Annual Reports
2012-2013

MUMTAZ HOTELS LIMITED
MERCURY CAR RENTALS LIMITED
MASHOBRA RESORT LIMITED
OBEROI KERALA HOTELS AND RESORTS LIMITED
EIH FLIGHT SERVICES LIMITED
EIH INTERNATIONAL LTD.
EIH HOLDINGS LTD.
EIH MARRAKECH LTD.
J&W HONGKONG LIMITED
EIHH CORPORATION LIMITED
EIH INVESTMENTS N.V.
EIH MANAGEMENT SERVICES B.V.
PT WIDJA PUTRA KARYA
PT WAKA OBEROI INDONESIA
PT ASTINA GRAHA UBUD

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MUMTAZ HOTELS LIMITED

BOARD

Mr. P. R. S. Oberoi, *Chairman*
Mr. Shivy Bhasin, *Vice Chairman*
Mr. Bharath Bhushan Goyal, *Managing Director*

Mr. T. K. Sibal
Mr. Manish Goyal
Mr. Vikram Oberoi
Mr. Arjun Oberoi

AUDITORS

Virmani & Associates
Chartered Accountants
Suite No. 702
Nilgiri Place
9, Barakhamba Road
New Delhi 110 001

REGISTERED OFFICE

4, Mangoe Lane
Kolkata 700 001

DIRECTORS' REPORT

The Board presents its Twenty-third Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the year ended 31st March, 2013.

The financial highlights are set out below:

	Rupees (in million) 2012-2013	2011-2012
Total Revenue	**806.87**	712.03
Earnings before Interest, Depreciation, Taxes, Amortisation and Exceptional items (EBIDTA)	**394.53**	306.48
Interest and Finance Charges	**0.63**	4.16
Depreciation	**32.34**	37.25
Profit before Tax	**361.55**	265.07
Current Tax	**112.40**	119.56
Deferred Tax	**8.88**	(1.32)
Profit after Tax	**240.27**	146.83
Profit brought forward	**213.19**	201.36
Dividend	**206.50**	103.25
Dividend Tax	**34.30**	16.75
General Reserve	**24.10**	15.00
Balance carried forward	**188.56**	213.19

The Company, in respect of the year under report, recorded yet another year of satisfactory performance:

- Total Revenue during the Financial Year 2012-2013 was ₹ 806.87 million as compared to ₹ 712.03 million in the previous year, which is an increase of 13.3%;
- Operating Profit during the Financial Year 2012-2013 was ₹ 394.53 million as compared to ₹ 306.48 million in the previous year, which is an increase of 28.7%;
- The Profit before Tax during the Financial Year 2012-2013 was ₹ 361.55 million as compared to ₹ 265.07 million in the previous year, an increase of 36.4%;
- The Profit after Tax was ₹ 240.27 million as compared to ₹ 146.83 million in the previous year, an increase of 63.6%;

At its Meeting held on 28th March, 2013, the Board had approved payment of an interim dividend @ ₹ 5 per Equity Share. This was paid to all Shareholders on 4th April, 2013. The Board is pleased to recommend to the shareholders a Final Dividend of ₹ 10 per Equity Share (including interim dividend @ ₹ 5 per Equity Share) for declaration at the forthcoming Annual General Meeting.

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 ("the Act") and, based upon representations from the Management, the Board states that:

a) in preparing the Annual Accounts, applicable Accounting Standards have been followed and there are no material departures;

b) the Directors have selected accounting policies, applied them consistently and made judgments and estimates that are reasonable and prudent to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit of the Company for the year;

c) the Directors have taken proper and sufficient care in maintaining adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the Annual Accounts of the Company on a "going concern" basis.

Mr. Vikram Oberoi and Mr. Arjun Oberoi, Directors, retire by rotation at the forthcoming Annual General meeting and are eligible for re-appointment.

The Auditors of the Company, Messrs. Virmani & Associates, Chartered Accountants, retire and are eligible for re-appointment. They have confirmed that, if reappointed, their appointment will be within the limits prescribed under Section 224(1B) of the Act. Directors recommend their re-appointment as Auditors of the Company for the financial year 2013-2014.

Energy conservation measures taken during current year include replacement of existing cooling towers with better efficiency cooling towers, which is under progress and construction of rain water harvesting structure for water conservation.

Some of the actions planned for next year are installation of improved chiller insulation and strict operation control on equipment and lighting so as to save energy.

Foreign Exchange earnings during the year amounted to ₹ 712.06 million as against ₹ 691.16 million in the previous year. The expenditure in foreign currency during the year was ₹ 24.97 million as against ₹ 24.59 million in the previous year.

