in anticipation of its renovation and extension programme due for completion in 2016 and additional leasehold rights payments in the Maldives.

During 2015, the Group drew down MUR 386 million from its facilities with banks and repaid MUR 634 million of medium-term loans and leasing facilities. At 31 December 2015, the Group had a net overdraft position of MUR 304 million against MUR 217 million at the end of 2014.

Improved Air Access to all our Destinations

In 2015, all our destinations witnessed improved air access, which in turn contributed to higher occupancy in our hotels.

In Mauritius, Austrian Airlines launched a weekly direct flight from Vienna in October 2015. Air Mauritius has increased its total weekly flights to China to 8. And, since December 2015, Lufthansa has been flying twice a week from Frankfurt to Mauritius whilst Turkish Airlines has started three direct flights per week, leading to more awareness of the destination for the Turkish market and its neighbouring countries.

In the Maldives, Etihad Airlines has had daily flights to Malé since July 2015, whilst Turkish Airlines operates daily flights from Paris via Istanbul.

In the Seychelles, Emirates Airlines added one weekly flight, thus increasing its total weekly flights to 28. Since July 2015, Air Seychelles has had three non-stop flights to Paris per week. Moreover, Ethiopian Airlines has been operating three flights a week from Madrid since October 2015.

MANAGEMENT REPORT
(continued)

Increasing Role of Emerging Markets

Over the past years, Germany, the United Kingdom, France and Italy have remained our main markets. However, year after year, the Asian market, comprising notably Japan, South Korea, China and Hong Kong, has been playing an increasing role for the Maldives, Mauritius and the Seychelles.

In 2015, we pursued our moves to extend and leverage our presence in emerging markets. New representation offices were opened in Singapore, and in the Czech Republic to oversee the whole Eastern European market.

Talent Recognition and Development

2015 was also a year of consolidation of our recruitment and talent development policies and procedures. The Group's employee appreciation and recognition programmes were redefined. We revised the performance management system to ensure standardisation across all operations.

A new applicant tracking system was introduced, and a new induction programme, GOLD CHIP, was implemented to enhance the experience of new team members as from day 1. In September 2015, the first edition of the Passion Awards enabled all team members to vote for their most Passionate Leader.

Over the past year, the Group continued to invest in the training and development of team members towards the common mission of better serving our guests. The average training hours per team member attained 24.8 in 2015.

Reinforced Technology and e-Business Capabilities

During the year under review, the Central Reservation Office was reorganised by destination and a new property management system was implemented in all hotels for optimised efficiency.

Our website was optimised for search engines, online bookings and group reservations. Besides, we actively developed our presence on social media platforms and managed our online reputation to strengthen and protect our brand equity.

Our internal online collaboration platform, ConstanceNext, is now firmly established, with regular visits from team members sharing their activities, projects and ideas.

In addition, we have started the deployment of high-speed internet for our guests. This will also enable team members to access service applications through smart devices.

Green Globe Certified Resorts

Constance Hotels and Resorts is strongly committed to the protection of the environment and, in 2015, all our hotels in Mauritius, the Maldives and the Seychelles were re-certified Green Globe. Green Globe is an international certification for sustainable tourism, and it is recognised as the highest level of sustainability certification by leaders in green travel and eco-tourism.

International Recognition

In 2015, we exceeded our guest satisfaction goals, and for the second year running, the Group achieved top honours in the Top Luxury Hotel and Brand Report published by ReviewPro, the world leading independent provider of online reputation and social media analytics for the hotel industry.

Constance Hotels and Resorts was ranked second worldwide in the category of small luxury brand (1st in 2014), and Constance Le Prince Maurice achieved the 8th position worldwide in the category of Individuals Luxury Hotels. In addition, in 2015, our properties received a total of 27 TripAdvisor awards, with Constance Moofushi Maldives and Constance Le Prince Maurice voted amongst the top 25 best hotels in the world.

Looking Forward

Over the forthcoming years, we will continue to build the future foundation for sustainable and profitable growth with a view to delivering superior returns to our shareholders and creating balanced value for our stakeholders.

We will improve operational efficiency and uplift the quality of our service throughout our hotels with focus on existing value drivers, thus further integrating the multi-faceted and ever-changing demands of our clientele.

Our existing properties will be enhanced so as to maximise their long-term value and to continuously deliver on our brand's promise of quality, passion and unique hospitality. Constance Belle Mare Plage and Constance Lémuria Seychelles will therefore be renovated by a renowned interior design Studio, thereby pursuing the successful collaboration started with the project at Constance Moofushi Maldives. The renovated hotels will blend contemporary and traditional stylistic features, creating authentic island-chic atmospheres.

Furthermore, we shall maintain our efforts towards the establishment of a selected number of new Constance hotels in key international destinations, in line with our goal to position Constance Hotels and Resorts as a world-class brand.

We will work towards a stronger brand identity through key attributes which are consistent and common throughout our portfolio in terms of physical product, service style and customer experience.

Sustainable development has been and will remain high on our agenda. Our focus in 2016 will be on the development and well-being of our team members. We will build upon the significant improvements made over the past years in the areas of energy efficiency, water consumption, waste management, responsible sourcing and community involvement to strengthen our position as a sustainably-conscious Group through smart innovations.

"Our existing properties will be enhanced continuously so as to maximise their long-term value and to deliver on our brand's promise of quality, passion and unique hospitality "

Acknowledgements

At the heart of our brand is the passion of our people, who live and share our values and beliefs with our guests and the communities in which we operate.

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

We take this opportunity to thank all our people and fellow members of the management team for their dedication and commitment in contributing to this year's performance.

Finally, we also thank our Chairman and members of the Board for the support they have extended to Management.

Jean Ribet
Group Chief Executive Officer

Jean-Jacques Vallet
Chief Executive Officer

PERFORMANCE REVIEW BY DESTINATION

Mauritius

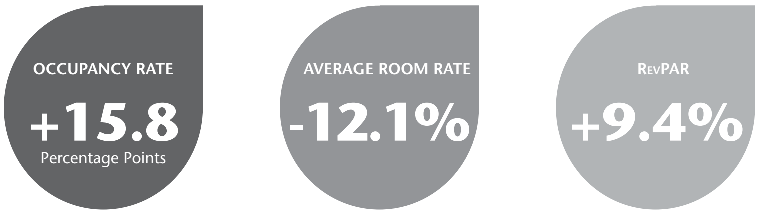
Bolstered by improved air connectivity, tourist arrivals in Mauritius reached 1,151,723 in 2015, up by 10.9% year on year. This significant growth was mainly driven by China (+41.4%), the United Kingdom (+12.5%), Germany (+21%), India (+17.9%) and France (+4.4%).

In the light of this favourable trend, both Constance Belle Mare Plage and Constance Le Prince Maurice recorded a significant increase in occupancy.

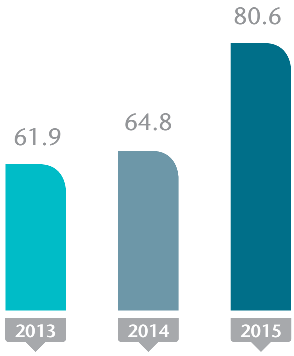
This resulted in a 9.4% increase in combined RevPAR in spite of a drop of 12.1% in combined average room rate.

KEY PERFORMANCE INDICATORS

VARIANCE 2014-2015



Occupancy Rate (%)



Maldives

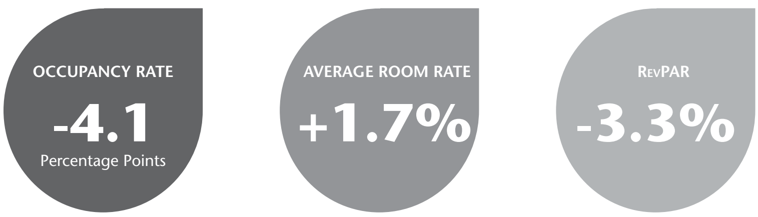
The Maldives welcomed 1,234,248 tourists in 2015, representing a growth of 2.4% in arrivals when compared to 2014.

However, over the year under review, the performance of the resort industry in this destination was negatively impacted by the declaration of a state of emergency in November 2015. In effect, occupancy rate for the industry declined to 77.5% from 81.6% in 2014. This drop was mainly attributable to a decrease in the number of days spent by tourists. The average duration of stay in 2015 stood at 5.7 days against 6.1 in 2014.

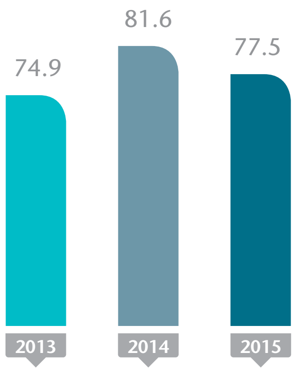
In the face of these unfavourable conditions, Constance Halaveli Maldives and Constance Moofushi Maldives observed a decrease in their occupancy rate. Combined occupancy rate decreased by 4.1 percentage points whilst average room rate was up by 1.7%, thus resulting in a 3.3% drop in RevPAR.

KEY PERFORMANCE INDICATORS

VARIANCE 2014-2015



Occupancy Rate (%)

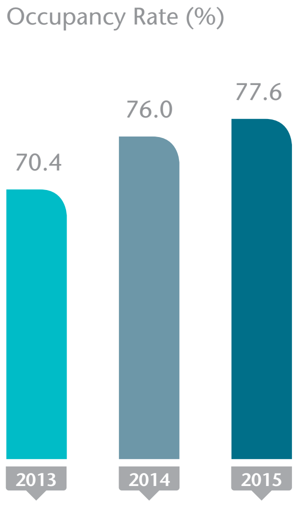


Seychelles

The Seychelles welcomed 276,233 tourists in 2015, representing an increase of 18.7% in tourist arrivals over 2014. This increase is mainly attributable to four markets, namely the United Arab Emirates (+53%), India (+182.6%), France (+15.3%) and the United Kingdom (+32.2%).

During the year under review, an upward trend was observed in the occupancy rate of both Constance Ephélia Seychelles and Constance Lémuria Seychelles, resulting in a growth of 1.6 percentage points.

Combined average room rate and RevPAR improved by 0.3% and 2.5% respectively.



KEY PERFORMANCE INDICATORS

VARIANCE 2014-2015

OCCUPANCY RATE
+1.6
Percentage Points

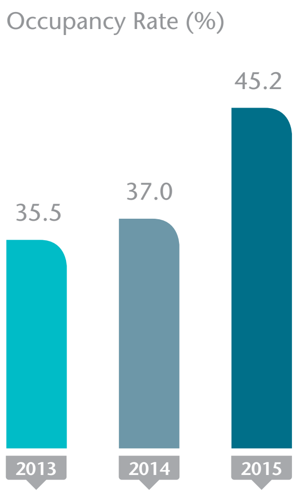
AVERAGE ROOM RATE
+0.3%

RevPAR
+2.5%

Madagascar

Tourist arrivals in Madagascar totalled 244,321 in 2015 as compared to 222,374 in 2014 (+9.9%). Continued political instability and health risks have been preventing the country to return to the pre-crisis level of around 400,000 tourists in 2009.

For the year 2015, Constance Tsarabanjina Madagascar recorded an occupancy rate of 45.2%, up by 8.2% percentage points when compared to the previous year. RevPAR increased by 8.7% following a drop of 11.2% in average room rate.



KEY PERFORMANCE INDICATORS

VARIANCE 2014-2015

OCCUPANCY RATE
+8.2
Percentage Points

AVERAGE ROOM RATE
-11.2%

RevPAR
+8.7%

OUR VALUE CREATION STRATEGY

Our value creation strategy is driven by the passion of our people for excellence and by our commitment to ethical and sustainable business practices.

Our teams focus on providing authentic and unique experiences to our guests, continuously increasing operational efficiency, enhancing the international recognition of the Constance Hotels and Resorts brand and maximising the value of our hotel portfolio with a view to delivering superior returns to our shareholders and creating balanced value to our stakeholders over the long term.

Our People

Our People are at the very heart of everything we do. They are fundamental to bringing our values to life and to delivering on our promise for excellence.

Our human resource strategy is continually reviewed and strengthened to recruit, retain and develop the best talents in the hotel industry.

Inspire our Guests

We are dedicated to going the extra mile to provide our guests with inspiring and unique hospitality experiences, as we strongly believe that service quality makes the difference in the luxury hospitality segment.

The Constance Minimum Standards ensure all our hotels consistently offer high quality products and services. We engage with our guests and incorporate their feedback in our strategic formulation processes to better tailor our offering to the multi-faceted and ever-changing demand of our clientele.

Increase Operational Efficiency

Operational efficiency is a key driver for competitiveness and profitability.

We constantly appraise our operational processes, control our costs and keep abreast of the technological advances in order to proactively drive operational efficiency across the Group.

Enhance Brand Recognition

We leverage on our passion for excellence to establish Constance Hotels and Resorts as a world-class luxury brand in both traditional and emerging markets.

We actively manage our physical and online presence in those markets, and partner with prestigious international companies to enhance the recognition of the Constance Hotels and Resorts brand.

Maximise Value of the Hotel Portfolio

We continually enhance our existing properties through renovation and refurbishment so as to maximise their long-term value and remain true to our brand's promise of excellence.

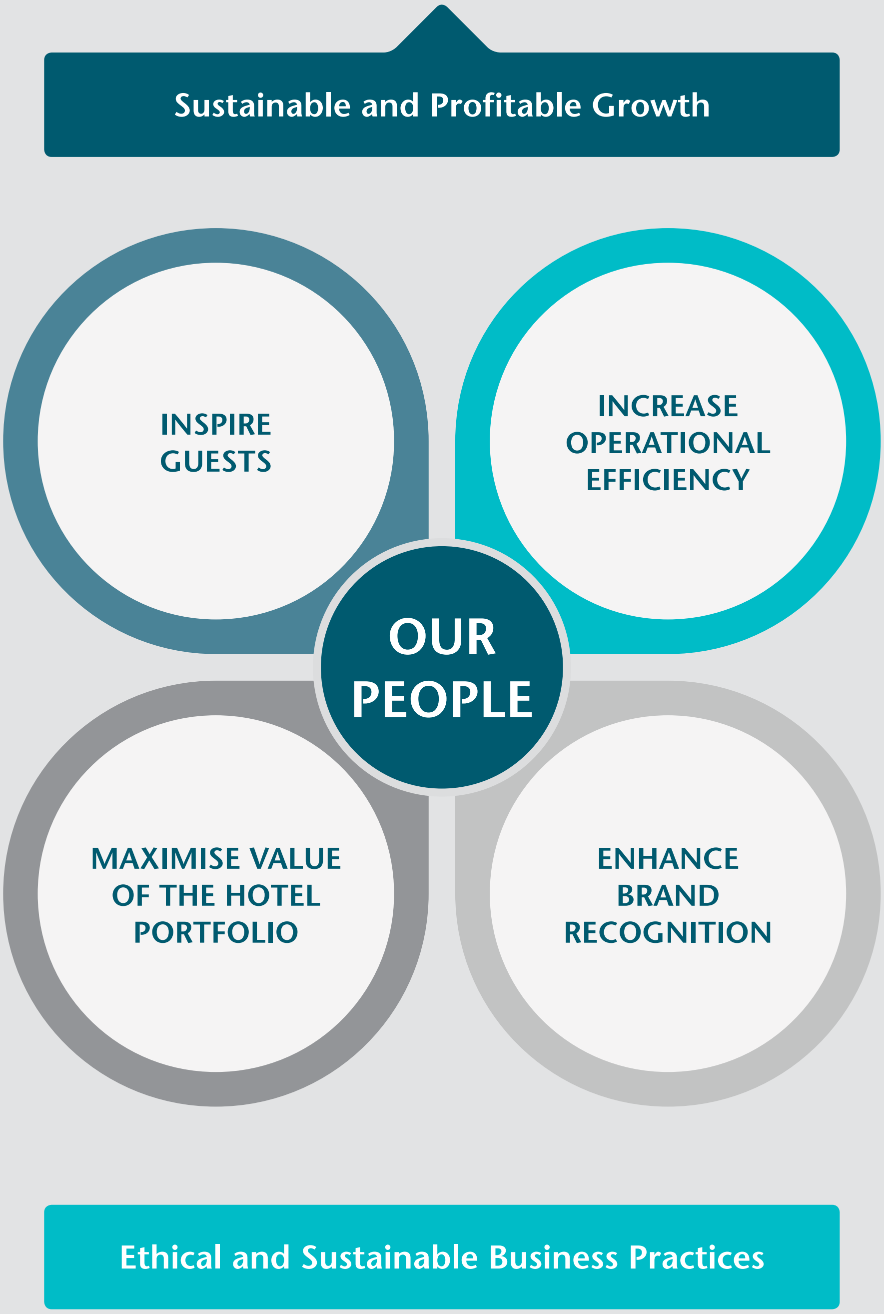
We also aim at leveraging on our vast experience and profound knowledge of the hotel industry and our strong brand equity to manage new Constance hotels in key international destinations.

