

EIH INTERNATIONAL LTD

BOARD

Mr. P. R. S. Oberoi
Mr. S. S. Mukherji
Mr. Deepak Madhok

AUDITORS

Ernst & Young
Ernst & Young Building
121, King William Street
Adelaide SA 5000
Australia

REGISTERED OFFICE

Romasco Place, Wickhams Cay 1,
Road Town, Tortola,
British Virgin Islands

DIRECTORS' REPORT

DIRECTORS

The Directors have pleasure in submitting the Statement of Financial Position of EIH International Ltd (the 'Company') as at 31 March 2011, and the related Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended and report as follows :

The names of the Directors in office at the date of this report are :

P R S Oberoi

S S Mukherji

Deepak Madhok

PRINCIPAL ACTIVITY

The principal activity of the Company during the course of the year was investment. There were no significant changes in activities of the Company during the year.

RESULTS

The net profit for the year was \$10,594,553 (2010 : \$218,182), after provision for income tax expense of \$Nil (2010 : \$Nil).

EVENTS AFTER THE BALANCE DATE

No material matters or circumstances have arisen since the end of the year that require disclosure in the Financial Statements.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Company's operations are not regulated by any significant environmental regulation.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no significant changes in state of affairs.

The results of the Company operations during the year have not, in the opinion of the Directors, been affected by any item, transaction or event of a material or unusual nature.

DIVIDENDS

During the year a dividend totalling \$19,000,000 (2010 : \$Nil) was declared and paid.

DIRECTORS' REMUNERATION

No Director has received or become entitled to receive a benefit, other than benefits disclosed in the financial statements or the fixed salary of a full-time employee of the Company or a related body corporate, by reason of a contract made by the Company or a related body corporate with the Director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

SHARE OPTIONS

No options over issued shares or interests in the Company were granted during or since the end of the year and there were no options outstanding at the date of this report.

AUDITORS INDEPENDENCE

A copy of the Auditor's Independence declaration is attached to this financial report.

This report has been made in accordance with a resolution of Directors.

Melbourne
19 May, 2011

DEEPAK MADHOK
Director

Statement of Comprehensive Income for the year ended 31 March 2011

(Expressed in United States dollars)

	Note	31 March 2011 \$	31 March 2010 \$
Continuing Operations			
Turnover	3	11,758,669	319,230
Cost of Sales		—	—
Gross Profit		<u>11,758,669</u>	<u>319,230</u>
Operating Expenses			
Administration and General Expenses		1,246,919	100,319
Other Expenses		9,770	729
Total Operating Expenses		<u>1,256,689</u>	<u>101,048</u>
Other Income/(Expense)			
Other Income		92,573	—
Total Other Income		<u>92,573</u>	—
Profit/(Loss) before taxation	4	10,594,553	218,182
Taxation	5	—	—
Profit/(Loss) after taxation		<u>10,594,553</u>	<u>218,182</u>
Other Comprehensive Income			
Other Comprehensive Income		—	—
Total Comprehensive Income		<u>10,594,553</u>	<u>218,182</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 31 March 2011

(Expressed in United States dollars)

	Note	31 March 2011 \$	31 March 2010 \$
Non-Current Assets			
Amount due from related parties	8	4,882,355	–
Investments	7	77,675,314	32,675,314
Total Non-Current Assets		<u>82,557,669</u>	<u>32,675,314</u>
Current Assets			
Cash and cash equivalents	9	588,024	1,535,073
Amounts due from related parties		–	12,084,664
Total Current Assets		<u>588,024</u>	<u>13,619,737</u>
Total Assets		<u>83,145,693</u>	<u>46,295,051</u>
Current Liabilities			
Trade and other payables	10	75,000	–
Total Current Liabilities		<u>75,000</u>	<u>–</u>
Non-Current Liabilities			
Amounts due to related parties	11	181,089	–
Total Non-Current Liabilities		<u>181,089</u>	<u>–</u>
Total Liabilities		<u>256,089</u>	<u>–</u>
Net Assets		<u>82,889,604</u>	<u>46,295,051</u>
Equity			
Share Capital	12	89,607,800	44,607,800
Retained Earnings		(6,718,196)	1,687,251
Total Equity		<u>82,889,604</u>	<u>46,295,051</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 31 March 2011

(Expressed in United States dollars)

	Note	Share Capital \$	Retained earnings \$	Total Equity \$
As at 1 April 2010	12	44,607,800	1,687,251	46,295,051
Issued during the year		45,000,000	–	45,000,000
Profit for year		–	10,594,553	10,594,553
Other Comprehensive Income		–	–	–
Dividend paid		–	(19,000,000)	(19,000,000)
As at 31 March 2011	12	<u>89,607,800</u>	<u>(6,718,196)</u>	<u>82,889,604</u>
As at 1 April 2009	12	44,607,800	1,469,069	46,076,869
Profit for the year		–	218,182	218,182
Other Comprehensive Income		–	–	–
As at 31 March 2010	12	<u>44,607,800</u>	<u>1,687,251</u>	<u>46,295,051</u>