The Oberoi Amarvilās received the following Awards during the Financial Year 2012-2013:

Award	**Awarded by**
Top 15 Resorts in Asia (Ranked 3rd)	*Condé Nast Traveler,* USA, Readers' Choice Awards 2012
Best Leisure Hotels in Asia and the Indian Subcontinent (Ranked 12th)	*Condé Nast Traveler*, UK, Readers' Travel Awards 2012
Top 15 Resorts in Asia (Ranked 7th)	*Travel + Leisure,* World's Best Awards, Readers' Survey 2012
Top 100 Hotels in the World (Ranked 47th)	*Travel + Leisure,* World's Best Awards, Readers' Survey 2012

The Company is endeavouring to appoint a suitable Company Secretary.

There are no employees requiring to be reported under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

The Company expresses its gratitude to the Government of India, Department of Tourism and all other Central and State Departments for their continued co-operation and support.

The Board takes the opportunity to thank all employees for their commitment and dedication.

For and on behalf of the Board

New Delhi
15th May, 2013

Shivy Bhasin
Vice Chairman

B.B. Goyal
Managing Director

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Mumtaz Hotels Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Mumtaz Hotels Limited ("the Company") which comprises the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub- section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgment, including the assessment of risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in a manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") as amended, issued by the Central Government of India in terms of sub –section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that;

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from an examination of those books;

   c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the Balance sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   e. on the basis of written representations received from the directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For VIRMANI & ASSOCIATES
Chartered Accountants
ICAI Registration No. 000356N

SURESH VIRMANI
Partner
Membership No. 17617

New Delhi
15th May, 2013

ANNEXURE TO THE AUDITOR'S REPORT

The Annexure referred to in our report to the members of Mumtaz Hotels Limited (" the Company") for the year ended March 31, 2013. We report that

1) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

2) The fixed assets are physically verified by the management according to a phased program designed to cover all items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Pursuant to the program, the management during the year has physically verified a portion of the fixed assets and no material discrepancies were noticed between the book records and the physical inventory.

3) The assets disposed off do not constitute a substantial part of the fixed assets of the Company and therefore such disposal of fixed assets does not affect the going concern.

4) The inventory has been physically verified during the year by the management at reasonable intervals.

5) The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.

6) The Company is maintaining proper records of inventory. Having regard to the size of operation of the Company and nature of inventory held, the discrepancies noticed on physical verification as compared to book records were not material and have been properly dealt with in the books of account.

7) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly matters relating to number of parties and amounts involved in the transactions, rate of interest, receipt of principal and interest on a regular basis and recovery etc., are not applicable.

8) The Company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, matters relating to number of parties, amount involved in the transactions, rate of interest, payment of principal and interest on a regular basis and the other terms and conditions etc., are not applicable.

9) According to the information and explanation given to us, we are of the opinion that there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.

10) (a) According to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.

(b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except that for printed materials no comparable quotations are available. We are informed by the management that the charges so paid for printed materials are reasonable having regard to the nature and quality of work involved.

11) The Company has not accepted any deposits from the public. The provisions of Sections 58-A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.

12) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

13) The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the products of the Company.

14) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance dues, income tax, sales tax, service tax, wealth tax, custom duty, excise duty, etc., with the relevant authorities.

15) According to the information and explanations given to us, no undisputed amounts payable by the Company in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty, etc., were in arrears as at March 31, 2013, for a period of six months from the date they became payable.

16) According to the information and explanation given to us, the following dues of income tax, value added tax, sales tax, expenditure tax and excise duty have not been deposited by the Company on account of disputes:

S.No.	Name of Statute	Nature of Dues	Period for which it relates	Forum where dispute is pending	Amount [Rs.]
1.	Uttar Pradesh Trade Tax Act, 1948	Sales Tax	Financial year 2006-07	Additional Commissioner (Judicial), Commercial Tax, Agra	761,782/-
			Financial year 2007-08	Uttar Pradesh Commercial Tax Tribunal, Agra	841,154/-
				TOTAL	1,602,936/-
2.	Uttar Pradesh Value Added Tax Act, 2008	Value added tax	Assessment Year 2007-08	Additional Commissioner (Judicial), Commercial Tax, Agra	329,904/-
			Assessment Year 2008-09		3,839,551/-
				TOTAL	4,169,455/-
3.	Central Excise Act 1944	Excise Duty	Financial year 2003-04 to 2007-08	Customs, Excise & Service Tax Appellate Tribunal (CESTAT), Delhi	302,065/-
				TOTAL	302,065/-
4.	Income Tax Act 1961	Fringe Benefit Tax	Assessment Year 2007-08	Commissioner of Income Tax (Appeals), Kolkata	128,782/-
			Assessment Year 2008-09		443,936/-
				TOTAL	572,718/-
5.	Income Tax Act 1961	Income Tax	Assessment Year 2007-08	Income Tax Appellate Tribunal (ITAT), Kolkata	2,889,673/-
				TOTAL	2,889,673/-
6.	Income Tax Act 1961	Income Tax	Assessment Year 2009-10	Commissioner of Income Tax (Appeals), Kolkata	1,28,174/-
			Assessment Year 2010-11	Commissioner of Income Tax (Appeals), Kolkata	95,95,558/-
				TOTAL	9,723,732/-
7.	Expenditure Tax Act, 1987	Expenditure tax	Assessment Year 2002-03	Assessing Officer, Kolkata	96,638/-
				TOTAL	96,638/-

17) The Company has no accumulated losses as at March 31, 2013 and has not incurred cash loss during the financial year under report and in the immediately preceding financial year.

18) As per records of the Company and on the basis of the information and explanation given, there are no borrowings from bank or financial institution. The Company has not issued any debentures. Accordingly, matters specified in sub-paragraph (xi) of paragraph 4 of the Order relating to defaults in repayment etc., are not applicable.

19) The Company has not given any loans and advances on the basis of security of pledge of shares, debentures etc., and matters specified in sub-paragraph (xii) of paragraph 4 of the Order are not applicable.

20) The matters specified in sub-paragraph (xiii) of paragraph 4 of the Order are not applicable as the Company is not a chit fund or a nidhi / mutual benefit fund/society.

21) The matters specified in sub-paragraph (xiv) of paragraph 4 of the Order are not applicable as the Company is not dealing or trading in shares, securities, debentures etc.

22) The Company has not given any guarantee for loans taken by others from any bank or financial institutions.

23) In our opinion the term loans were applied for the purpose for which they were raised.

24) The Company has not raised any funds on short term basis.

25) The matters specified in sub-paragraph (xviii), (xix) and (xx) of paragraph 4 of the Order relating to preferential allotment of shares, creation of security or charge for debentures issued and end use of money raised by public issue respectively are not applicable.

26) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported in the course of our audit.

For VIRMANI & ASSOCIATES
Chartered Accountants
ICAI Registration No. 000356N

SUREST VIRMANI
Partner
Membership No. 17617

New Delhi
15th May, 2013

Balance Sheet
as at 31st March, 2013

	Note	As at 31st March 2013 Rupees	2012 Rupees
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Capital	2	**206,500,000**	206,500,000
Reserves and Surplus	3	**541,170,632**	541,696,586
		747,670,632	748,196,586
Non-current Liabilities			
Long Term Borrowings	4	**2,487,722**	3,806,459
Deferred Tax Liabilities (Net)	5	**134,400,374**	125,519,362
Long Term Provisions	6	**1,796,000**	1,242,000
		138,684,096	130,567,821
Current Liabilities			
Trade Payables	7	**65,064,669**	62,017,493
Other Current Liabilities	8	**31,638,335**	29,217,018
Short-Term Provisions	9	**224,579,022**	120,834,072
		321,282,026	212,068,583
Total		**1,207,636,754**	1,090,832,990
II. ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	10	**784,192,061**	779,532,680
Capital work in progress		**2,559,715**	6,791,104
		786,751,776	786,323,784
Long term loans and advances	11	**1,495,957**	3,001,588
Current Assets			
Investments	12	**106,975,915**	–
Inventories	13	**21,659,810**	24,027,668
Trade Receivables	14	**103,463,517**	63,456,996
Cash and Bank Balances	15	**156,297,961**	186,761,836
Short-term Loans and Advances	16	**25,598,306**	21,643,446
Other Current Assets	17	**5,393,512**	5,617,672
		419,389,021	301,507,618
Total		**1,207,636,754**	1,090,832,990
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 35		

As per our report of even date attached

For VIRMANI & ASSOCIATES
Chartered Accountants
ICAI Registration No. 000356N

SURESH VIRMANI
Partner
Membership No. 17617

New Delhi
15th May, 2013

For and on behalf of the Board

SHIVY BHASIN	*Vice-Chairman*
BHARATH BHUSHAN GOYAL	*Managing Director*
T. K. SIBAL	
ARJUN OBEROI	*Directors*
MANISH GOYAL	