Ethical and Sustainable Business Practices

Our value creation strategy is underpinned by ethical and sustainable business practices. We recognise that such practices are primary to protecting and enhancing the Constance Hotels and Resorts brand in the long run.

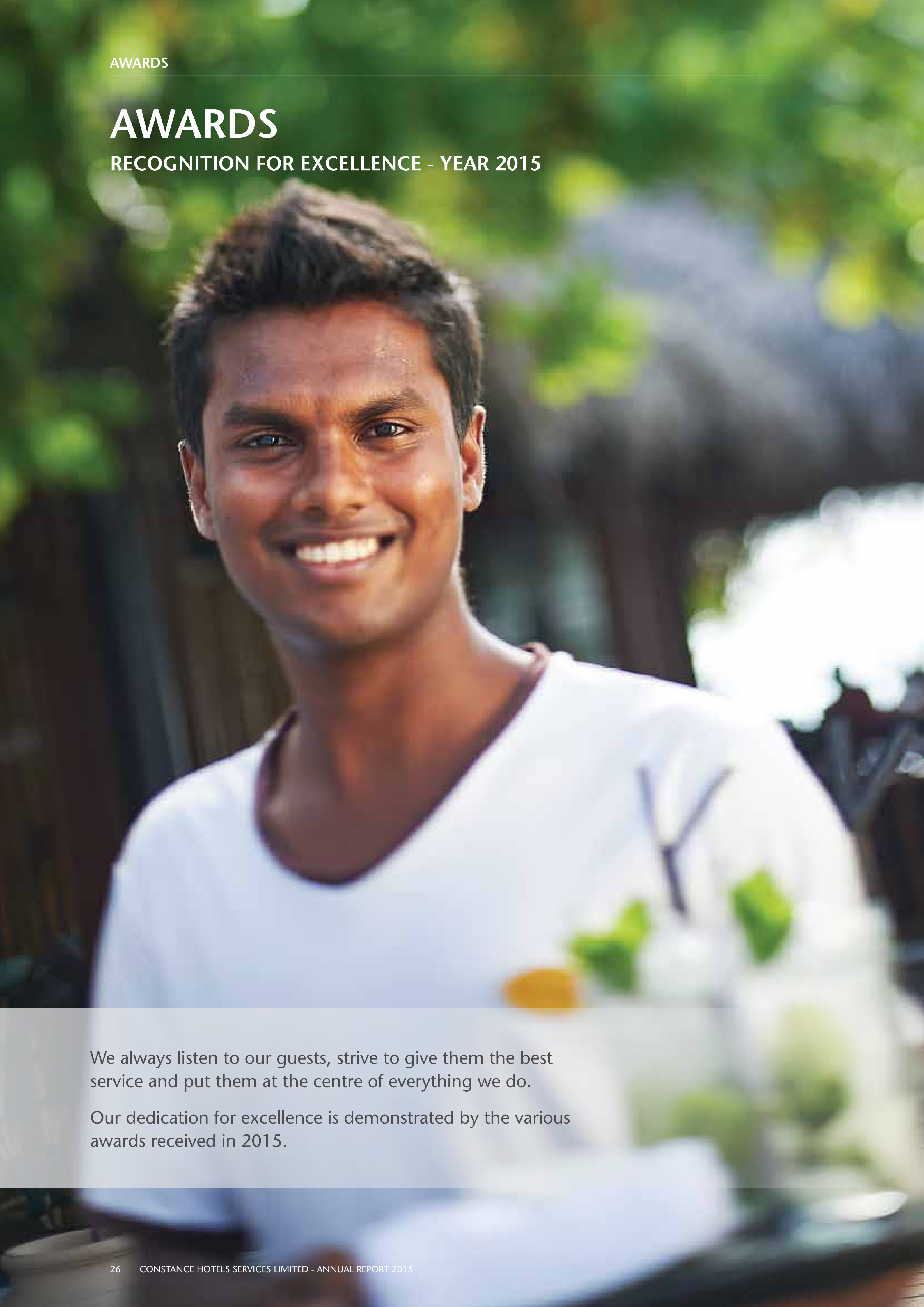
The framework for sustainable and profitable growth is set by our sustainability strategy, which is deployed across the Group. It aims at reconciling economic performance with ethical practices and our commitment to positively contribute to biodiversity conservation, cultural heritage preservation and community development.

BALANCED VALUE TO STAKEHOLDERS AND SUPERIOR RETURNS TO SHAREHOLDERS



AWARDS

RECOGNITION FOR EXCELLENCE - YEAR 2015



We always listen to our guests, strive to give them the best service and put them at the centre of everything we do.

Our dedication for excellence is demonstrated by the various awards received in 2015.

All our properties were recognised as TripAdvisor® Certificate of Excellence Hall of Fame winners in 2015, as they were awarded the TripAdvisor's Certificate of Excellence for 5 consecutive years.

The excellence of our hotels was confirmed by the ReviewPro Luxury Hotel and Brand Report in November 2015. According to ReviewPro, the Global Review Index (GRI) of the Group increased from 93.7% in 2014 to 94.4% in 2015, positioning the brand amongst the world's top small luxury brands.

ReviewPro is the world leading independent provider of online reputation and social media analytics for the hotel industry.

ReviewPro
GUEST INTELLIGENCE

2nd **Small Luxury Brand Worldwide**

Constance Belle Mare Plage
TUI Top Quality 2016
RTK Hotel Award 100 most appreciated hotels by RTK agencies - Germany
Reader's Travel Award 2015 - Best Golf Resort (No.1 worldwide)
10th among Top 10 Hotels in Mauritius - TripAdvisor Travellers' Choice Awards

Constance Le Prince Maurice
2nd in the category of Individual Luxury Hotels - ReviewPro's Ranking
17th among Top 25 Hotels in the World - TripAdvisor Travellers' Choice Awards
1st among Top 25 Hotels in Africa - TripAdvisor Travellers' Choice Awards
1st among Top 10 Hotels in Mauritius - Trip Advisor Traveller's Choice Awards

Constance Halaveli Maldives
World Travel Awards 22nd Edition – Maldives' Leading Luxury Resort 2015
7th among Top 10 Luxury Hotels in Maldives - TripAdvisor Travellers' Choice Awards
8th among Top 10 Hotels in Maldives - TripAdvisor Travellers' Choice Awards

Constance Moofushi Maldives
3rd among Top 10 Luxury Hotels in Maldives - TripAdvisor Travellers' Choice Awards
15th among Top 25 Hotels in the World - TripAdvisor Travellers' Choice Awards
3rd among Top 10 Hotels For Service in Maldives - TripAdvisor Travellers' Choice Awards

Constance Ephélia Seychelles
RTK Hotel Award 100 most appreciated hotels by RTK agencies - Germany

Constance Lémuria Seychelles
World Travel Awards 22nd Edition – Seychelles' Leading Hotel 2015
22nd among Top 25 For Romance Hotels in Africa - TripAdvisor Travellers' Choice Awards

Constance Tsarabanjina Madagascar
6th among Top 10 For Romance Hotels in Madagascar - TripAdvisor Travellers' Choice Awards

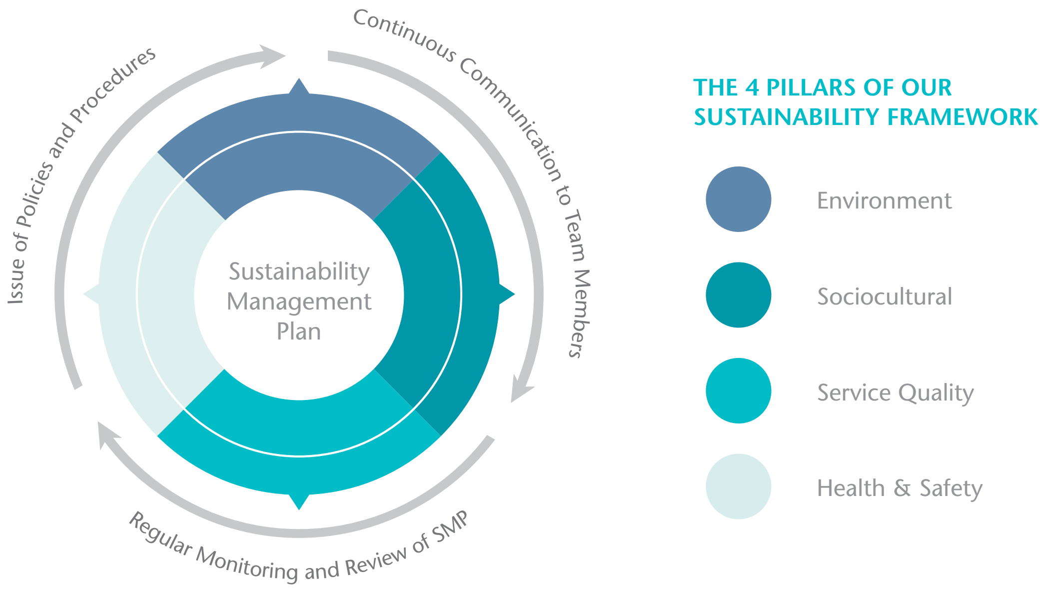
OUR SUSTAINABILITY STRATEGY

We recognise that our operations evolve in an economic, social and environmental ecosystem. We are committed to carrying out business in a socially-responsible and sustainable manner, whilst serving the interests of our diverse stakeholders.

Our sustainability strategy, in line with the laws of the countries in which we operate, aims at reconciling economic performance with our commitment to positively contribute to biodiversity conservation, cultural heritage preservation and community development.

Over the past years, we have designed and established a Sustainability Management Plan (SMP) to define, structure and plan our approach towards sustainable practices. The SMP, which guides the management teams of all our hotels in their decision-making processes and daily operations, encompasses four key areas, namely environment, sociocultural, service quality and health & safety.

The SMP is continually reviewed and updated on the basis of internal monitoring exercises and in face of new sustainability challenges. In that regard, an audit is conducted every year to review all sustainable practices with a view to identifying and limiting the negative facet of our operations on the surrounding ecosystems and communities, and to further improving our sustainability initiatives.



Environment	- Preserve resources and biodiversity - Reduce pollution - Protect the ecosystems and landscapes
Sociocultural	- Engage in corporate social responsibility actions - Contribute to community development - Promote local employment - Support fair trade and local entrepreneurs - Implement policy against commercial exploitation - Engage in responsible sourcing - Ensure equitable hiring and employee protection - Respect local communities
Service Quality	- Exceed guests' expectations through inspired service - Consistently deliver quality products and services across all our hotels - Constantly monitor the level of service quality - Adapt our offering to the multi-faceted and ever-changing demand of our clientele
Health & Safety	- Comply with occupation safety and health legislation and regulations - Protect every person on our premises

We engage with our wide range of stakeholders, through regular and transparent actions, to implement and refine our sustainability strategy. We believe that understanding the views of our stakeholders and incorporating their feedback in our strategic formulation exercises are determinant to devise effective solutions for a profitable and sustainable business.

Stakeholder Engagement Matrix

Stakeholders	Mode of Engagement / Communication	Frequency
Customers	Guest satisfaction surveys	Ongoing
	Eco-friendly guest room products	Ongoing
	Newsletters	Monthly
	Brochures	Ongoing
	Customer forums	Ongoing
	Social media (Facebook, Twitter, Instagram, YouTube, TripAdvisor, Blogs, etc.)	Ongoing
	Tent cards	Ongoing
Employees	Constance open doors	3 times a year
	Newsletter	Monthly
	Next Intranet	Ongoing
	Open days	Annual
	Signboards	Ongoing
	Teletext	Ongoing
	Training	Ongoing
	Employee satisfaction surveys	2 times a year
Shareholders	Annual Report	Annual
	Annual Meeting of Shareholders	Annual
	Quarterly financial statements published in newspapers and on the website of the Stock Exchange of Mauritius (SEM)	Quarterly
	Communiques in the press and on the website of the Stock Exchange of Mauritius (SEM)	As and when required
	Audit Committee of the Board	Annual
	Corporate Governance Committee of the Board	Annual
Suppliers	Support to local suppliers	Ongoing
	Supply-chain screening	Ongoing
	Strategic partnerships and sponsorships	Ongoing
Local Communities	Community engagement programmes	Ongoing
	Volunteering	Ongoing
	Fundraising and cash contributions	Ongoing
	In-kind donations	Ongoing
	Disaster relief initiatives	As and when required
Industry Associations	Working groups	Ongoing
	Partnerships	Ongoing
	Lobbying	Ongoing
Non-Governmental Organisations (NGOs)	Support to NGOs: Pils, T1 Diams, Lizie dan Lamain, Etoile de Mer School, Centre Joie de Vivre	Ongoing
	Leading Hotels of the World	Annual
	Green Globe	Annual
Government and Regulators	Regulatory filings: Registrar of Companies, Stock Exchange of Mauritius, Financial Services Commission, Financial Reporting Council, Mauritius Revenue Authority, Data Protection Office, Ministry of Labour, Industrial Relations and Employment	As applicable

The Green Globe Certification

Since 2013, we have embarked on an environmental sustainability performance programme, the Green Globe Certification, to better promote our environmental credentials and strengthen our commitment towards sustainable practices in our countries of operation. The Green Globe Certification, which is the world's most recognised global certification for sustainable travel and tourism, hinges on a set of criteria related to sustainable management, social and economic issues, cultural heritage and the environment.

With the initial target of achieving the Green Globe Certification within one year, each of our properties in Mauritius, the Maldives and the Seychelles nominated a "Green Globe Champion" whose main tasks were to:

- Conduct a gap analysis between the property's practices and the Green Globe standards.
- Identify with the management team achievable and responsible performance targets to be included in the Sustainability Management Plan (SMP).
- Create awareness, identify key people in the implementation process and provide guidance as required.
- Monitor the implementation of the SMP to ensure achievement of the required standards within set deadlines.
- Conduct regular reviews to ensure that sustainable practices are maintained.

In December 2014, driven by the passion and combined efforts of their respective team, six of our properties located in Mauritius, the Seychelles and the Maldives achieved the Green Globe Certification.

CONSTANCE Belle Mare Plage MAURITIUS

CONSTANCE Le Prince Maurice MAURITIUS

CONSTANCE Ephelia SEYCHELLES

GREEN GLOBE CERTIFIED

6 CERTIFIED HOTELS

Constance Ephélia - Seychelles

CONSTANCE Lémuria SEYCHELLES

CONSTANCE Halaveli MALDIVES

CONSTANCE Moofushi MALDIVES

Business Ethics And Human Rights

WE SUPPORT LOCAL ENTREPRENEURS

We are committed to contributing to the economic progress of the countries in which we operate. We promote and work with local entrepreneurs. Yet, we do not engage with entrepreneurs dealing with historical artefacts and other products not permitted by law.

WE ENGAGE IN FAIR TRADE

We understand the importance of fair trade to sustain the activities of small farmers and fight against poverty. Our Procurement Policy ensures that we use the right methods to select suppliers and procure quality goods and services at the right price, time, source and delivery point whilst protecting the interests of the Company.

WE RESPECT LOCAL COMMUNITIES

We cherish the uniqueness of each of our countries of operation. We ensure that our operations do not jeopardise the local populations and affect their access to basic needs such as water and electricity. We highlight the culture and traditions of the local communities to our guests.