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 31 March 2011

(Expressed in United States dollars)

	31 March 2011 \$	31 March 2010 \$
Cash Flows from Operating Activities		
Profit before taxation	10,594,553	218,182
<i>Adjustment for:</i>		
Interest income	(276,529)	(255,693)
Dividend received	(11,482,140)	(63,538)
Impact on Foreign Currency translation	(92,573)	–
<i>(Increase)/Decrease in assets:</i>		
Decrease in receivables	181,087	–
<i>(Decrease)/Increase in Liabilities:</i>		
(Decrease)/Increase in payables	75,000	–
Cash generated used by operations	<u>(1,000,602)</u>	<u>(101,049)</u>
Interest paid	–	–
Taxes paid	–	–
Net Cash Flows used by operating activities	<u>(1,000,602)</u>	<u>(101,049)</u>
Cash Flows from Investing Activities		
Dividend received	11,482,140	63,538
Repayment of advance to related party	–	724,800
Payment for acquisition of investments	(45,000,000)	–
Interest received	169	216
Dividend paid	(19,000,000)	–
Net Cash Flows (used by)/from investing activities	<u>(52,517,691)</u>	<u>788,554</u>
Cash Flows from financing activities		
Proceeds from issuance of shares	45,000,000	–
Proceeds from related party borrowings	7,571,244	–
Net Cash Flows from financing activities	<u>52,571,244</u>	<u>–</u>
Net (decrease)/increase in cash and cash equivalents	(947,049)	687,505
Cash and cash equivalents at beginning of year	1,535,073	847,568
Effect of exchange rate changes on cash balances	–	–
Cash and cash equivalents at end of year (Note 9)	<u>588,024</u>	<u>1,535,073</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 31 March 2011

1. Corporate Information

The financial report of EIH International Ltd (the "Company") for the year ended 31 March 2011 was authorised for issue on 19 May 2011.

EIH International Ltd is a Company limited by shares and incorporated in British Virgin Island. The principal activity of the Company during the course of the year was investment and management.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial report has been prepared in accordance with the requirements of the International Financial Reporting standards ('IFRS').

The financial report has also been prepared on a historical cost basis.

The financial report is presented in United States dollars and all values are rounded to the nearest dollars unless otherwise stated.

(b) Compliance with IFRS

The financial report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(c) Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

(d) Foreign Currencies Translation

Transactions in foreign currency are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into United States dollars at the exchange rates ruling at the balance date.

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

Exchange gains and losses on foreign currency translation are dealt with in the Statement of Comprehensive Income account.

(e) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Receivables

Receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

(g) Investments

Other investments are carried at cost, less provision for any permanent diminution in value. Investments in subsidiaries are recorded at cost less provision for any permanent diminution in value.

Notes to the Financial Statements (*Contd...*)

2. Summary of Significant Accounting Policies (*Contd...*)

(h) Payables

Payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

(j) Taxation

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred taxation is calculated under the liability method in respect of the taxation effect arising from all timing differences between profit as computed for taxation purposes and profit as stated in the financial statements which are expected with reasonable probability to crystallise in the foreseeable future.

(k) Contributed Equity

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

(l) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

(i) *Rendering of Services*

Revenue from management and service fees received as hotel operators and managers for services rendered to hotel is recognised by reference to the billing to the customers.

(ii) *Interest Income*

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Notes to the Financial Statements (*Contd...*)**3. Turnover**

Turnover represents income from management and service fees received as hotel operators and managers for services rendered to hotels, royalty, dividend and interest income.

(Expressed in United States dollars)

	31 March 2011	31 March 2010
	\$	\$
Royalty	–	–
Dividends	11,482,140	63,538
Interest	276,529	255,692
	<u>11,758,669</u>	<u>319,230</u>

4. Profit Before Taxation

Profit before taxation is arrived at after charging and crediting :

	31 March 2011	31 March 2010
	\$	\$
After charging :		
Audit remuneration:		
– audit of financial report	99,953	9,010
– accounting advice	135,000	–
	<u>234,953</u>	<u>9,010</u>

5. Taxation

- (a) No provision has been made for income tax as the Company did not earn income subject to tax.
- (b) No provision for deferred taxation has been made as the effect of all timing differences is immaterial.