Statement of Profit and Loss for the year ended 31st March, 2013

	Note	Year ended 31st March 2013 Rupees	2012 Rupees
INCOME			
Revenue from Operations	18	**796,187,051**	704,533,877
Other Income	19	**10,681,749**	7,505,809
Total Income		**806,868,800**	712,039,686
EXPENSES			
Consumption of Provisions, Stores, Wines and Smokes	20	**44,030,708**	42,406,862
Employee Benefits Expense	21	**68,217,161**	80,273,568
Finance Cost	22	**637,464**	4,158,029
Depreciation		**32,344,123**	37,253,921
Other Expenses	23	**300,087,216**	282,871,485
Total Expenses		**445,316,672**	446,963,865
Profit Before Tax		**361,552,128**	265,075,821
Tax Expense	24		
– Current Tax		**112,400,000**	119,564,011
– Deferred Tax		**8,881,012**	(1,320,646)
Profit For The Year		**240,271,116**	146,832,456
Earnings Per Share - Basic and Diluted		**11.64**	7.11
Number of Equity Shares		**20,650,000**	20,650,000
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 35		

As per our report of even date attached

For VIRMANI & ASSOCIATES
Chartered Accountants
ICAI Registration No. 000356N

SURESH VIRMANI
Partner
Membership No. 17617

New Delhi
15th May, 2013

For and on behalf of the Board

SHIVY BHASIN	*Vice-Chairman*
BHARATH BHUSHAN GOYAL	*Managing Director*
T. K. SIBAL	
ARJUN OBEROI	*Directors*
MANISH GOYAL	

Cash Flow Statement for the year ended 31st March, 2013

		Year ended 31st March 2013 Rupees	2012 Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before Tax as per statement of profit and loss	**361,552,128**	265,075,821
	Adjustments for:		
	Depreciation	**32,344,123**	37,253,921
	Profit on Sale of Assets	**(247,619)**	(117,155)
	Profit on redemption of units of Mutual Funds	**(11,554)**	–
	Dividend Income from Mutual Funds	**(7,598,588)**	(4,135,024)
	Provision for Wealth Tax	**114,623**	107,039
	Interest Income	**(1,132,384)**	(854,663)
	Interest Expense	**637,464**	4,158,029
	Prior period expense	**842,286**	356,469
	Operating Profit before Working Capital Changes	**386,500,479**	301,844,437
	Adjustments for:		
	Trade & Other Receivables	**(42,024,238)**	(9,103,410)
	Inventories	**2,367,858**	2,255,553
	Trade Payables and other dues	**5,794,481**	17,853,679
	Cash Generated from Operations before Tax & Prior Period Items	**352,638,580**	312,850,259
	Prior Period (expense)/income	**(842,286)**	(356,469)
		351,796,294	312,493,790
	Payment of Direct Taxes	**(114,452,931)**	(61,689,277)
	Net Cash from Operating Activities	**237,343,363**	250,804,513
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	**(37,003,504)**	(32,647,636)
	Decrease/(Increase) in capital work in progress	**4,231,389**	(5,390,183)
	Decrease in advances made for capital contracts	**1,466,026**	613,156
	Increase in Investment in mutual funds	**(106,975,915)**	–
	Sale of Fixed Assets	**247,619**	2,153,195
	Interest Received	**1,404,898**	789,738
	Changes in other bank balances	**(7,258,235)**	4,041,514
	Dividend Income from Mutual Funds	**7,598,588**	4,135,024
	Profit on redemption of units of Mutual Funds	**11,554**	–
	Cash used in Investing Activities	**(136,277,580)**	(26,305,192)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest Paid	**(637,464)**	(4,821,549)
	Repayment of Secured Loans	**–**	(72,000,000)
	Increase of Finance Lease liability	**(1,400,966)**	310,686
	Dividend paid including Corporate Dividend Tax	**(136,749,463)**	(119,999,731)
	Net Cash used in Financing Activities	**(138,787,893)**	(196,510,594)
	Net Increase in Cash and Cash Equivalents (A+B+C)	**(37,722,110)**	27,988,727
	Opening Balance of Cash and Cash Equivalents	**179,655,828**	151,667,101
	Closing Balance of Cash and Cash Equivalents	**141,933,718**	179,655,828

As per our report of even date attached

For VIRMANI & ASSOCIATES
Chartered Accountants
ICAI Registration No. 000356N

SURESH VIRMANI
Partner
Membership No. 17617

New Delhi
15th May, 2013

For and on behalf of the Board

SHIVY BHASIN	*Vice-Chairman*
BHARATH BHUSHAN GOYAL	*Managing Director*
T. K. SIBAL	
ARJUN OBEROI	*Directors*
MANISH GOYAL	

Significant Accounting Policies and Notes on Financial Statements

COMPANY OVERVIEW

Mumtaz Hotels Limited owns 'The Oberoi Amarvilas', a leading luxury hotel having 102 rooms. The Oberoi Amarvilas is located about 600 meters from the Taj Mahal and all rooms, suites, lobby, bar and lounge offer a picturesque view of the monument. Built in a style inspired by the Moorish and Mughal architecture, the hotel is a splendid display of terraced lawns, fountains, reflection pools and pavilions.