WE VALUE HUMAN RIGHTS

With employees from 44 different nationalities, we celebrate diversity. We strictly comply with applicable labour laws and regulations, and combat employment of children, sexual harassment and exploitation. Our actions are supported by:

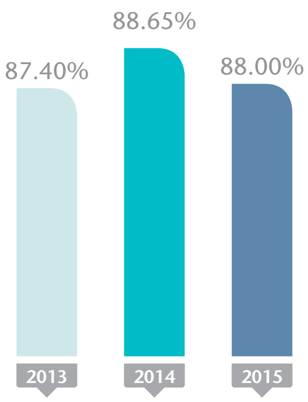
- Equal Employment Opportunity policy
- Code of Conduct policy
- National Labour Laws

Valuing Our Guests

The Constance Minimum Standards ensure all our hotels consistently provide quality guest experiences. Our team members are driven by the passion and commitment to offer outstanding and responsive service to our guests.

Guest surveys enable us to monitor the quality level of our offering, to grasp our guests' preferences and to eventually improve and customise our products and services. In addition, mystery audits and reservation tests are conducted in all our hotels by our specialist partner. Such exercises enable us to evaluate the upselling techniques, the product knowledge and the approach of our staff, as well as compliance with our standards, and to identify any areas where we can improve guests' experiences.

GUEST SATISFACTION

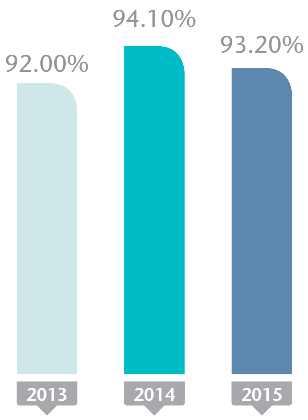


2015

88.00%

- Data captured through satisfaction surveys are used to closely monitor and gauge the satisfaction level and the expectations of our guests.
- They allow us to benchmark our operational and service indices and to identify needs for improvement.
- The overall guest satisfaction survey scores over the past three years reflect consistency, remaining stable at a high level, around the 88% mark in 2015. Over the three-year period, the score increased from 87.40% to 88%.

EMOTIONS



2015

93.20%

- The emotions a guest feels during a hotel stay are critical to his satisfaction and loyalty. We strive to turn every guest's dream into an emotional experience to entice our guests to recommend and return to our hotels.
- The set of key loyalty-inducing emotions evaluated in the survey are: Welcome, Comfort, Pampered and Relaxed.
- The overall emotion scores recorded since 2013 have surpassed the 90% mark. Between 2013 and 2015, the score improved by 1.2 percentage point, moving from 92.0% in 2013 to 93.2% in 2015.

We also encourage our guests to post reviews and comments about their stay on social-media platforms such as Facebook, Twitter and TripAdvisor. Every customer feedback is taken into due consideration in our quest for continuous improvement of our service. Our online reputation and social media presence is managed with ReviewPro, the world leading independent provider of online reputation and social media analytics for the hotel industry.

With the aim of reinforcing our customer-centric philosophy and culture and supporting effective marketing, sales and service processes, a Customer Relationship Management (CRM) software was implemented in 2015. This new solution will enable us to devise a CRM strategy based on intelligent guest management with a view to building lasting relationships with our guests, increasing the number of loyal guests, and maximising customer satisfaction, revenue and profitability.

Our People

Our People are at the very heart of everything we do. As at 31 December 2015, Constance Hotels and Resorts employed 2,993 people, representing a cultural diversity of not less than 44 different nationalities.

2015 was an opportunity for us to consolidate our strategy in terms of recruitment and talent development. The Human Resource (HR) teams laid much emphasis on having each and every team member to embrace our company values and our passion to turn our guests' dreams into emotional experiences.

We launched in September 2015 the first edition of the Passion Awards, whereby Passionate leaders, from all our hotels and resorts, were nominated. Each team member had the opportunity to vote for their most Passionate Leader. Ibrahim Khalid from Constance Moofushi Maldives won this first edition.

We engaged in the redefinition of our employee appreciation and recognition programmes with the implementation of the Long Service Awards and other programmes for our hotels in the Maldives and in the Seychelles.

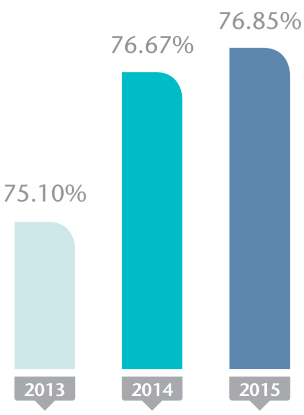
Our employee engagement is closely monitored twice a year in order to ensure that the right HR strategy is in place. This initiative also allows us to connect with our internal customers, make sure that we are meeting their expectations and obtain their views and suggestions on how to enhance the quality of their workplace. Company-wide employee satisfaction surveys conducted in April and November 2015 showed an average satisfaction score of 76.85%, which represents a slight increase compared to 2014. Constance Le Prince Maurice achieved the best progression between 2014 and 2015, with an impressive increase of 5.36 percentage points.

With the development of the competency framework enforced in 2015, it was decided to review our Performance Management System to ensure standardisation in all our hotel operations and to work towards the common mission to serve our guests better.

Talent development has always been and will continue to be at the core of our HR strategy. Throughout 2015, we invested in the training and development of our Team Members through continuous learning. The average training hours per Team Member reached 24.8 in 2015.

In 2016, we will implement a new candidate interview process based on our competency framework. This new process coupled with the applicant tracking system will make sure that we attract and recruit the best talents.

EMPLOYEE SATISFACTION SURVEY



2015

76.85%

ASSESSED DIMENSIONS

- Communication
- Work Environment
- Leadership
- Rewards & Recognition
- Training & Career Development
- Morale & Welfare
- Sense of Belonging
- Perception of the Group

2,993
TEAM MEMBERS

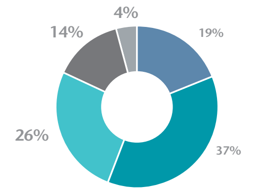
44
NATIONALITIES

24.8
AVERAGE TRAINING HOURS PER TEAM MEMBER

FEMALE TEAM MEMBERS

28.5%

TEAM MEMBERS BY AGE GROUP



TEAM MEMBERS BY DESTINATION

MAURITIUS	SEYCHELLES	MALDIVES	MADAGASCAR	EUROPE
1,174 (39.3%)	1,172 (39.2%)	539 (18.0%)	95 (3.1%)	13 (0.4%)

TEAM MEMBERS BY NATIONALITY

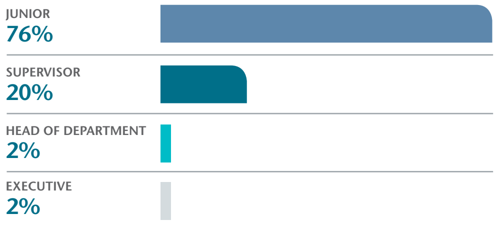
MAURITIAN	1,408	(47%)
SEYCHELLOIS	594	(20%)
INDIAN	237	(8%)
MALDIVIAN	234	(8%)
SRI LANKAN	141	(5%)
OTHER	379	(12%)

LOCAL AND EXPATRIATE TEAM MEMBERS

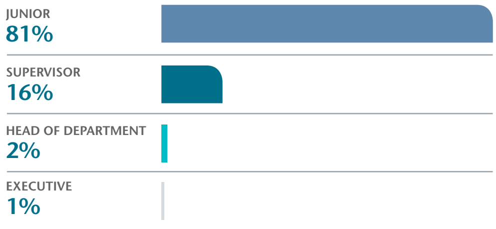
Expatriates
28%

Locals
72%

TEAM MEMBERS BY JOB LEVEL



FEMALE WORKFORCE BY JOB LEVEL



Local Employment and Equitable Hiring

We abide by all applicable laws and regulations concerning human rights and labour rights in all countries in which we operate. We proactively support the recruitment and development of local talents at various positions across the operational and support functions of the organisation. We offer conditions and wages superior to the local minimum requirements.

In specific areas where there is a lack of local expertise, foreign competencies are sought. Our company aims at achieving equal opportunity and fair treatment for all its employees, be it for recruitment, training, promotion, transfer, benefits or disciplinary matter, and irrespective of their status, age, caste, colour, religion, ethnic origin, impairment, political opinion, race, sex or sexual orientation.

We do not tolerate any form of harassment and exploitation. Our managers foster an atmosphere in which every employee feels free to report potential violations. All newly-recruited employees are required to attend an induction workshop to learn about our internal policies and Code of Conduct.

Constance Hospitality Training Centre

The Constance Hospitality Training Centre (CHTC) plays a key role in developing the competencies and talents of our people through innovative training solutions.

In addition, all our team members receive regular training on:

- General information about our hotels and Constance Minimum Standards.
- Human resource policies and procedures including the Code of Conduct.
- Health & safety and emergency procedures.
- Standards of the Green Globe Certification.

2015 was another challenging year for CHTC. Existing corporate training programmes were successfully rolled-out and BRIGHT level II (BRIdging the Gap through Holistic Training) was launched for the first time throughout Constance Hotels and Resorts on a blended learning mode.

CHTC also participated in the design and development of several other projects, including Constance Hotels and Resorts Corporate Induction and Constance ExCITe (Excellence through Continuous Improvement Teams) programmes.

This year, CHTC produced 64 BRIGHT Level I graduates and 37 team members were graduated on BRIGHT Level II for the first time. Our team members enrolled in 36 eCornell online courses and CHTC trained more than 70 team members on other short courses in 2015.

CHTC recruited 46 apprentices in its various National Certificate Level 3 (NC3) courses. All students were in full-time work placement in our hotels in Mauritius throughout the year. Apprentices who successfully completed the first year of NC3 programme also undertook a six-month work experience programme at Constance Ephélia Seychelles.

CHTC continues to be active in the local community. This year, 13 participants, including unemployed women, were sponsored by Fondation Constance to join our housekeeping and NC3 courses.

Our partnership with the Seychelles Tourism Academy (STA) continues to foster a good relationship with the Seychelles. Under this partnership, 15 diploma-level students of STA were on work placement in our properties in Mauritius. During their work placement, CHTC offered soft skills training in subjects including management and communication.

CHTC provided major corporate training programmes to external companies, and around 300 participants went through our courses including the Mauritius Police Force, whereby more than 150 police officers were trained in a fully customised Customer Care programme.

Health and Safety

Our Group Health & Safety (H&S) Policy provides the framework to complement local laws and regulations, whilst guiding the management on sound practices to provide our team members and guests, particularly those with special needs, with a risk-free environment.

Team members are aptly trained to respond to health and safety issues and emergency situations. Guests are informed of hazards through appropriate signage and other forms of communication.

Our guests are free to choose the foods they want. Our staff is trained to cater for any allergy or specific dietary requirement. A strict food-handling programme is in place in our hotels in line with the best practices in food hygiene and safety, and involves regular audits from authorities and third-party certifying bodies.

Our hotels have a non-smoking policy, however, designated smoking areas are available.

Believing in the fundamental right to safe and healthy working conditions, Constance Hotels and Resorts undertook measurable steps to continue driving its improvement programmes to embed a H&S culture within its operations.

A thorough H&S audit was conducted between September 2014 and March 2015 to assess the prevailing H&S culture across the organisation and to identify opportunities for improvements. A two-year H&S Programme was subsequently developed with a view to implementing the formerly tested H&S Performance Management System across all properties.

OCCUPATIONAL INJURIES AND DISEASES IN 2015

Injury Rate	**0.23%**
Lost Days	**681**
Reported Case	**136**

This programme involved the review of the Group H&S Policy, established in 2013, to strengthen its commitment in maintaining and improving its high levels of H&S standards through regular reporting of strategic indicators to senior leadership committees. General Managers were also entrusted with the responsibility to support the implementation of safety processes through:

- the integration of the H&S assessment into its Enterprise Risk Management programme;
- the review of H&S reporting strategies;
- the establishment of H&S committees;
- the adequate H&S training of all employees; and
- sensitisation programmes to promote awareness on H&S.

By providing decision-makers with an accurate and comprehensive picture of the current H&S status, the implementation of the H&S Performance Management System resulted in:

- 75% improvement in the Operational Health & Safety Management System (OHSMS) audit as compared to 2014
- An average H&S Performance of 83%
- An average H&S training of 3.8 hours per participant
- An average risk severity reduction of 14%

For the year 2016, we will maintain the implementation of our 2015-2016 H&S Programme and will aim at identifying new opportunities by integrating environmental management practices for further development by the year 2020.

CORPORATE SOCIAL RESPONSIBILITY AND COMMUNITY DEVELOPMENT

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.

Fondation Constance

Fondation Constance, the special purpose vehicle to implement the Company's CSR programme, is managed by the Group's Corporate Social Responsibility (CSR) Project Committee with its Annual Programme approved, and its performance monitored on a quarterly basis, by the Corporate Governance Committee

Principles

The Constance Group has a policy on CSR which is committed to the following set of principles:

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

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

Fund Allocation

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

Our Focus in 2015

13 NGOs

407 Direct Beneficiaries

FUND ALLOCATION PER CATEGORY

AT 31 DECEMBER 2015

- 42% Education & Training
- 40% Socio-Economic Development
- 13% Leisure & Sports
- 5% Health

Education Development Projects

CPE Sponsorship

34
Beneficiaries since 2002

21
Beneficiaries in 2015

Scholarships were awarded to the 4 best Certificate of Primary Education (CPE) pupils of the Poste de Flacq Government School and the RCA School to cover their secondary studies. Many of these beneficiaries have pursued their tertiary studies.

Fondation Constance will continue to support this project.

Constance Education Award

SC Level
93 Participants
12 Colleges

HSC Level
76 Participants
11 Colleges

Fondation Constance organised the Constance Education Award 2015 for School Certificate (SC) and Higher School Certificate (HSC) students of the eastern region of Mauritius. Students had to conduct research on specific topics, and present a report in writing and then orally to a panel of judges. The two topics were namely: "the causes of violence in Mauritian schools" and "the contribution of the youth to the protection of soils".

The aim of the Education Award is to develop the human values, to increase the general knowledge and to foster the analytical and leadership skills of the participants so that they are better equipped to serve the community and prosper in their future working environment.

Educational Project

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

In 2015, Fondation Constance sponsored an educational project jointly developed by teachers and students of a college situated in Central Flacq, Mauritius.

The aim was to develop a patriotic response in order to encourage the participating students to support the socio-economically vulnerable people of the Mauritian society, and also to develop their entrepreneurial and project management capabilities.

Fondation Constance is satisfied that the sponsorship has contributed towards the achievement of the college's objectives and even beyond by obtaining an award.

Non-formal Education Programme for Children from Vulnerable Groups

2 NGOs
87 Beneficiaries
2,585 Meals Offered

Fondation Constance sponsored two NGOs dedicated to the development of quality non-formal education programmes for children from vulnerable groups.

This project benefitted to 87 persons and 2,585 meals were served. Given the positive outcome, Fondation Constance will continue to support this initiative.

Schooling Support

In 2015, Fondation Constance continued to sponsor "Friends of the Poor " with a view to providing schooling support to 10 children from vulnerable groups of the eastern region of Mauritius.

Socio-economic Development Projects

Protection of Vulnerable Persons

In 2015, Fondation Constance contributed to the construction of an extension to a house to accommodate a battered woman and her 4 children.

Staff Engagement

Employees of the Group organised a Christmas party for vulnerable persons of the eastern of Mauritius. This initiative, which benefitted from the support of Fondation Constance, was meant to encourage employees to participate in community support and development projects.

In that context, they generously donated gifts to the 47 beneficiaries.

Empowerment through Training and Placement

13 Direct Beneficiaries	Fondation Constance continued to provide one-year training at the Constance Hospitality Training Centre (CHTC) to 13 persons from vulnerable groups of the eastern region of Mauritius to develop their skills and enhance their employability.
5 Employment Offers	During 2015, 8 women also successfully completed a three-month course in housekeeping techniques. 5 of them had the opportunity of being offered employment in one of our hotels.
5 NC3 Students	5 National Course (NC3) students, sponsored by Fondation Constance in 2015, received training at the CHTC, with a view to increasing their employability. They have shown high interest and perseverance towards their certification due around April 2016.
3 Beneficiaries	Fondation Constance sponsored youths who demonstrated a keen desire to uplift themselves and secure future employment, through tertiary education and vocational training. The three students attending University of Mauritius, St Gabriel Technical School and St Joseph Technical School benefitted from this support.