6. Directors' Remuneration

	31 March 2011	31 March 2010
	\$	\$
Fees	–	–
Other emoluments	–	–
	<u>–</u>	<u>–</u>

Notes to the Financial Statements (*Contd...*)

7. Investments

Investments in Subsidiaries

31 March 2011	31 March 2010
\$	\$
<u>55,243,814</u>	<u>15,343,814</u>

Unlisted shares, at cost

Details of the subsidiaries are as follows:

Name	Place of Incorporation	Percentage of equity attributable to the Company		Principal Activities	Directors
		Directly	Indirectly		
EIH Holdings Ltd	British Virgin Islands	93.57	6.43	Hotel Investment and Management	Mr. P.R.S. Oberoi Mr. D. Madhok
EIH Marrakech Limited	British Virgin Islands	100	–	Investment	Mr. P.R.S. Oberoi Mr. S.S. Mukherji Mr. D. Madhok
PT Widja Putra Karya	Indonesia	21.11	48.89	Hotel owner	I Wayan Pasek I Ketut Siandana Kamal K. Kaul
PT Waka Oberoi Indonesia	Indonesia	26.2	57.13	Hotel owner	I Wayan Pasek I Ketut Siandana Kamal K. Kaul
J&W Hongkong Limited	Hongkong	100	–	Investment	Mr. P.R.S. Oberoi Mr. D. Madhok
EIHH Corporation Ltd.	Hongkong	–	100	Investment	Mr. P.R.S. Oberoi Mr. D. Madhok
EIH Investment N.V.	Netherlands Antilles	–	100	Investment and Management	ATC Trustees (Curacao) NV
EIH Management Services B.V.	Netherlands Antilles	–	100	Hotel Management and Investment	TMF Management B.V.
Oberoi Turtle Bay	Mauritius	–	100	Hotel Management	Mrs. P. Koenig Ms. Veronique Magny-Antoine
PT Astina Graha Ubud	Indonesia	–	60	Hotel Development	Kamal K. Kaul I Wayan Pasek Tjokorda Raka Kerthayasa

Other Investments

31 March 2011	31 March 2010
\$	\$
<u>22,431,500</u>	<u>17,331,500</u>

Other Investments

Other investments represent investments in Oberoi Mauritius Limited and Tourism Investment Company at Sahl Hasheesh. (In the prior year, other investments also included EIH Holdings Ltd, PT Widja Putra Karya, PT Waka Oberoi Indonesia and J&W Hongkong Limited, which became subsidiaries in the current year).

31 March 2011	31 March 2010
\$	\$
<u>77,675,314</u>	<u>32,675,314</u>

Total Investments

Notes to the Financial Statements (*Contd...*)**8. Amount Due from Related Parties**

The amounts due from related parties are unsecured, non-interest bearing and without predetermined repayment terms.

9. Cash and Cash Equivalents

	31 March 2011	31 March 2010
	\$	\$
Cash at Bank	<u>588,024</u>	<u>1,535,073</u>

10. Payables

Third parties	75,000	–
Related parties	<u>–</u>	<u>–</u>
	<u>75,000</u>	<u>–</u>

11. Amounts Due to Related Parties

The amounts due to the related parties are unsecured, non-interest bearing and without predetermined repayment terms.

12. Contributed Equity

	31 March 2011	31 March 2010
	\$	\$
Share Capital		
Issued and fully paid :		
89,607,800 (2010 : 44,607,800) ordinary shares	<u>89,607,800</u>	<u>44,607,800</u>

	Number of Shares	\$
As at 1 March 2008	44,607,800	44,607,800
Shares issued	<u>–</u>	<u>–</u>
As at 31 March 2009	44,607,800	44,607,800
Shares issued	<u>–</u>	<u>–</u>
As at 31 March 2010	44,607,800	44,607,800
Shares issued	<u>45,000,000</u>	<u>45,000,000</u>
As at 31 March 2011	<u>89,607,800</u>	<u>89,607,800</u>

13. Events After Statement of Financial Position Date

No material subsequent events or transactions have been identified.

14. Commitments and Contingencies

There are no outstanding commitments and contingencies at year end.

Directors' Statement

In the opinion of the Directors :

- (a) the Statement of Comprehensive Income and Statement of Changes in Equity is drawn up so as to give a true and fair view of the results of the Company for the year ended 31 March 2011;
- (b) the Statement of Financial position is drawn up so as to give a true and fair view of the state of affairs of the Company at 31 March 2011; and
- (c) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

This statement has been made in accordance with a resolution of Directors.

Melbourne
19 May 2011

DEEPAK MADHOK
Director

Independent Auditor's Report

To the Members of
EIH International Ltd

We have audited the accompanying financial report of EIH International Ltd, which comprises the Balance Sheet as at 31 March 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Statement.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 2 to the financial statements, which form part of the financial report, are appropriate to meet their financial reporting requirements and meet the needs of the members. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members.

We conducted our audit in accordance with International Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. 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 report.

Independent Auditor's Report (*Contd...*)

The financial report has been prepared for distribution to the members for the purpose of fulfilling the Directors' financial reporting requirements. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

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

Independence

In conducting our audit we have met the independence requirements of the professional accounting bodies.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of EIH International Ltd as on 31 March 2011 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

ERNST & YOUNG

Adelaide
19 May 2011

DAVID SANDERS
Partner