The Company has a long term management agreement with EIH Limited, its holding company for running and managing the hotel.

1 .
SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation of financial statements
The Financial Statements have been prepared on accrual basis in accordance with historical cost convention on a going concern basis and in accordance with the Accounting Standards specified under section 211(3C) of the Companies Act 1956 and other relevant provisions of the Companies Act 1956.

Revenue recognition
Revenue from hospitality services is recognised on accrual basis on rendering of service. Revenue from shop licence fees is recognised on accrual basis as per terms of agreement. Income from interest is accrued and recognised on a time basis, determined by contractual rate of interest. Dividend income is stated at gross when right to receive dividend is established.

Use of estimates
In preparing the Financial Statements in conformity with accounting principles generally accepted in India, Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of Financial Statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognized in the period the same is determined.

Provisions and contingent liability
Provisions are recognised in terms of Accounting Standard (AS) 29 on 'Provisions, Contingent Liabilities and Contingent Assets', notified pursuant to the Companies (Accounting Standards) Rules, 2006, when there is a present legal or statutory obligation as a result of past events and where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognised only when there is a possible obligation arising from the past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an on-going basis and only those having a largely probable outflow of resources are provided for.

Contingent Assets are not recognised in the Financial Statements.

Tangible fixed assets and capital work in progress
Fixed assets are stated at cost. Expenditure incurred during construction period including interest on borrowed capital used for construction is capitalized. Capital work in progress refers to assets under construction and installation.

Finance leases
Fixed assets acquired under finance leases are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged in the Statement of Profit and Loss.

Depreciation
Depreciation on fixed assets other than land & leased vehicles is provided on 'Straight Line Method' at the rates provided in Schedule XIV of Companies Act, 1956. Leased vehicles are amortized over the life of the lease contract.

Impairment of assets
Impairment is ascertained at each Balance Sheet date in respect of the Company's fixed assets. An impairment loss is recognized whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount.

Significant Accounting Policies and Notes on Financial Statements – *Contd.*

Investments
Investments that is readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments and are carried at the lower of cost and fair value. All other investments are classified as long term investments and are carried at the cost unless there is any permanent diminution in value where provision for diminution is made on individual basis.

Transactions in foreign currency
Transactions in foreign currency including services are converted at the prevailing rate of exchange at the date of transactions. Difference in realization is accounted as profit/loss on foreign exchange.

Monetary items denominated in foreign currency and outstanding at the balance sheet date are translated at the exchange rate prevailing at the year-end.

Retirement benefits

Short Term Employee Benefits

Short term employee benefits is recognized as expense in the Statement of Profit and Loss of the year in which related service is rendered.

Post-employment benefits

(a) The Company operates a defined contribution scheme for Provident Fund and makes regular contributions, which are fully funded and administered by Government. Contributions are recognized in the Statement of Profit and Loss on accrual basis.

(b) The Company maintains defined benefit plans like Gratuity and Leave Encashment. These plans are not funded and provision is made for Gratuity and Leave Encashment on the basis of actuarial valuation and the charge is recognized in the Statement of Profit and Loss after considering actuarial gains and losses and benefits paid during the year.

Inventories
Inventories are valued at lower of cost and net realizable value. Cost is determined on First-In-First-Out basis. Unserviceable, damaged, discarded stock and shortages are charged in Statement of Profit and Loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

Taxes on income
Current tax is determined on the amount of tax payable in respect of taxable income for the year.

The deferred tax charge or credit is recognized using the tax rate and tax laws that have been enacted or substantially enacted by the balance sheet date. Where there are unabsorbed depreciation or carry forward losses etc., deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets/liabilities are reviewed as at each Balance Sheet date to reassess realization/liabilities.

Earnings per share
Basic and Diluted earnings per equity share are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares in issue during the year.