Leisure and Sports Projects

Fondation Constance encourages the promotion of recreational, leisure as well as sports activities in the eastern region. In 2015, Fondation Constance continued to sponsor Faucon Flacq Sporting Club's sports activities and organised the Constance Challenge Cup.

Environmental and Health Protection Projects

The Group recognises its obligation to respect the environment. At company level, awareness and training programmes are organised to achieve environment best practices across our operations.

During the year, Fondation Constance provided support to various NGOs such as Pils, T1 Diams and Lizie dan Lamain in their efforts to promoting health.

Donations

The Company has a Donations Policy that it is committed to the following goals:

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

	THE GROUP		THE COMPANY	
	2015 MUR'000	2014 MUR'000	**2015 MUR'000**	2014 MUR'000
CSR contribution	**750**	750	**750**	750
Political	-	1,850	-	-
Other	**300**	156	-	25
	1,050	2,756	**750**	775

Our Environmental Commitment

Our hotels are located in some of the world's most beautiful sites. We are strongly and actively committed to the preservation of the surrounding ecosystems, in line with our sustainability strategy.

We support innovative solutions to address environmental challenges and promote an environmentally-sustainable business. Our commitment and increased efforts over the past years have enabled us to be part of the Green Globe family.

Save Energy

Manage Effluence and Waste

Reduce Emissions

Reduce Water Consumption

Protect the Biodiversity

Other Initiatives

Water

Monthly water usage and costs are closely monitored and recorded across the Group. Following our initiatives over the past years, daily water consumption decreased from 750 to 550m3 at Constance Belle Mare Plage and from 420 to 260m3 at Constance Le Prince Maurice.

In addition, Constance Lémuria Seychelles is supplied by its own natural water source. Our hotels in the Maldives and Constance Ephélia Seychelles are equipped with a desalination plant.

Other initiatives in place across the Group to reduce water consumption include the following:

- Towel and linen re-use programme.
- Rapid identification and repair system for leaks
- Water-saving toilets
- Water-saving washing machines
- Re-use of grey water for irrigation

Electricity

Since 2011, all our hotels are equipped with meteorological stations which are connected to the Supervisory Control and Data Acquisition (SCADA) system, and electricity consumption and costs are recorded on a monthly basis.

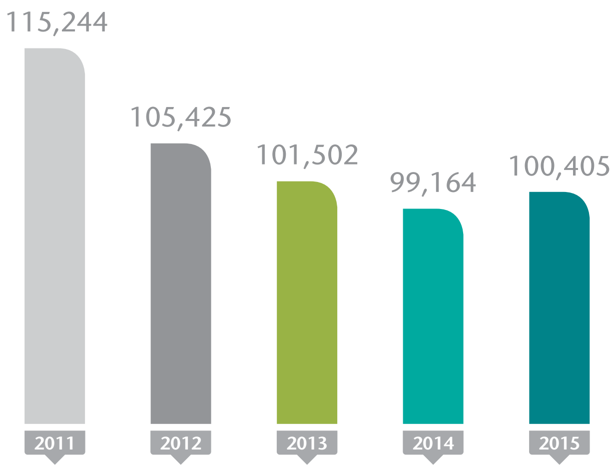
The SCADA system of each hotel has also been connected to a cold-room monitoring system which continuously reports on temperature and door openings.

Since the implementation of the 1st SCADA system in April 2011, the Group's electricity usage has dropped by 12.9%.

Other initiatives in place to reduce electricity usage include the following:

- Good Energy Saving Behaviour Programme
- Energy-saving bulbs
- Optimised settings for air-conditioning

AVERAGE GROUP ELECTRICITY CONSUMPTION IN KWH/DAY



Diesel

Diesel consumption in the Maldives and Seychelles hotels depends on electricity production given that these hotels are equipped with prime power generators.

Diesel is also used by Constance Lémuria Seychelles and Constance Le Prince Maurice for water heating. The heat recovery systems in both hotels have therefore been redesigned to further reduce diesel consumption.

Over the past two years, diesel consumption was reduced from 415 to 130 litres (-69%) at Constance Le Prince Maurice and from 215 to 80 litres (-63%) at Constance Lémuria Seychelles.

Gas

To date, no proper saving strategy for gas consumption has been implemented due to the lack of the required measuring system. Yet, measures have been taken to:

- ensure the integrity of the distribution network;
- ensure the gas banks are properly sized in accordance with the evaporation rate demand;
- ensure optimal calibration of equipment;
- sensitise and encourage team members to minimise consumption.

Effluence and Waste

We ensure that most of our waste is biodegradable and that all non-biodegradable materials are re-used, recycled or disposed of correctly. Solid waste is carefully and properly eliminated in order not to contaminate the environment.

Other implemented initiatives include the following:

- Electronic waste management
- Bulk purchasing to reduce packaging
- "Take-back" policy
- Use of organic waste for composting
- Segregation of waste
- Self-bottling plants to reduce plastic bottle waste

Emissions

We are sensitised about the importance to minimise the carbon footprint of our operations. We favour goods from local producers to reduce emissions from transportation and we always consider the level of CFC emissions when purchasing new equipment.

Biodiversity

We care about the biodiversity of the countries in which we operate. Some stand-out actions taken in our hotels in 2015 to preserve the biodiversity include the following:

- Mangroves preservation programme
- Turtle-nestling protection
- Rehabilitation of coral gardens
- Tree planting
- Lagoon and beach cleaning
- Removal of invasive plant species

Other Initiatives

Other major initiatives carried out in 2015 to protect the environment include:

- Special programmes – Earth Hour and World Environment Day.
- Noise management.
- Awareness programmes for staff and guests.

CONSTANCE
Halaveli
MALDIVES

Environmental Projects in 2015

EARTH DAY 22 APRIL 2015



HALAVELI ENVIRONMENT WEEK 03 – 09 JUNE 2015



REEF CLEANING



The Way Forward to 2020

Over the coming years, we will remain committed to our strategy to support and promote sustainable operations and practices across the Group with a view to creating value for our guests, our people and other stakeholders. We will continue to strive in order to grasp and address new sustainability challenges through empowerment of our people and continual improvement.

Our 2020 Vision

		Current Status	2020 Vision
	Electricity Average Group Electricity Consumption in KWh/day	100,405 KWh/day	To reduce consumption to 96,000 KWh/day
	Water Average Group consumption in m^3/day	810 m^3/day	Maintain consumption level at 810 m^3/day
	Waste Management Weight of total waste	Not in place	To implement a waste-weighing system
	Bottled Water Number of bottles used	Self-bottling plant in 4 hotels	To further reduce plastic bottle waste
	Training Average training hours per employee per year	24.8 hours	30 hours
	Customer Satisfaction Overall satisfaction score Score of the Emotions Survey	88.60% 94.60%	To score higher than 86% To score higher than 90%
	Employees Employee Satisfaction Survey	76.85%	To score at least 80% To launch a survey on sustainability practices

CORPORATE GOVERNANCE REPORT

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 2015 to 31 December 2015

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 49).
- 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 67).

Signed by

George J. Dumbell
Chairman

Jean Ribet
Director
Group Chief Executive Officer

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 Compliance Officer, external auditors, and an array of policies and standards.

CORPORATE GOVERNANCE REPORT
(continued)

Board

The Board consists of two independent, six non-executive and three executive directors. The Chairman is an independent director. A Profile of Directors is given on pages 63 to 66.

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. As validated by the Nomination & Remuneration Committee, Mr Colin Taylor was appointed as a non-executive director by the Board of Directors until the forthcoming annual meeting where his appointment will be put to the vote of shareholders. Matters relating to directors' remuneration are dealt with by the Nomination & Remuneration Committee in accordance with the Company's Remuneration Policy.

The Board does not favour the re-election of directors on an annual basis, as it does not consider this practice to be in the best interest of the Company. However, in accordance with the amendment made to the Company's Constitution at the Company's 2012 Annual Shareholders' Meeting, not more than one third of the directors in office shall retire at every Annual Meeting and be eligible for re-election. An assessment of the performance of each retiring director who makes himself/herself available for re-election is conducted by the Nomination & 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. Further to the 2015 exercise, which was, overall, satisfactory, improvements recommended have been implemented.

Chairman

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

Group Chief Executive Officer

The Group Chief Executive Officer has responsibility for making recommendations to the Board and for achieving the Group's strategic objectives. He is responsible for the executive management of the Group and works closely with the Company's Chief Executive Officer, Chief Operations Officer, Group Head of Projects and Development, Group Head of Corporate Affairs, and Group 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 Chairman, it is responsible for advising the Board on corporate governance and for generally keeping the Board up to date on all legal, regulatory and other developments.

CORPORATE GOVERNANCE REPORT
(continued)

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 Chairmen 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.

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 Group Head of Finance and the Compliance Officer, as well as the internal and external auditors attend the committee's meetings on invitation.

During the year, the committee met on seven occasions. It reviewed, inter alia, the 2014 Audited Financial Statements, Annual Report, and Management Letter; the 2015 forecast, unaudited quarterly financial statements, and, for publication, the quarterly abridged unaudited financial statements; 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 2015 (one independent and two 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 and the 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 2014, specific to the Corporate Governance and Corporate Social Responsibility Report and Statutory Disclosures.
2. Approving the Group Corporate Social Responsibility Plan for 2015 under the banner of Fondation Constance.
3. Monitoring matters relating to Conflict of Interest and Related-Party Transactions, with no issues of an unusual nature having been reported.
4. Reviewing quarterly compliance and Health & Safety reports.
5. Enhancing the policies for Share Dealing and Conflict of Interest and Related-Party Transactions.
6. Undertaking a detailed review of the Group Risk Management Programme, which covered policies, charters and codes.
7. Ensuring that corrective actions were taken in regard to recommendations made by the FRC on the Company's 2014 Annual Report.
8. Making recommendations to the Board in regard to the preparation of the annual Business Plan and to the related quarterly operational and financial performance reports.

CORPORATE GOVERNANCE REPORT
(continued)

Nomination & Remuneration Committee

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

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

1. Reviewing nominees for the annual re-election of directors and make recommendations to the Board.
2. Reviewing new Board nominations and make recommendations to the Board.
3. Evaluating the completed Board and Committee self-assessments and make recommendations on corrective actions to be taken, where necessary.
4. Approving the performance awards for 2015 and remunerations for 2016 of Senior Executives.
5. Assessing the succession planning process and make recommendations to the Board.

Board and Committee Attendance

	Board of Directors	Committees of the Board		
		Audit (and Risk Management)	Corporate Governance	Nomination & Remuneration
Number of meetings held in 2015	**7**	**7**	**3**	**7**
Meetings attended				
George J. DUMBELL	7		3	7
Nicolas BOULLE	5			
Jean DE FONDAUMIÈRE	5	7		
Marc FREISMUTH	6	7		7
Clément D. REY	7			
Jean RIBET	7			7
Louis RIVALLAND	6		3	
Georgina ROGERS (as from 23 March 2015)	5			
Colin G. TAYLOR (as from 10 August 2015)	3		2	
N. Adolphe VALLET	7	7		
Jean-Jacques VALLET	7			

Statement of Remuneration Philosophy

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

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

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

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

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

CORPORATE GOVERNANCE REPORT
(continued)

Statement of Remuneration Philosophy *(continued)*

For 2015, directors' annual fees were at MUR 300,000 for the Chairman and MUR 100,000 for other Board members.

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

	Audit (and Risk Management) Committee	Corporate Governance Committee	Nomination & Remuneration Committee
	MUR	MUR	MUR
Chairman	100,000	50,000	40,000
Member	60,000	30,000	20,000

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

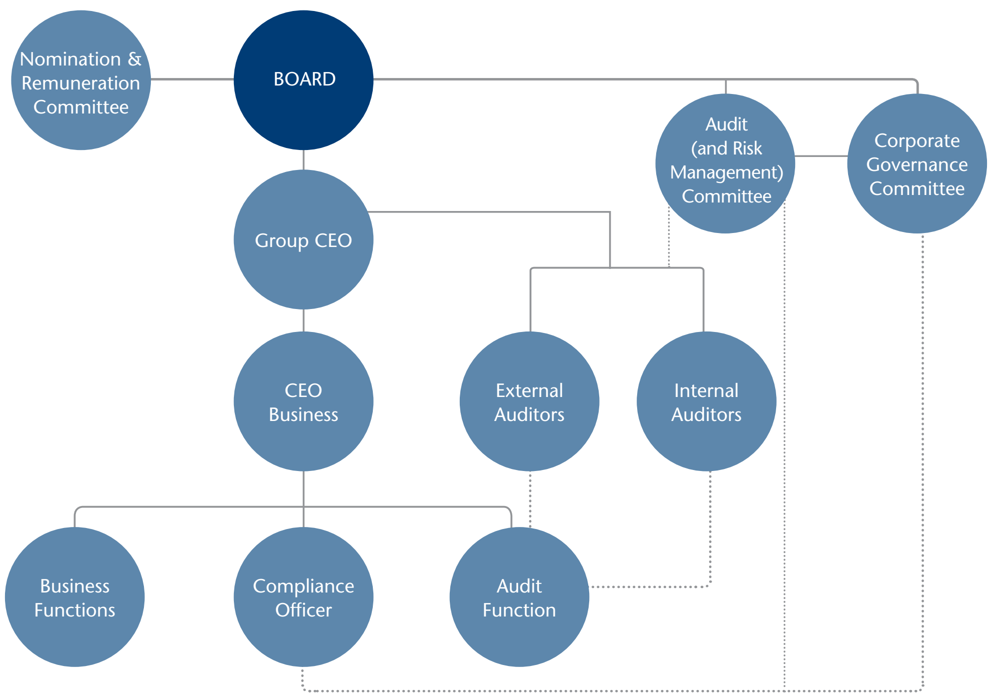
No changes in fees are proposed for 2016.

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 wa

s launched in August 2006 and is being significantly enhanced with the launch, since 2014, of its Enterprise Risk Management Programme across all its resorts, in all the jurisdictions in which it operates.

Risk Management Structure



CORPORATE GOVERNANCE REPORT
(continued)

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 88 to 91.

Besides these financial risks, other prominent risks 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.

CORPORATE GOVERNANCE REPORT
(continued)

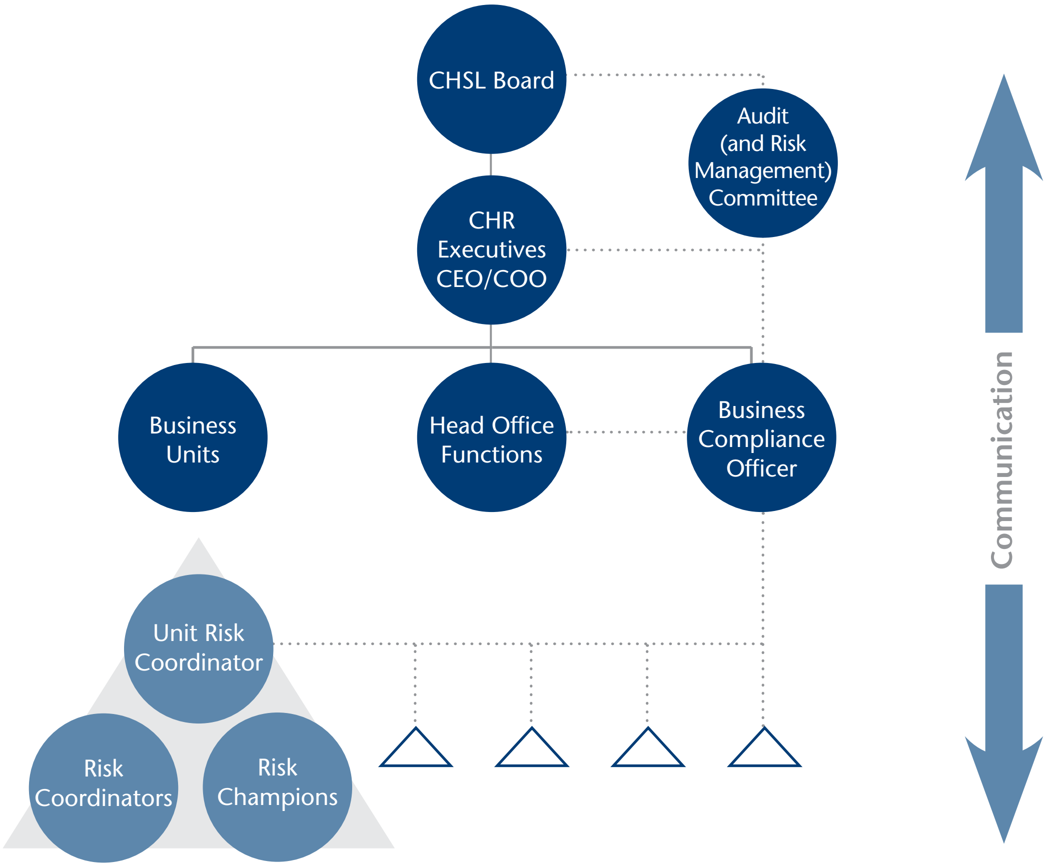
Risks and Mitigation Initiatives *(continued)*

- **Industry Risk:** The tourism industry in general is sensitive to fluctuations in the economy. The hotel sector in particular may be adversely affected by changes in global economies, political unrest, reduced international demand for hotel rooms and associated services, uncompetitive open-sky policy, competition in the industry, Government policies and regulations, fluctuations in interest 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: threats of recession in the Eurozone and a volatile Euro. This risk is mitigated externally through regular meetings with the appropriate industry drivers and government ministries, either directly or through industry associations, and internally through daily performance monitoring and application of different marketing strategies and quarterly by the Board.
- **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 88 to 91. The Company, also, has various insurance covers including a Directors & Officers Liability cover, to mitigate the financial losses associated to an occurrence.

CORPORATE GOVERNANCE REPORT
(continued)

The Constance Enterprise Risk Management (ERM) framework



The ERM process enables compilation of risks across the enterprise from all departments for senior Management and the Board to have a holistic view of potential emerging and existing risks which are most likely to impact on the strategy and performance of the organisation.

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 the first half of 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 introduced in our two resorts in Mauritius.

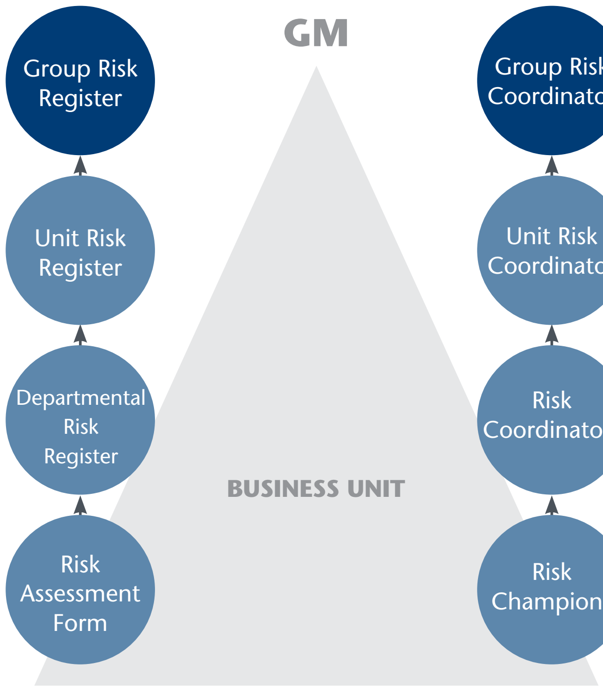
During 2015, ERM was introduced in our remaining four principal resorts. It is expected to be fully operational across the Group by January 2017. We believe that ERM, with its more reliable, extensive and timely reporting structure, will greatly enhance the management of Risk and Compliance by the Company's Management and its Board.

Escalating Risk Information to Management and Corporate

We believe that our people are the ones who truly understand the operational risks to which the organisation is exposed. Thus, in each Business Unit, a number of trained Risk Champions and Risk Coordinators act as the eyes and the ears of their departments/sections and are on the lookout for any potential risk that could impact the operations.

CORPORATE GOVERNANCE REPORT
(continued)

Escalating Risk Information to Management and Corporate *(continued)*



Our ERM framework is designed in such a way that it integrates the day-to-day running and involves team members at all levels and in all activities. Participation of our team members to such an extent has helped to promote risk awareness culture within the organisation.

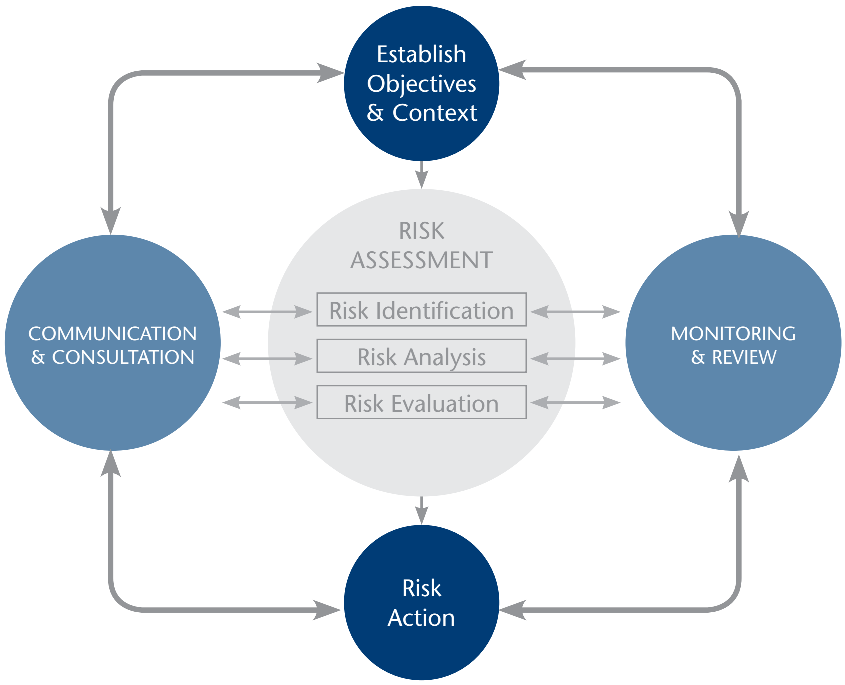
Focus on Objectives

Risks are assessed in as far as they affect the Company's objectives. These objectives, set at Group level, are cascaded to business Units and further down the line so that every activity is geared towards the achievement of the Company's objectives, classified under four main headings: Finance, Customer, Process and People.

CORPORATE GOVERNANCE REPORT
(continued)

Our Risk Management Process

It is an on-going process given the dynamic nature of the industry and its sensitivity to fluctuations in the economy.



Once risks are identified, the causes and possible consequences are analysed in accordance with their potential impact on the four key result areas: Finance, Customer, Process and People. Risks are evaluated on the basis of the likelihood of their occurrence and the estimated financial impact at one occurrence. The choice of financial criteria for the estimation of the impact value reduces the tendency of bias. Risks are prioritised based on their risk score value and on their estimated yearly financial impact.

Further analysis is made with regards to the adequacy of existing controls in mitigating the potential risks. Where deemed necessary, process owners are required to propose additional preventive measures, which are subject to validation by the Department Head, General Manager or Senior Executives, as appropriate. Matters of strategic importance may be referred to the Board.

Process owners are accountable for managing risks at their level and their participation in the process makes the output more credible and implementation of mitigation measures more wilful.

In 2015, ERM teams have identified and assessed various risks that could impact the operations. All findings are documented in Risk registers that are maintained at business unit level and grouped on a periodical basis at corporate level for further analysis and reporting.

The plan for 2016 is to fine-tune the processes so as to obtain more reliable results and create business value from enhanced management of risks.

CORPORATE GOVERNANCE REPORT
(continued)

Compliance Function

The Compliance Officer has the responsibility for coordinating the Compliance function across all the operating businesses of Constance Hotels, with a functional reporting line to the Audit and Corporate Governance committees of the principal operating company. During 2015, the 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 2015 were met.

During the year, the Compliance Officer 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 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 2016.

The annual internal audit plan, which is approved by the Group CEO and ratified 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 2015, the internal auditors conducted audits to ensure adequacy of front office processes, monitor food and beverage costs, monitor implementation of controls, report on Customer Management and Satisfaction and on the Maintenance and Security.

CORPORATE GOVERNANCE REPORT
(continued)

Policies, Charters and Codes

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:

Policies	**Charters**
Anti-Money Laundering Policy	Audit Committee Charter
Anti-Trust Compliance Policy	Board of Directors Charter
Conflicts of Interest and Related-Party Transactions Policy	Compliance Charter
Corporate Social Responsibility Policy	Corporate Governance Committee Charter
Data Protection Policy	Environmental Charter
Dividend Policy	Fondation Constance Charter
Environmental Policy	Internal Audit Charter
Equal Opportunities Policy	Nomination and Remuneration Committee Charter
Gift Policy	Risk Management Charter
Health and Safety Policy	**Codes**
Nomination Policy	Code of Conduct
Printing Policy	Code of Ethics and Conduct for Directors
Procurement Policy	IT Code of Practice
Remuneration Policy	Professional Standards and Guidelines
Risk Management Policy	Statement on Corporate Governance
Share Dealing 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 114 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 associates wishing to deal in the securities of the Company or any of its subsidiaries must comply with the statutory provisions concerning insider dealing in the Companies Act 2001 as well as the Securities Act 2005, and are aware of the Stock Exchange of Mauritius's Model Code for Securities Transactions by Directors of Listed Companies. Furthermore, directors and associates are notified by the Company of the commencement and closure of non-trading periods.

CORPORATE GOVERNANCE REPORT
(continued)

Directors' and Senior Officers' Interests and Dealings in Shares *(continued)*

The following transactions took place during the year:

Names	No. of Shares Acquired Directly	No. of Shares Acquired By Associates	No. of Shares Disposed Directly	No. of Shares Disposed By Associates
Directors:				
Mr Colin Taylor	-	-	-	3,647,909
Mr N. Adolphe Vallet	-	17,930	17,930	-
Senior Officers:				
Mr Kevin Chan Too	10,800	-	-	-
Mr Siegfried Espitalier Noel	-	22,500	-	-
Mr Andrew Milton	29,700	-	-	-

Directors' and Senior Officers' Share Interests

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

	Direct		Indirect
	No. of Shares	% Held	% Held
Directors			
George J. Dumbell – Chairman	34,285	0.03	-
Nicolas Boullé	-	-	-
Marc Freismuth	-	-	-
Jean de Fondaumière	-	-	-
Clément D. Rey	42,857	0.04	1.67
Georgina Rogers	1,986,581	1.81	0.33
Jean Ribet	697	0.00	0.45
Louis Rivalland	-	-	-
Colin Taylor	-	-	1.28
N. Adolphe Vallet	-	-	0.90
Jean-Jacques Vallet	211,561	0.19	0.71
Senior Officers			
Jan Boullé	483	0.00	0.46
Kevin Chan Too	11,100	0.01	0.04
Siegfried Espitalier Noël	87,168	0.08	0.08
Tham Fong Lee Chip Hing	21,793	0.02	-
Andrew Milton	77,200	0.07	-

CORPORATE GOVERNANCE REPORT
(continued)

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 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, treasury, company secretariat, planning, and development. The fees charged are based on a percentage mix of net asset value, market capitalisation, and net profit and amounted to MUR 28.5 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 2015

Size of Shareholding	Number of Shareholders	Number of Shares Owned	Percentage Shareholding
1–500	159	25,200	0.023
501–1,000	53	44,153	0.040
1,001–5,000	172	450,803	0.411
5,001–10,000	80	577,043	0.526
10,001–50,000	75	1,639,393	1.495
50,001–100,000	13	924,602	0.843
100,001–250,000	14	2,360,727	2.153
250,001–500,000	6	2,177,300	1.986
Over 500,000	15	101,454,128	92.523
Total	**587**	**109,653,349**	**100.000**

Shareholder Category	Number of Shareholders	Number of Shares Owned	Percentage Shareholding
Individuals	377	8,244,804	7.519
Insurance and assurance companies	14	25,556,645	23.306
Pension and provident funds	10	1,953,504	1.782
Investment and trust companies	9	72,272	0.066
Other corporate bodies	177	73,826,124	67.327
Total	**587**	**109,653,349**	**100.000**

CORPORATE GOVERNANCE REPORT
(continued)

Common Directors

The names of common directors of the subsidiaries of the Company are found on page 67 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, Colin Taylor and Mrs Georgina Rogers.

Substantial Shareholders

As at 31 December 2015, the following shareholders held more than 5% of the Company's share capital:

Shareholders	% Held
Hotelest Ltd	51.00
Swan Life Ltd	22.85

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. The dividend payment is subject to the solvency test being satisfied as required under section 61(2) of the Companies Act 2001.

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.

Key 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

PROFILE OF BOARD DIRECTORS AND SENIOR OFFICERS

Board Directors

George J. Dumbell (67) - Independent Director and Chairman

Appointed Director in December 2005 and Chairman in January 2006

Mr Dumbell is an Associate of the Chartered Institute of Bankers (UK) with over 47 years of financial and commercial experience, including 34 years in various senior management positions within the HSBC group across the globe. In 1994, he was seconded for two and a half years to Eurochambres, Association of European Chambers of Commerce and Industry, in Belgium, as Deputy Secretary General and Managing Director to 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 a member of its Director's Forum. In 2003, he undertook a two-year consultancy contract with the Mauritius Commercial Bank Ltd in the field of risk management. Mr Dumbell is currently a director of the ChrysCapital Group of Companies.

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

· Belle Mare Holding Ltd

Nicolas Boullé (56) - Non-Executive Director

Appointed in January 2014

Me Boullé is a qualified notary practicing since 1990. He has worked in close collaboration with Me Pierre Doger de Spéville and thereafter with Me Jacques Montocchio until 2002.

Me Boullé now practices independently, in close collaboration with three other colleagues.

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

· Belle Mare Holding Ltd

Marc Freismuth (64) - Independent Director and Chairman of the Audit Committee

Appointed in September 2014

Mr Freismuth holds an MPhil degree in Economics from Sorbonne (Paris) and an *Aggregation* in Economics and Management. He was a Lecturer at the University of Montpellier (France) until July 1988, and he subsequently joined the University of Mauritius as Lecturer in 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 a consultant to the Stock Exchange Commission and as a member of the Listing Committee.

He was a lecturer in Hospitality Management at the University of Réunion from 2000 to 2005. He is now working as a private consultant in management and finance.

He is also a director of several other listed and non-listed companies. Mr Freismuth is currently the chairman of the Audit Committee.

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

· Belle Mare Holding Ltd

· United Basalt Products Ltd

PROFILE OF BOARD DIRECTORS AND SENIOR OFFICERS *(continued)*

Board Directors *(continued)*

Jean de Fondaumière (62) - 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, Kleinworth 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 various economic activities, from agriculture and commerce to finance and tourism, in Mauritius and in the region.

He is a past chairman of the Stock Exchange of Mauritius and is a member of a number of audit and corporate-governance committees.

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

· Alteo Ltd

· Lux Island Resorts Ltd

Clément D. Rey (46) - Executive Director, Group Head of Corporate Affairs

Appointed in June 2006

Mr Rey holds a Bachelor's and a Master's degree in Business Law from the United Kingdom. Prior to joining the Constance Group as the Head of Corporate Affairs, he held a similar position within the Ciel Group, one of the largest industrial groups in Mauritius.

In his present capacity, he has overall responsibility for corporate transactions and regulatory matters relating to the member companies of the Constance Group. He is a director of a number of companies in the commercial and financial sectors and is a member of various board committees.

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

· Belle Mare Holding Ltd

Jean Ribet (56) - Executive Director and Group Chief Executive Officer

Appointed in May 2006

Mr Ribet is a member of the South African Institute of Chartered Accountants and holds a Bachelor of Commerce.

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

PROFILE OF BOARD DIRECTORS AND SENIOR OFFICERS *(continued)*

Board Directors *(continued)*

Louis Rivalland (45) - Non-Executive Director

Appointed in March 2007

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

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

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

· Air Mauritius Ltd

· ENL Land Ltd

· Ireland Blyth Ltd

· New Mauritius Hotels Ltd

· Swan General Ltd

Georgina Rogers (53) - Non-Executive Director

Appointed in March 2015

Mrs Rogers holds a Bachelor of Commerce from the University of Natal in South Africa.

She practised as an accountant until 1995, and she is now involved in the realisation of real-estate development projects.

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

· Belle Mare Holding Ltd

Colin Taylor (50) - Non-Executive Director and Chairman of the Corporate Governance Committee

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

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

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

He is also a member of the Board of the Mauritius Chamber of Commerce and Industry.