Cash flow statement
Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a noncash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Notes on Financial Statements

	As at 31st March	
	2013	2012
2	**Rupees**	Rupees
SHARE CAPITAL		
AUTHORISED		
25,000,000 Equity Shares of ₹ 10 each (2012 - 25,000,000)	**250,000,000**	250,000,000
	250,000,000	250,000,000
ISSUED, SUBSCRIBED AND FULLY PAID UP		
20,650,000 Equity Shares of ₹ 10 each, fully paid up (2012 - 20,650,000)	**206,500,000**	206,500,000
	206,500,000	206,500,000

The Company has only one class of shares referred to as equity shares with the par value of 10/- each. All equity shares capital has been issued for consideration received in cash. Each holder of equity share is entitled to one vote per share. Dividends are declared and paid by the Company out of profits after providing depreciation. The Dividends paid do not exceed the amount recommended by the Board of Directors and are subject to the approval of shareholders. In the event of winding up of the Company, the equity shareholders will be entitled to return of capital on a pari passu basis among themselves.

The reconciliation of the number of shares outstanding at the beginning and at the end of the year is setout below:

	31st March 2013		31st March 2012	
	Number	**Amount Rupees**	Number	Amount Rupees
Number of shares at the beginning and close of the year	**20,650,000**	**206,500,000**	20,650,000	206,500,000

Details of equity shares held by holding company EIH Limited and shareholders holding more than 5% shares in the paid-up equity capital of the Company.

	31st March 2013		31st March 2012	
	Number	**Percentage**	Number	Percentage
Equity shares held by EIH Limited (Holding Company)	**12,390,000**	**60%**	12,390,000	60%
Names of other shareholders holding more than 5% Equity Shares in the equity capital of the Company				
Mr. Shivy Bhasin	**1,560,108**	**7.56%**	1,560,108	7.56%
Mrs. Mridu Bhasin	**1,560,107**	**7.55%**	1,560,107	7.55%
Mr. Manav Goyal	**1,068,939**	**5.18%**	1,068,939	5.18%
Mr. Gaurav Goyal	**1,068,940**	**5.18%**	1,068,940	5.18%

Notes on Financial Statements — *Contd.*

	As at 31st March 2013 Rupees	2012 Rupees
3		
RESERVES AND SURPLUS		
(i) Reserves and Surplus		
(a) Securities premium reserve account		
Balance at the beginning and close of the year	**293,500,000**	293,500,000
(b) General Reserve		
Balance at the beginning of the year	**35,000,000**	20,000,000
Add: Transfer from Statement of Profit and Loss	**24,100,000**	15,000,000
Balance at the end of the year	**59,100,000**	35,000,000
(ii) Surplus		
Balance at the beginning of the year	**213,196,586**	201,363,861
Add: Profit for the year transferred from Statement of Profit and Loss	**240,271,116**	146,832,456
Amount available for appropriations	**453,467,702**	348,196,317
Appropriations		
Interim Dividend	**103,250,000**	–
Final Dividend	**103,250,000**	103,250,000
Corporate Dividend Tax	**34,297,070**	16,749,731
Transfer to General Reserve	**24,100,000**	15,000,000
Balance at the end of the year	**188,570,632**	213,196,586
Total of Reserves and Surplus	**541,170,632**	541,696,586

4

LONG TERM BORROWINGS

	2013	2012
Long term maturities of finance lease obligations (secured)	**2,487,722**	3,806,459
	2,487,722	3,806,459

Finance lease obligation are secured against hypothecation of leased assets being motor vehicles. (refer note 27)

Notes on Financial Statements — *Contd.*

	As at 31st March **2013** **Rupees**	2012 Rupees
5		
DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
Excess of Net Block of Fixed Assets as per Companies Act 1956 over written down value as per the provisions of the Income Tax Act 1961	**135,464,712**	126,459,327
Deferred Tax Assets		
Provision for Gratuity	**(143,778)**	(88,575)
Provision for Leave Encashment	**(471,781)**	(409,780)
Provision for Bonus	**(448,779)**	(441,610)
	134,400,374	125,519,362

Deferred Tax Liability charged for the current year amounting to ₹ 8,881,012 (2012 - ₹ 1,320,646) has been recognised in the Statement of Profit and Loss under tax expense (refer note 24)

	2013 Rupees	2012 Rupees
6		
LONG TERM PROVISIONS		
Provision for Employee Benefits		
Leave Encashment	**1,378,000**	1,037,000
Gratuity	**418,000**	205,000
	1,796,000	1,242,000
7		
TRADE PAYABLES		
Amount payable for goods and services*	**65,064,669**	62,017,493
	65,064,669	62,017,493

* includes amounts due to related parties (refer note 26)

* As identified by the Company on the basis of information available, there are no amounts due to Micro and Small Enterprises required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006.