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

· New Mauritius Hotels Ltd

· CIM Financial Services Ltd

Noël Adolphe Vallet (50) - Non-Executive Director

Appointed in May 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' 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

PROFILE OF BOARD DIRECTORS AND SENIOR OFFICERS *(continued)*

Board Directors *(continued)*

Jean-Jacques Vallet (47) - Executive director and Chief Executive Officer

Appointed as Director in March 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 Officers

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

Mr Boullé qualified as *Ingénieur statisticien économiste* in France and holds a *Diplôme de 3ème cycle, sciences économiques* from Université Laval, Quebec, Canada.

He joined the Constance Group in 1984 and is currently the Group Head of Projects and Development. He is also a director of several major companies in Mauritius.

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

· Alteo Ltd

· Belle Mare Holding Ltd

· Phoenix Beverages Ltd

Kevin Chan Too (38) – Group Head of Finance

Mr Chan Too is a Fellow of the Association of Chartered Certified Accountants. He joined the Constance Group in 2007 as Group Financial Accountant and is currently its Group Head of Finance, with main responsibilities being 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

Andrew Milton (49) - Chief Operations Officer

Mr Milton is the Chief Operations Officer (COO) of Constance Hotels and Resorts. He is responsible for the operations of the seven high-end Constance luxury hotels and their 2,993 employees.

Holder of a BSc in Institutional Management from Cardiff University, he later studied finance (INSEAD), leadership (IMD) and asset management (Cornell).

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

In July 2002, he was appointed General Manager of the Constance Le Prince Maurice while retaining operational responsibility for Constance Lémuria Seychelles and Constance Tsarabanjina Madagascar. He championed the rebranding of Constance Tsarabanjina in 2006.

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

Siegfried Espitalier Noel (47) - Chief Marketing Officer

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

As the Chief Marketing Officer of Constance Hotels and Resorts, he has overall responsibility for the Group's marketing and commercial functions in Mauritius and abroad.

OTHER STATUTORY DISCLOSURES

(pursuant to section 221 of the Companies Act 2001)

Directors' Remuneration and Benefits

The Board of Directors has agreed not to disclose the emoluments of directors on an individual basis, because of the commercially sensitive nature of such data.

Remuneration and benefits paid by the Company and its subsidiaries were as follows:

	2015	2014
	MUR '000	MUR '000
Directors of Constance Hotels Services Ltd		
Executive (full-time)	**17,144**	16,278
Non-executive	**1,642**	1,105
Directors of subsidiary companies		
Executive	**7,642**	5,279
Non-executive	-	-

Directors' Service Contracts

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

Directors of Subsidiary Companies

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
Guy ADAM						•						
Jan BOULLÉ	•	•										
George J. DUMBELL	•	•		•			•	•	•		•	
Dominik KUENSTLE												•
Clément D. REY	•	•	•	•	•	•	•	•	•		•	•
Jean RIBET	•	•	•	•	•	•	•	•	•		•	•
Jean-Jacques VALLET	•	•	•			•				•		
Jean WEELING LEE						•						

OTHER STATUTORY DISCLOSURES *(continued)*

(pursuant to section 221 of the Companies Act 2001)

Auditors' Remuneration

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

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	MUR '000	MUR '000	**MUR '000**	MUR '000
Audit fees paid to:				
BDO & Co.	**2,017**	1,637	**350**	315
Other firms	**884**	800	-	-
Fees for other services paid to:				
BDO & Co.	-	-	-	-
Other firms	**553**	388	-	-

Fees for other services relate to accounting, consultancy and taxation services and reporting are in the Corporate Governance.

George J. Dumbell
Chairman

Jean Ribet
Director
Group Chief Executive Officer

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:

George J. Dumbell
Chairman

Jean Ribet
Director
Group Chief Executive Officer

30 March 2016

COMPANY SECRETARY'S CERTIFICATE

In terms of section 166(d) of the Companies Act 2001, we certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies all such returns as are required of the Company under the Act.

Marie-Anne Adam, ACIS

For La Gaieté Services Ltd
Secretaries

30 March 2016

CORPORATE INFORMATION

Directors

George J. Dumbell	Independent – Chairman
Nicolas Boullé	Non-executive
Jean De Fondaumière	Non-executive
Marc Freismuth	Independent
Clément D. Rey	Executive
Jean Ribet (Group Chief Executive Officer)	Executive
Louis Rivalland	Non-executive
Georgina Rogers *(as from 23 March 2015)*	Non-executive
Colin Taylor *(as from 10 August 2015)*	Non-executive
N. Adolphe Vallet	Non-executive
Jean-Jacques Vallet	Executive

Committees of the Board

Audit (and Risk Management) Committee

Marc Freismuth, Chairman
Jean de Fondaumière
N. Adolphe Vallet

Corporate Governance Committee

Mr Colin Taylor, Chairman *(as from 10 August 2015)*
George J. Dumbell
Louis Rivalland

Nomination & Remuneration Committee

George J. Dumbell, Chairman
Marc Freismuth
Jean Ribet

Management – Constance Corporate Management Ltd

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

CORPORATE INFORMATION *(continued)*

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
Pablo de Teresa	E-Business Manager
Georges Lee Chip Hing	Group Financial Controller
Noorani Mungloo	Group Chief Financial Accountant and Analyst
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
Vincent de Marassé Enouf	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
Dominik Kuenstle	General Manager, Constance Halaveli Maldives
Olivier de Guardia de Ponte	General Manager, Constance Moofushi Maldives
Kai Hoffmeister	General Manager, Constance Ephélia Seychelles
Bruno Le Gac	General Manager, Constance Lémuria Seychelles
Henri Arnulphy	Resort Manager, Constance Tsarabanjina Madagascar
Claude Narain, OSK	Senior Training and External Relations Advisor

Secretaries

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

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

FINANCIAL STATEMENTS

Constance Moofushi - Maldives

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 75 to 115 which comprise the statements of financial position at December 31, 2015, the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 75 to 115 give a true and fair view of the financial position of the Group and of the Company at December 31, 2015, 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.

Independent Auditors' Report to the Members *(continued)*

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Financial Reporting Act 2004

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

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

BDO & Co
Chartered Accountants

Ameenah Ramdin FCCA, ACA
Licensed by FRC

Port Louis
Mauritius

30 March 2016

Statements of Financial Position - December 31, 2015

		THE GROUP			THE COMPANY	
	Notes	**2015 Rs'000**	Restated 2014 Rs'000	Restated 2013 Rs'000	**2015 Rs'000**	2014 Rs'000
Assets						
Non-current assets						
Property, plant and equipment	5	**6,998,107**	6,705,756	6,791,708	**18,520**	13,844
Intangible assets	6	**1,292,295**	1,131,577	1,118,954	**8,877**	1,894
Investments in subsidiary companies	7	**-**	-	-	**1,563,722**	1,563,722
Investments in associated companies	8	**701,454**	725,326	691,808	**6,510**	6,510
Investments in available-for-sale financial assets	9	**545**	545	2,045	**545**	545
Deferred tax assets	10	**67,348**	43,357	31,585	**17,279**	16,684
		9,059,749	8,606,561	8,636,100	**1,615,453**	1,603,199
Current assets						
Inventories	11	**273,178**	255,386	225,203	**1,156**	1,643
Trade and other receivables	12	**892,735**	635,493	594,753	**2,230,714**	1,783,517
Cash and cash equivalents	23(a)	**92,110**	73,775	68,360	**11,986**	16,154
		1,258,023	964,654	888,316	**2,243,856**	1,801,314
Total assets		**10,317,772**	9,571,215	9,524,416	**3,859,309**	3,404,513
Equity and Liabilities						
Capital and reserves						
Stated capital	13	**2,153,395**	2,153,395	936,783	**2,153,395**	2,153,395
Revaluation and other reserves	14	**1,822,655**	1,454,481	1,467,702	**(12,159)**	(18,158)
Retained earnings/(revenue deficit)		**603,276**	469,903	330,489	**225,677**	(833)
Equity attributable to owners of parent		**4,579,326**	4,077,779	2,734,974	**2,366,913**	2,134,404
Non-controlling interest		**29,947**	16,317	15,891	**-**	-
Total equity		**4,609,273**	4,094,096	2,750,865	**2,366,913**	2,134,404
Liabilities						
Non-current liabilities						
Borrowings	15	**3,555,978**	3,791,516	3,665,802	**1,008,223**	907,253
Deferred tax liabilities	10	**59,732**	50,382	55,458	**-**	-
Retirement benefit obligations	16	**98,938**	102,428	75,906	**47,487**	48,199
		3,714,648	3,944,326	3,797,166	**1,055,710**	955,452
Current liabilities						
Trade and other payables	17	**723,417**	665,773	603,145	**243,611**	228,806
Borrowings	15	**1,151,627**	769,635	2,372,483	**165,662**	85,851
Dividend payable	18	**27,413**	-	-	**27,413**	-
Current tax liabilities	19(a)	**91,394**	97,385	757	**-**	-
		1,993,851	1,532,793	2,976,385	**436,686**	314,657
Total liabilities		**5,708,499**	5,477,119	6,773,551	**1,492,396**	1,270,109
Total equity and liabilities		**10,317,772**	9,571,215	9,524,416	**3,859,309**	3,404,513

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

George J. Dumbell
Chairman

Jean Ribet
Director
Group Chief Executive Officer

The notes on pages 80 to 115 form an integral part of these financial statements.
Auditors' report on pages 73 and 74.

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

	Notes	THE GROUP 2015 Rs'000	THE GROUP Restated 2014 Rs'000	THE COMPANY 2015 Rs'000	THE COMPANY 2014 Rs'000
Revenue	2(m)	**3,745,721**	3,525,087	-	-
Earnings before interest, taxation, depreciation and amortisation		**1,067,662**	1,059,970	**398,758**	110,409
Depreciation and amortisation	5, 6	**(441,789)**	(416,396)	**(12,087)**	(10,822)
Operating profit	20	**625,873**	643,574	**386,671**	99,587
Finance costs	21	**(282,119)**	(359,732)	**(79,575)**	(92,941)
Share of results of associated companies	8	**(34,879)**	(13,176)	-	-
Profit before taxation		**308,875**	270,666	**307,096**	6,646
Income tax (expense)/credit	19(b)	**(78,976)**	(121,176)	**1,654**	2,279
Profit for the year		**229,899**	149,490	**308,750**	8,925
Attributable to:					
Owners of the parent		**208,193**	130,783	**308,750**	8,925
Non-controlling interest		**21,706**	18,707	-	-
		229,899	149,490	**308,750**	8,925
Earnings per share (Rs)	22	**1.90**	1.69	**2.82**	0.12

The notes on pages 80 to 115 form an integral part of these financial statements.
Auditors' report on pages 73 and 74.

Statements of Profit or Loss and Other Comprehensive Income -

Year ended December 31, 2015

	Notes	THE GROUP 2015 Rs'000	THE GROUP Restated 2014 Rs'000	THE COMPANY 2015 Rs'000	THE COMPANY 2014 Rs'000
Profit for the year		**229,899**	149,490	**308,750**	8,925
Other comprehensive income:					
Items that may not be reclassified subsequently					
to profit or loss:					
Remeasurement of defined benefit obligation	16	**16,771**	(18,672)	**7,058**	(2,588)
Deferred tax on remeasurement of defined benefit obligations	10	**(2,514)**	2,801	**(1,059)**	388
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences	14(b)	**363,172**	12,054	-	-
Other comprehensive income for the year		**377,429**	(3,817)	**5,999**	(2,200)
Total comprehensive income for the year		**607,328**	145,673	**314,749**	6,725
Total comprehensive income attributable to:					
Owners of the parent		**582,674**	126,193	**314,749**	6,725
Non-controlling interest		**24,654**	19,480	-	-
		607,328	145,673	**314,749**	6,725

The notes on pages 80 to 115 form an integral part of these financial statements.
Auditors' report on pages 73 and 74.

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

	Notes	Attributable to owners of the parent					
	Notes	Stated capital Rs'000	Revaluation and other reserves Rs'000	Retained earnings Rs'000	Total Rs'000	Non-controlling interest Rs'000	Total equity Rs'000
THE GROUP							
At January 1, 2014							
As previously reported		936,783	1,507,494	411,890	2,856,167	15,891	2,872,058
Prior year adjustment	26	-	(39,792)	(81,401)	(121,193)	-	(121,193)
As restated		936,783	1,467,702	330,489	2,734,974	15,891	2,750,865
Profit for the year - restated		-	-	130,783	130,783	18,707	149,490
Other comprehensive income for the year - restated		-	(4,590)	-	(4,590)	773	(3,817)
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**	**1,454,481**	**469,903**	**4,077,779**	**16,317**	**4,094,096**
At January 1, 2015							
As previously reported		2,153,395	1,278,546	550,039	3,981,980	16,317	3,998,297
Prior year adjustment	26	-	175,935	(80,136)	95,799	-	95,799
As restated		2,153,395	1,454,481	469,903	4,077,779	16,317	4,094,096
Profit for the year		-	-	208,193	208,193	21,706	229,899
Other comprehensive income for the year		-	374,481	-	374,481	2,948	377,429
Transfer to retained earnings		-	(6,307)	7,420	1,113	-	1,113
Dividends	18	-	-	(82,240)	(82,240)	(11,024)	(93,264)
At December 31, 2015		**2,153,395**	**1,822,655**	**603,276**	**4,579,326**	**29,947**	**4,609,273**

	Notes	Stated capital Rs'000	Revaluation and other reserves Rs'000	Retained earnings/ (revenue deficit) Rs'000	Total Rs'000
THE COMPANY					
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		-	(2,200)	-	(2,200)
Net proceeds from rights issue	13	1,216,612	-	-	1,216,612
At December 31, 2014		**2,153,395**	**(18,158)**	**(833)**	**2,134,404**
At January 1, 2015		**2,153,395**	**(18,158)**	**(833)**	**2,134,404**
Profit for the year		-	-	308,750	**308,750**
Other comprehensive income for the year		-	5,999	-	**5,999**
Dividends	18	-	-	(82,240)	**(82,240)**
At December 31, 2015		**2,153,395**	**(12,159)**	**225,677**	**2,366,913**

The notes on pages 80 to 115 form an integral part of these financial statements.
Auditors' report on pages 73 and 74.

Statements of Cash Flows - Year ended December 31, 2015

	Note	THE GROUP 2015 Rs'000	THE GROUP Restated 2014 Rs'000	THE COMPANY 2015 Rs'000	THE COMPANY 2014 Rs'000
Operating activities					
Profit before taxation		**308,875**	270,666	**307,096**	6,646
Adjustment for:					
Share of results of associated companies		**34,879**	13,176	-	-
Foreign exchange differences		**16,891**	(37,552)	-	-
Depreciation of property, plant and equipment		**395,457**	369,475	**9,177**	9,664
Amortisation of intangible assets		**46,332**	46,921	**2,910**	1,158
Profit on sale of financial assets		-	(4,111)	-	(4,111)
Profit on disposal of property, plant and equipment		**(593)**	(645)	**(1,861)**	(175)
Interest expense		**282,119**	359,732	**79,575**	92,941
Interest income		**(13,321)**	(7,494)	**(116,410)**	(54,776)
Retirement benefit obligations		**23,235**	20,259	**10,150**	9,343
Operating profit before working capital changes		**1,093,874**	1,030,427	**290,637**	60,690
- inventories		**(17,792)**	(30,183)	**487**	(809)
- trade and other receivables		**(257,241)**	(40,740)	**(447,197)**	(1,117,085)
- trade and other payables		**57,644**	45,640	**14,805**	(92,662)
Cash flows generated from/(used in) operating activities		**876,485**	1,005,144	**(141,268)**	(1,149,866)
Interest paid		**(282,119)**	(359,732)	**(79,575)**	(92,941)
Interest received		**13,321**	7,494	**116,410**	54,776
Contribution paid		**(9,954)**	(12,409)	**(3,804)**	(3,799)
Tax paid		**(108,706)**	(38,596)	-	-
Net cash generated from/(used in) operating activities		**489,027**	601,901	**(108,237)**	(1,191,830)
Cash flows used in investing activities					
Purchase of property, plant and equipment		**(205,624)**	(112,793)	**(2,169)**	(2,235)
Purchase of intangible assets		**(56,807)**	(8,413)	**(9,893)**	(267)
Proceeds from sale of property, plant and equipment		**618**	695	**1,861**	175
Disposal of investment in financial assets		-	5,611	-	5,611
Net cash (used in)/generated from investing activities		**(261,813)**	(114,900)	**(10,201)**	3,284
Cash flows generated from financing activities					
Proceeds from borrowings		**385,576**	2,070,464	**147,195**	900,464
Payments of borrowings		**(613,192)**	(2,281,897)	-	(900,767)
Proceeds from rights issue		-	1,233,600	-	1,233,600
Finance lease principal repayment		**(20,314)**	(19,667)	**(6,473)**	(7,097)
Loans (granted to)/repaid by related companies		-	(105,797)	-	175,088
Dividends paid to holding company		**(54,827)**	-	**(54,827)**	-
Dividends paid to non-controlling interest		**(11,024)**	(19,054)	-	-
Net cash (used in)/generated from financing activities		**(313,781)**	877,649	**85,895**	1,401,288
Net (decrease)/increase in cash and cash equivalents		**(86,567)**	1,364,650	**(32,543)**	212,742
Cash and cash equivalents at January 1,		**(217,326)**	(1,581,976)	**(19,482)**	(232,224)
Cash and cash equivalents at December 31,	23(a)	**(303,893)**	(217,326)	**(52,025)**	(19,482)

The notes on pages 80 to 115 form an integral part of these financial statements.
Auditors' report on pages 73 and 74.

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

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives. The amendment has no impact on the Group's financial statements.

Annual Improvements 2010-2012 Cycle

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of preparation *(continued)*

Annual Improvements 2010-2012 Cycle *(continued)*

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

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

Annual Improvements 2011-2013 Cycle

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(a) Basis of preparation *(continued)*

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 recognise any impairment in the value of individual investments.

Consolidated financial statements

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

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

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

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and non-controlling interests

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) 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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Foreign currencies *(continued)*

(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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Accounting for leases *(continued)*

(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).

Goodwill

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

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

(i) Impairment of non financial assets

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

(j) Financial instruments

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

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

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

Recognition and measurement

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

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(j) Financial instruments *(continued)*

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

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.

(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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(k) Deferred income tax *(continued)*

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 amounts 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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(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

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					
2015	**EUR Rs'000**	**USD Rs'000**	**GBP Rs'000**	**MUR Rs'000**	**OTHERS Rs'000**	**TOTAL Rs'000**
Financial Assets						
Investments in associated companies	701,454	-	-	-	-	**701,454**
Net trade receivables	118,372	164,696	31,206	16,426	1,428	**332,128**
Cash and cash equivalents	33,753	40,844	9,535	2,802	5,176	**92,110**
	853,579	**205,540**	**40,741**	**19,228**	**6,604**	**1,125,692**
Financial Liabilities						
Borrowings	204,916	1,897,213	-	2,605,476	-	**4,707,605**
Trade payables	-	112,561	-	115,121	-	**227,682**
	204,916	**2,009,774**	-	**2,720,597**	-	**4,935,287**

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial Risk Factors *(continued)*

Currency Profile *(continued)*

	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	725,326	-	-	-	-	**725,326**
Net trade receivables	93,737	148,288	25,585	34,725	6,433	**308,768**
Cash and cash equivalents	33,348	28,226	7,588	4,334	279	**73,775**
	852,411	**176,514**	**33,173**	**39,059**	**6,712**	**1,107,869**
Financial Liabilities						
Borrowings	79,591	2,117,136	-	2,364,044	380	**4,561,151**
Trade payables	-	196,875	-	96,320	-	**293,195**
	79,591	**2,314,011**	-	**2,460,364**	**380**	**4,854,346**

Currency Profile

	THE COMPANY					
2015	**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	9,585	673	1,251	477	-	**11,986**
	9,585	**673**	**1,251**	**6,987**	-	**18,496**
Financial Liabilities						
Borrowings	109	-	-	1,173,776	-	**1,173,885**
Trade payables	-	-	-	13,322	-	**13,322**
	109	-	-	**1,187,098**	-	**1,187,207**
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**	**6,705**	-	**22,664**
Financial Liabilities						
Borrowings	288	21,975	-	970,841	-	**993,104**
Trade payables	-	-	-	6,997	-	**6,997**
	288	**21,975**	-	**977,838**	-	**1,000,101**

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

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

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial Risk Factors *(continued)*

Credit risk

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

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

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

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

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

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

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

Interest rate risk

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

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.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial Risk Factors *(continued)*

Liquidity risk *(continued)*

Bank borrowings maturity periods are detailed in note 15. Trade and other payables are payable within one year.

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

3.2 Capital Risk Management

The Group's objectives when managing capital are:

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

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

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

	THE GROUP		THE COMPANY	
	2015 Rs'M	2014 Rs'M	**2015 Rs'M**	2014 Rs'M
Total debt	**4,708**	4,561	**1,174**	993
Total equity	**4,579**	4,078	**2,367**	2,134
Total capital	**9,287**	8,639	**3,541**	3,127
Debt-to-capital ratio	**50.7%**	52.8%	**33.2%**	31.8%

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) **Depreciation policies**

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group would currently obtain from disposal of the asset if the asset 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

4.1 Critical accounting estimates and assumptions *(continued)*

(b) **Deferred tax assets arising from tax losses**

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

(c) **Pension benefits**

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

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

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

The Group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired.

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

(e) **Revaluation of property, plant and equipment**

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

(f) **Estimated impairment of goodwill**

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

5 PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP

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

(b) THE GROUP

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

5 PROPERTY, PLANT AND EQUIPMENT *(continued)*

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

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

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

	THE GROUP	
	2015 Rs'000	20143 Rs'000
Cost	**147,426**	147,426

(e) Additions include Rs 18.3 m (2014: Rs 6.2m) 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, 2015	1,011	51,531	5,133	23,028	80,703
Additions	514	11,632	272	1,435	13,853
Disposals	-	(9,543)	-	-	(9,543)
At December 31, 2015	**1,525**	**53,620**	**5,405**	**24,463**	**85,013**
Depreciation					
At January 1, 2015	584	43,803	3,258	19,214	66,859
Charge for the year	115	6,580	458	2,024	9,177
Disposal adjustment	-	(9,543)	-	-	(9,543)
At December 31, 2015	**699**	**40,840**	**3,716**	**21,238**	**66,493**
Net Book Values					
At December 31, 2015	**826**	**12,780**	**1,689**	**3,225**	**18,520**

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, 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**

(h) The addition to assets under finance leases for the Company during the year 2015 was Rs 11.7m (2014: Rs nil).

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

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Cost	**110,707**	89,774	**46,051**	34,419
Accumulated depreciation	**(72,578)**	(51,751)	**(33,270)**	(26,691)
Net book amount	**38,129**	38,023	**12,781**	7,728

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

(b) THE COMPANY

	Computer software	
	2015 Rs'000	2014 Rs'000
Cost		
At January 1,	**6,414**	6,147
Additions	**9,893**	267
At December 31,	**16,307**	6,414
Amortisation		
At January 1,	**4,520**	3,362
Charge for the year	**2,910**	1,158
At December 31,	**7,430**	4,520
Net Book Values		
At December 31,	**8,877**	1,894

(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 (CGUS) identified according to country of operation and business segment. The recoverable amount of a CGU is determined based on its value in use. These calculations use cash flows based on financial projections covering a period of 6-year and therafter the cashflow are extrapolated using a growth rate of 3%. The pre-tax discount rate used in the years approximates 12%.

7 INVESTMENTS IN SUBSIDIARY COMPANIES (UNQUOTED)

	THE COMPANY	
	2015 Rs'000	2014 Rs'000
Cost		
At January 1,	**1,563,722**	1,738,810
Shareholder's loan repaid	-	(175,088)
At December 31,	**1,563,722**	1,563,722

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

Name of corporation	Nominal value of investment Rs'000	Proportion of ownership interest Direct 2015 & 2014 %	Indirect 2015 %	Indirect 2014 %	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	100	Mauritius	Mauritius	32	Management Company
LRM Services Ltd	32	-	100	100	Mauritius	Mauritius	32	Management Company
LRM Company Ltd *	227	-	75	75	Seychelles	British Virgins Islands	302	Management Company
Moofushi Development Ltd	3	-	100	100	Maldives	Mauritius	3	Hotel Industry
The Waterfront PVT Ltd	48	-	100	100	Maldives	Maldives	48	Hotel Industry
Halaveli Development Ltd	30	-	100	100	Mauritius	Mauritius	30	Investment Holding

* The proportion of ownership held by non controlling interest for LRM Company Ltd is 25% for both year 2015 and 2014.

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

8 INVESTMENTS IN ASSOCIATED COMPANIES

(a) THE COMPANY

	2015 Rs'000	2014 Rs'000
Unquoted - cost		
At January 1, and December 31,	**6,510**	6,510

8 INVESTMENTS IN ASSOCIATED COMPANIES *(continued)*

(b) THE GROUP

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

Investment in associates at December 31, 2015 include goodwill of Rs 16 m (2014: 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**	
				2015 %	2014 %	**2015 %**	2014 %
Le Refuge du Pêcheur Limited and its subsidiary	December 31, 2015	Seychelles	Seychelles	-	-	**25.42**	25.42
Ampasy Ltd and its subsidiary	December 31, 2015	Mauritius	Mauritius	-	-	**37.50**	37.50
Constance Corporate Management Limited	December 31, 2015	Mauritius	Mauritius	**42.00**	42.00	-	-

(i) All the above associates are private companies with no quoted market price for their shares and 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**
2015								
Le Refuge du Pêcheur Limited and its subsidiary	611,129	5,281,274	1,727,938	2,163,045	2,194,268	(138,312)	(22,852)	-
2014								
Le Refuge du Pêcheur Limited and its subsidiary	556,144	5,305,031	1,150,619	2,286,274	2,127,355	(38,647)	14,441	-

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	Effect of exchange difference Rs'000	Closing net assets Rs'000	Ownership interest %	Interest in associates Rs'000	Loan to associate Rs'000	Goodwill Rs'000	Carrying value Rs'000
2015										
Le Refuge du Pêcheur Limited and its subsidiary	1,627,470	(138,312)	(22,852)	40,685	1,506,991	25.42%	383,077	275,800	15,952	674,829
2014										
Le Refuge du Pêcheur Limited and its subsidiary	1,803,619	(38,647)	14,441	(151,943)	1,627,470	25.42%	413,703	268,625	15,952	698,280

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

	2015 Rs'000	2014 Rs'000
Carrying amount of interests	**26,625**	27,046
Share of profit/(loss)	**280**	(3,352)
Share of other comprehensive income	**(701)**	(857)
Share of total comprehensive income	**(421)**	(4,209)

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

9 INVESTMENTS IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

(a) Investments in financial assets consist of shares held in Ecocentre Limited. These shares are unquoted, denominated in Mauritian Rupee and will be held indefinitely. The directors consider the cost of those investments to be their fair values.

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

10 DEFERRED INCOME TAX

(a) Deferred income taxes are calculated on all temporary differences under the liability method at 15% (2014: 15%). There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred income tax assets and liabilities when the deferred income taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the statements of financial position:

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Deferred tax assets	**67,348**	43,357	**17,279**	16,684
Deferred tax liabilities	**(59,732)**	(50,382)	-	-
Net deferred income tax assets	**7,616**	(7,025)	**17,279**	16,684

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

(c) The movement on the deferred income tax

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
At January 1,	**(7,025)**	(23,873)	**16,684**	14,017
Credited to profit or loss (note 19(b))	**23,739**	14,047	**1,654**	2,279
(Charged)/credited to other comprehensive income	**(9,098)**	2,801	**(1,059)**	388
At December 31,	**7,616**	(7,025)	**17,279**	16,684

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

(i) Deferred tax liabilities

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

10 DEFERRED INCOME TAX *(continued)*

(ii) Deferred tax assets

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

(iii) Deferred tax assets

	THE COMPANY		
	Accelerated tax depreciation Rs'000	**Retirement benefit obligations Rs'000**	**Total Rs'000**
At January 1, 2014	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**
Credited to profit or loss	702	952	1,654
Charged to other comprehensive income	-	(1,059)	(1,059)
At December 31, 2015	**10,099**	**7,180**	**17,279**

11 INVENTORIES

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
At Cost/Net Realisable Value				
Food and Beverages	**134,536**	123,235	-	-
Operating supplies	**45,505**	42,586	-	-
Maintenance	**58,207**	56,767	-	-
Sales products	**22,897**	22,711	-	-
Others	**12,033**	10,087	**1,156**	1,643
	273,178	255,386	**1,156**	1,643

(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 837.0 million (2014: Rs 725.7 million) for the Group.

12 TRADE AND OTHER RECEIVABLES

		THE GROUP		THE COMPANY	
		2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
(a)	Trade receivables	**428,548**	397,608	-	-
	Less : Provision for impairment (note 12(b))	**(96,420)**	(88,840)	-	-
	Net trade receivables	**332,128**	308,768	-	-
	Receivable from group companies:				
	- Subsidiary companies	-	-	**2,204,208**	1,740,064
	- Associated companies	**411,941**	182,921	**13,487**	22,990
	Other receivables	**148,666**	143,804	**13,019**	20,463
		892,735	635,493	**2,230,714**	1,783,517

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

(b) Provision for impairment of trade receivables

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
At January 1,	**88,840**	86,289	-	-
Release for the year	**(824)**	-	-	-
Charge for the year	**8,404**	2,551	-	-
At December 31,	**96,420**	88,840	-	-

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

13 STATED CAPITAL

		Number of shares	**Ordinary shares Rs'000**	**Share premium Rs'000**	**Total Rs'000**
(a)	**Issued shares**				
	At January 1, 2014	63,964,454	639,645	297,138	936,783
	Proceeds from rights issue	45,688,895	456,889	776,711	1,233,600
	Issue cost	-	-	(16,988)	(16,988)
	At December 31, 2014 & 2015	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.

14 REVALUATION AND OTHER RESERVES

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	Rs'000	**Rs'000**	Rs'000
The movements in each category are as follows:				
Revaluation surplus				
At January 1,	**1,382,299**	1,390,930	-	-
Transfer to retained earnings	**(6,307)**	(8,631)	-	-
At December 31,	**1,375,992**	1,382,299	-	-
Translation of foreign operations				
At January 1,				
As previously reported	**(47,625)**	156,821	-	-
Prior year adjustment (note 26)	**175,935**	(39,792)	-	-
As restated	**128,310**	117,029	-	-
Movement during the year	**360,224**	11,281	-	-
At December 31,	**488,534**	128,310	-	-
Actuarial losses				
At January 1,	**(56,128)**	(40,257)	**(18,158)**	(15,958)
Movement during the year	**14,257**	(15,871)	**5,999**	(2,200)
At December 31,	**(41,871)**	(56,128)	**(12,159)**	(18,158)
Total	**1,822,655**	1,454,481	**(12,159)**	(18,158)

(a) **Revaluation surplus**

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

(b) **Translation of foreign operations**

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

(c) **Actuarial losses**

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

15 BORROWINGS

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	Rs'000	**Rs'000**	Rs'000
Non-current				
Loans - USD	**1,207,922**	1,614,691	-	-
- EUR	**159,249**	52,386	-	-
- MUR	**2,158,543**	2,090,988	**997,659**	900,464
Finance lease liabilities	**30,264**	33,451	**10,564**	6,789
	3,555,978	3,791,516	**1,008,223**	907,253

5 BORROWINGS *(continued)*

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current				
Bank overdrafts	**396,003**	291,101	**64,011**	35,636
Loans - USD	**540,750**	388,109	**-**	-
- EUR	**41,355**	26,916	**-**	-
- MUR	**153,001**	45,000	**95,000**	45,000
Finance lease liabilities	**20,518**	18,509	**6,651**	5,215
	1,151,627	769,635	**165,662**	85,851
Total borrowings	**4,707,605**	4,561,151	**1,173,885**	993,104

(a) Finance lease liabilities - minimum lease payments:

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	Rs'000	**Rs'000**	Rs'000
Not later than 1 year	**23,503**	21,701	**7,786**	6,033
Later than one year and not later than two years	**17,550**	18,803	**4,734**	4,979
Later than two years and not later than five years	**13,119**	17,302	**7,110**	2,322
After five years	**2,567**	-	**-**	-
	56,739	57,806	**19,630**	13,334
Future finance charges on finance leases	**(5,957)**	(5,846)	**(2,415)**	(1,330)
Present value of finance lease liabilities	**50,782**	51,960	**17,215**	12,004
The present value of finance lease liabilities may be analysed as follows:				
Not later than one year	**20,518**	18,509	**6,651**	5,215
Later than one year and not later than two years	**15,300**	17,004	**4,070**	4,579
Later than two years and not later than five years	**12,717**	16,447	**6,494**	2,210
After five years	**2,247**	-	**-**	-
	50,782	51,960	**17,215**	12,004

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

(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%.