Notes on Financial Statements — *Contd.*

	At at 31st March	
	2013	2012
	Rupees	Rupees
8		
OTHER CURRENT LIABILITIES		
Salary & Wages and other dues payable	**602,353**	659,633
Employee related statutory dues payable	**1,735,773**	1,885,793
Amounts payable for capital expenditure	**4,233,635**	4,233,635
Security Deposit from shops	**1,698,000**	1,698,000
Current Maturity of Finance Lease Obligation	**1,318,737**	1,400,966
Indirect Taxes Payable	**3,854,215**	3,542,719
Income Tax deducted at source & payable	**5,884,425**	4,906,929
Advance from customers	**12,311,197**	10,889,343
	31,638,335	29,217,018

9		
SHORT TERM PROVISIONS		
Provision for employee benefits		
Leave Encashment	**10,000**	226,000
Gratuity	**5,000**	68,000
Compensated absences	**273,275**	304,520
Other Provisions		
Income Tax*	**–**	–
Wealth Tax	**114,627**	107,039
Fringe Benefit Tax for earlier years	**128,782**	128,782
Proposed Dividend - interim and final	**206,500,000**	103,250,000
Corporate Dividend Tax	**17,547,338**	16,749,731
	224,579,022	120,834,072

* net of advance tax deducted/tax collected at source aggregating to ₹ 112,400,000 (2012 - ₹ 83,128,180)

Notes on Financial Statements — *Contd.*

10
FIXED ASSETS
TANGIBLE ASSETS
AS AT 31ST MARCH 2013

Name of the assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Original Cost as at 1st April 2012	Additions during the year	Sale / Adjustments	Total Cost as on 31st March 2013	As on 1st April 2012	For the period	Written back on sale or adjustment	Total as at 31st March 2013	As at 31st March 2013	As At 31st March 2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Freehold Land*	56,985,340			56,985,340	-	-	-	-	**56,985,340**	56,985,340
Building	698,311,195	-	-	698,311,195	122,628,978	11,382,472	-	134,011,450	**564,299,745**	575,682,217
Plant & Machinery	466,730,504	33,633,407	8,180,190	492,183,721	331,465,889	17,630,467	8,180,190	340,916,166	**151,267,555**	135,264,615
Furniture & Fixtures	93,181,332	992,037	-	94,173,369	91,842,228	766,255	-	92,608,483	**1,564,886**	1,339,104
Vehicles on operating lease	7,741,941	-	-	7,741,941	4,429,067	735,484	-	5,164,551	**2,577,390**	3,312,874
Vehicles	3,354,356	2,050,760	-	5,405,116	1,400,910	446,766	-	1,847,676	**3,557,440**	1,953,446
Office Equipments	1,002,920	327,300		1,330,220	523,293	56,078		579,371	**750,849**	479,627
TOTAL (A)	**1,327,307,588**	**37,003,504**	**8,180,190**	**1,356,130,902**	**552,290,365**	**31,017,522**	**8,180,190**	**575,127,697**	**781,003,205**	**775,017,223**
Assets on finance lease										
Vehicles	9,911,396	-	3,815,852	6,095,544	5,395,939	1,326,601	3,815,852	2,906,688	**3,188,856**	4,515,457
TOTAL (B)	**9,911,396**	**-**	**3,815,852**	**6,095,544**	**5,395,939**	**1,326,601**	**3,815,852**	**2,906,688**	**3,188,856**	**4,515,457**
TOTAL (A+B)	**1,337,218,984**	**37,003,504**	**11,996,042**	**1,362,226,446**	**557,686,304**	**32,344,123**	**11,996,042**	**578,034,385**	**784,192,061**	**779,532,680**
Previous year	1,311,618,597	32,647,636	7,047,249	1,337,218,984	525,443,592	37,253,921	5,011,209	557,686,304	**779,532,680**	786,175,005

* Includes Leasehold Land of the value of ₹ 30,592,639 (2012 - ₹ 30,592,639) in respect of which the registration formalities for conversion into freehold is pending completion with Agra Development Authority.