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

15 BORROWINGS *(continued)*

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

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
After one year and before two years	**515,940**	651,915	**54,070**	54,579
After two years and before three years	**583,750**	434,519	**50,000**	51,832
After three years and before five years	**784,211**	718,347	**104,269**	100,378
After five years	**1,672,077**	1,986,735	**799,884**	700,464
	3,555,978	3,791,516	**1,008,223**	907,253

(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	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Amounts recognised in the statements of financial position:				
Defined pension benefits (note (a)(ii))	**97,689**	101,272	**47,428**	48,199
Other post retirement benefits (note (b)(i))	**1,249**	1,156	**59**	-
	98,938	102,428	**47,487**	48,199
Analysed as follows :				
Non-current liabilities	**98,938**	102,428	**47,487**	48,199
	98,938	102,428	**47,487**	48,199
Amounts charged to profit or loss:				
- Defined pension benefits (note (a)(v))	**23,067**	20,174	**10,150**	9,343
- Other post retirement benefits (note (b))	**168**	85	**-**	-
	23,235	20,259	**10,150**	9,343
Amount charged to other comprehensive income:				
- Defined pension benefits (note (a)(vi))	**(16,696)**	18,609	**(7,117)**	2,588
- Other post retirement benefits (note (b))	**(75)**	63	**59**	-
	(16,771)	18,672	**(7,058)**	2,588

(a) **Defined pension benefits**

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

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

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

16 RETIREMENT BENEFIT OBLIGATIONS *(continued)*

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

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

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Present value of funded obligations	**274,137**	271,618	**109,683**	109,642
Fair value of plan assets	**(176,448)**	(170,346)	**(62,255)**	(61,443)
Liability in the statements of financial position	**97,689**	101,272	**47,428**	48,199

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

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
At January 1,	**101,272**	74,898	**48,199**	40,067
Charged to profit or loss	**23,067**	20,174	**10,150**	9,343
(Credited)/charged to other comprehensive income	**(16,696)**	18,609	**(7,117)**	2,588
Contributions paid	**(9,954)**	(12,409)	**(3,804)**	(3,799)
At December 31,	**97,689**	101,272	**47,428**	48,199

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

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
At January 1,	**271,618**	229,225	**109,642**	95,603
Current service cost	**13,411**	12,466	**5,828**	5,623
Interest expense	**19,538**	16,834	**7,875**	7,081
Actuarial losses	**(18,583)**	15,460	**(7,724)**	1,461
Benefits paid	**(11,847)**	(2,367)	**(5,938)**	(126)
At December 31,	**274,137**	271,618	**109,683**	109,642

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

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
At January 1,	**170,346**	154,327	**61,443**	55,536
Return on plan assets	**11,792**	11,076	**4,204**	3,994
Actuarial losses	**(1,890)**	(3,149)	**(607)**	(1,127)
Scheme expenses	**(396)**	(494)	**(150)**	(151)
Cost of insuring risk benefits	**(1,511)**	(1,456)	**(501)**	(482)
Contributions by the employer	**9,954**	12,409	**3,804**	3,799
Benefits paid	**(11,847)**	(2,367)	**(5,938)**	(126)
At December 31,	**176,448**	170,346	**62,255**	61,443

16 RETIREMENT BENEFIT OBLIGATIONS *(continued)*

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

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

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Current service cost	**13,411**	12,466	**5,828**	5,623
Scheme expenses	**396**	494	**150**	151
Cost of insuring risk benefits	**1,511**	1,456	**501**	482
Net interest expense	**7,749**	5,758	**3,671**	3,087
Total included in employee benefit expense	**23,067**	20,174	**10,150**	9,343

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

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Actual return on plan assets	**9,901**	7,929	**3,596**	2,867

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

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Liability experience losses/(gains)	**(5,803)**	15,460	**(1,731)**	1,461
Actuarial gains arising from changes in financial assumptions	**(12,781)**	-	**(5,993)**	-
Actuarial (gains)/losses	**(18,584)**	15,460	**(7,724)**	1,461
Return on plan assets excluding interest income	**1,888**	3,149	**607**	1,127
	(16,696)	18,609	**(7,117)**	2,588

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

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

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

16 RETIREMENT BENEFIT OBLIGATIONS *(continued)*

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

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

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
December 31,				
Discount rate (1% movement)	**28,192**	28,418	**10,276**	10,458
Future long term salary (1% movement)	**34,127**	28,629	**12,315**	11,188

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

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

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

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

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

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

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

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

(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 statements of financial position are as follows:

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Present value of unfunded obligations	**1,249**	1,156	**59**	-

16 RETIREMENT BENEFIT OBLIGATIONS *(continued)*

(b) **Other post retirement benefits** *(continued)*

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

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
At January 1,	**1,156**	1,008	-	-
Included in profit or loss				
Current service cost	**81**	14	-	-
Net interest expense	**87**	71	-	-
	168	85	-	-
Included in other comprehensive income				
Actuarial (gains)/losses	**(75)**	63	**59**	-
At December 31,	**1,249**	1,156	**59**	-

17 TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Trade payables	**230,178**	229,711	**13,322**	6,997
Payable to group companies:				
- Subsidiary companies	-	-	**166,560**	161,540
- Associated companies	**21,665**	16,318	**21,665**	16,318
Other payables	**471,574**	419,744	**42,064**	43,951
	723,417	665,773	**243,611**	228,806

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

18 DIVIDEND

	THE GROUP AND THE COMPANY	
	2015 Rs'000	2014 Rs'000
Amounts recognised as distributions to equityholders in the year:		
Final dividend declared for the year ended December 31, 2015 of Rs 0.25 per share	**27,413**	-
Interim dividend declared and paid for the year ended December 31, 2015 of Rs 0.50 per share	**54,827**	-
	82,240	-

19 INCOME TAX

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) **Amounts recognised in the statements of financial position are as follows:**				
Current tax liabilities	**91,394**	97,385	**-**	-

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

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

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current tax on the adjustment profit for the year at 15% (2014: 15%)	**54,612**	65,388	**-**	-
Withholding tax	**19,710**	20,689	**-**	-
Penalty and interest	**16,516**	-	**-**	-
Under provision in previous years	**11,877**	49,146	**-**	-
Deferred income tax (note 10(c))	**(23,739)**	(14,047)	**(1,654)**	(2,279)
Charged/(credited) to profit or loss	**78,976**	121,176	**(1,654)**	(2,279)

(c) **Withholding tax**

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

(d) **Tax reconciliation**

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

	THE GROUP		THE COMPANY	
	2015	2014	**2015**	2014
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before taxation	**308,875**	270,666	**307,096**	6,646
Add : Loss of associates	**34,879**	13,176	**-**	-
	343,754	283,842	**307,096**	6,646
Tax calculated at a rate of 15% (2014: 15%)	**51,563**	42,576	**46,064**	997
Expenses not deductible for tax purposes	**21,984**	59,786	**827**	2,978
Withholding and foreign tax	**34,169**	36,533	**-**	-
Income not subject to tax	**(43,774)**	(54,109)	**(38,023)**	(1,608)
Deemed tax credit	**(24,849)**	(32,955)	**-**	-
Utilisation of previously unrecognised tax losses	**(10,522)**	(4,646)	**(10,522)**	(4,646)
Other adjustments	**16,209**	8,573	**-**	-
Penalty interest	**16,515**	-	**-**	-
Under provision in previous years	**11,877**	49,146	**-**	-
Tax loss which no deferred income tax was recognised	**5,804**	16,272	**-**	-
Charged/(credited) to profit or loss	**78,976**	121,176	**(1,654)**	(2,279)

20 OPERATING PROFIT

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
The operating profit is arrived at:				
after crediting:				
Other operating income	**2,077**	5,613	-	4,111
Interest income	**13,321**	7,494	**116,410**	54,776
Net foreign exchange transaction gains	**47,766**	38,835	**201,613**	42,866
Dividend income	-	-	**74,985**	-
Profit on disposal of property, plant and equipment	**2,610**	645	**1,861**	175
after charging:				
Cost of sales	**1,212,078**	1,123,900	-	-
Operating expenses	**1,206,947**	1,057,638	-	-
Administrative expenses	**766,597**	752,562	**8,198**	2,341

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

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Depreciation - owned assets	**375,757**	351,520	**2,597**	2,780
- leased assets	**19,700**	17,955	**6,580**	6,884
Amortisation of intangible assets	**46,332**	46,921	**2,910**	1,158
Staff costs*	**889,494**	806,551	-	-

*Staff costs for the Company amounting to Rs 153.4 million for the year ended December 31, 2015 have been allocated to other companies in the Group (2014: Rs 161.2 million).

21 FINANCE COSTS

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Interest expense:				
- Bank overdrafts	**15,641**	130,635	**1,772**	17,971
- Bank and other borrowings repayable by instalments	**263,985**	228,329	**74,951**	72,145
- Other interests	**2,493**	768	**2,852**	2,825
Total borrowing costs	**282,119**	359,732	**79,575**	92,941

22 EARNINGS PER SHARE

		THE GROUP		THE COMPANY	
		2015	2014	**2015**	2014
Profit attributable to equityholders	Rs'000	**208,193**	130,783	**308,750**	8,925
Weighted average number of ordinary shares		**109,653**	77,546	**109,653**	77,546
Earnings per share	Rs	**1.90**	1.69	**2.82**	0.12

23 NOTES TO THE STATEMENTS OF CASH FLOWS

		THE GROUP		THE COMPANY	
		2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
(a)	**Bank balances and cash**				
	Cash and cash eqivalents	**92,110**	73,775	**11,986**	16,154
	Bank overdrafts (note 15)	**(396,003)**	(291,101)	**(64,011)**	(35,636)
		(303,893)	(217,326)	**(52,025)**	(19,482)

(b) **Non-cash transactions**

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Acquisition of property, plant and equipment using finance lease	**18,295**	6,184	**11,684**	-

24 COMMITMENTS

		THE GROUP	
		2015 Rs'000	2014 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	**40,626**	18,285

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

The Group leases land under non-cancellable operating lease agreements. These leases have varying terms, escalation clauses, and renewal and lease extension rights. The lease renewals are at the specific entity that hold the lease.

There are no purchase options attached to the lease. There are no restriction imposed on the Group by the lease arrangements other than in respect of the specfic land being leased.

24 COMMITMENTS *(continued)*

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

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

25 CONTINGENCIES

		THE GROUP		THE COMPANY	
		2015	2014	**2015**	2014
		Rs'000	Rs'000	**Rs'000**	Rs'000
(a)	**Contingent liabilities**				
	Bank guarantees to third parties	**276**	236	**96**	196

26 RESTATEMENT OF COMPARATIVE FIGURES

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

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

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

THE GROUP	**Property, plant and equipment Rs'000**	**Intangible assets Rs'000**	**Translation reserve Rs'000**	**Investment in associated company Rs'000**	**Retained earnings Rs'000**
2014					
As previously reported	6,605,746	1,055,652	(47,625)	805,462	550,039
Prior year adjustment	100,010	75,925	175,935	(80,136)	(80,136)
As restated	**6,705,756**	**1,131,577**	**128,310**	**725,326**	**469,903**
2013					
As previously reported	6,856,294	1,094,160	156,821	773,209	411,890
Prior year adjustment	(64,586)	24,794	(39,792)	(81,401)	(81,401)
As restated	**6,791,708**	**1,118,954**	**117,029**	**691,808**	**330,489**

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

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

27 RELATED PARTY TRANSACTIONS

	Sales of goods and services		Purchase of goods and services		Management fees/ Financial income/ (charges)	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
THE GROUP						
Enterprises with common shareholders	**-**	-	**(26,815)**	(26,031)	**(2,667)**	(2,657)
Associated companies	**1,572**	1,681	**-**	(23)	**107,097**	107,342
THE COMPANY						
Subsidiaries	**-**	-	**-**	-	**117,715**	59,591
Enterprises with common shareholders	**-**	-	**(920)**	(911)	**-**	(1,557)
Associated companies	**-**	-	**-**	-	**(28,551)**	(26,950)

	Amount due (to)/from	
	2015 Rs'000	2014 Rs'000
THE GROUP		
Enterprises with common shareholders	**(27)**	(27)
Associated companies	**390,276**	166,603
THE COMPANY		
Subsidiaries	**2,037,648**	1,578,524
Enterprises with common shareholders	**-**	-
Associated companies	**(8,178)**	6,672

	THE GROUP		THE COMPANY	
	2015 Rs'000	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Key management personnel compensation:				
Short term employee benefit	**114,424**	106,774	**81,893**	75,709
Post-employment benefit	**2,374**	2,287	**2,341**	2,256
Retirement benefit	**-**	3,000	**-**	-
	116,798	112,061	**84,234**	77,965

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

(b) The oustanding balances at year end are unsecured and settlement occurs in cash.

(c) There has been no guarantees provided or received for any related party receivables and payables.

(d) For the year ended 2015, the Group has not recorded any impairment of receivables relating to amount owed by related parties (2014: Nil)

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	**2015 Rs'000**	2014 Rs'000	**2015 Rs'000**	2014 Rs'000
Mauritius	**1,715,111**	1,582,943	**4,619,189**	4,540,494
Maldives	**2,030,610**	1,942,144	**4,440,560**	4,066,067
Total	**3,745,721**	3,525,087	**9,059,749**	8,606,561

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

Notice of Annual Meeting of Shareholders

Notice is hereby given that the Annual Meeting of the shareholders of the Company will be held on Wednesday, 8 June 2016, at 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 2015
2. To receive the report of BDO & Co., the external auditors of the Company
3. To adopt the Audited Financial Statements of the Company and the Group for the year ended 31 December 2015
4. To authorise the Board of Directors to fix the remuneration of the external auditors, BDO & Co., who have expressed their willingness to continue to act as external auditors of the Company and will be automatically reappointed
5. To appoint Mr Colin Taylor as a non-executive director of the Company
6. By separate resolutions and in accordance with article 21.2 (1) of the Constitution of the Company, to re-elect the following persons who, retiring by rotation, offer themselves for re-election as directors of the Company:
    a. Mr Noel Adolphe Vallet
    b. Mr Nicolas Boullé
    c. Mr George J. Dumbell
7. Shareholders' questions.

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

12 May 2016

Notes

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

The instrument appointing a proxy, any general power of attorney or written resolution appointing a representative should reach the Company Secretary, at the registered office of the Company, 5th Floor, Labama House, 35 Sir William Newton Street, Port Louis, not less than 24 hours prior to the time scheduled for the meeting, i.e. by 09.30 a.m. on Tuesday, 7 June 2016 (being the last business day before the meeting). In default, the instrument of proxy shall not be treated as valid.

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

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

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, 8 June 2016, 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 adopt the Audited Financial Statements of the Company and the Group for the year ended 31 December 2015			
4	To authorise the Board of Directors to fix the remuneration of the external auditors, BDO & Co., who have expressed their willingness to continue to act as external auditors of the Company and will be automatically reappointed			
5	To appoint Mr Colin Taylor as a non-executive director of the Company			
6	By separate resolutions and in accordance with article 21.2 (1) of the Constitution of the Company, to re-elect the following persons who, retiring by rotation, offer themselves for re-election as directors of the Company: a. Mr Noel Adolphe Vallet b. Mr Nicolas Boullé c. Mr George J. Dumbell			

Dated this day of 2016

Signature(s)

Notes

1. *Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will exercise his/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, 7 June 2016 (being the last business day before the meeting). In default, the instrument of proxy shall not be treated as valid.*

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

Constance Hotels Services Limited

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MAURITIUS | SEYCHELLES | MALDIVES | MADAGASCAR