Notes on Financial Statements — *Contd.*

	As at 31st March	
	2013	2012
	Rupees	Rupees
11		
LONG TERM LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advances for capital contracts	**176,996**	1,643,022
Security Deposits with Government Agencies/departments	**1,283,455**	1,283,455
Prepaid Expenses	**35,506**	75,111
	1,495,957	3,001,588
12		
CURRENT INVESTMENTS		
(at lower of cost and fair value)		
Reliance money manager fund institutional option - daily dividend plan; 106829.401 units with face value of ₹ 1,001.3715 per unit (2012 - Nil)	**106,975,915**	–
	106,975,915	–
Aggregate amount of Quoted Investments		
At cost	**–**	–
At fair value	**–**	–
Aggregate amount of Unquoted Investments	**106,975,915**	–
13		
INVENTORIES		
(at lower of cost and net realisable value)		
Provision, stores, wines & smokes	**6,141,464**	5,719,354
Cutlery, crockery, chinaware, glassware, linen etc.	**8,161,086**	10,293,177
Other stores	**7,357,260**	8,015,137
	21,659,810	24,027,668
14		
TRADE RECEIVABLES		
(Unsecured, considered good)		
Debts outstanding over six months	**167,996**	120,000
Other debts*	**103,295,521**	63,336,996
	103,463,517	63,456,996

* includes trade receivables due from related parties (refer note 26)

Notes on Financial Statements — *Contd.*

	As at 31st March 2013 Rupees	2012 Rupees
15		
CASH AND BANK BALANCES		
(a) Cash and Cash Equivalents		
– Cash in hand	**1,467,376**	2,565,344
– Fixed deposit accounts with banks with original maturity of less than three months	**2,580,000**	156,550,000
– Current accounts	**137,886,342**	20,540,484
(b) Other Bank Balances		
– Fixed deposits with maturity of three months and less than twelve months	**14,364,243**	7,106,008
	156,297,961	186,761,836

16
SHORT TERM LOANS AND ADVANCES
(Unsecured, Considered good)

	2013	2012
Advance to staff	**26,097**	207,033
Advance to suppliers	**1,258,248**	2,777,499
Sales tax recoverable	**2,577,663**	4,137,347
Advance service tax	**1,356,284**	174,234
Cenvat Credit Refundable	**3,990,233**	166,079
Prepaid expenses	**5,641,089**	5,368,338
Security Deposits	**704,576**	714,692
Advance Tax and Tax Deducted at source refundable*	**1,945,892**	4,126,527
Income Tax Refundable	**7,472,142**	3,345,615
Guarantee commission refundable from Bank	**626,082**	626,082
	25,598,306	21,643,446

* net provision of income tax ₹ 112,400,000 (2012 - ₹ 83,128,180)

17
OTHER CURRENT ASSETS

	2013	2012
Land compensation claim recoverable*	**5,190,356**	5,190,356
Interest accrued on fixed deposit with banks	**154,802**	427,316
Other receivable	48,354	–
	5,393,512	5,617,672

* refers to cost of land acquired by Uttar Pradesh Shashan Van Anubhag. The Company's claim for compensation is pending adjudication before the Additional District Judge, Agra, Uttar Pradesh.

Notes on Financial Statements — *Contd.*

	Year ended 31st March 2013 Rupees	2012 Rupees
18		
REVENUE FROM OPERATIONS		
Sale of Services		
Rooms	**556,718,810**	488,077,746
Food & Beverages	**192,149,046**	171,498,675
Other operating services	**47,319,195**	44,957,456
	796,187,051	704,533,877
19		
OTHER INCOME		
Interest	**1,132,384**	854,663
Rent	**624,000**	624,000
Dividend from Mutual Funds	**7,598,588**	4,135,024
Profit on redemption of units of Mutual Funds	**11,554**	–
Profit on Sale of Assets	**247,619**	117,155
Balances, excess depreciation and other provisions written back	**–**	574,543
Foreign Currency Incentive	**1,067,604**	1,200,424
	10,681,749	7,505,809
20		
CONSUMPTION OF PROVISIONS, STORES, WINES & SMOKES		
Opening Stock	**5,719,354**	5,538,499
Add : Purchases	**44,452,818**	42,587,717
	50,172,172	48,126,216
Less : Closing Stock	**6,141,464**	5,719,354
	44,030,708	42,406,862
21		
EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	**58,641,622**	70,157,297
Company's Contribution to Provident Fund and other funds	**2,971,327**	3,186,684
Workmen & Staff Welfare Expenses	**6,604,212**	6,929,587
	68,217,161	80,273,568

Notes on Financial Statements — *Contd.*

	Year ended 31st March 2013 Rupees	2012 Rupees
22		
FINANCE COST		
Interest	**637,464**	4,158,029
	637,464	4,158,029
23		
OTHER EXPENSES		
Expenses on apartment & board	**20,930,058**	19,494,223
Contract Services	**11,209,344**	9,601,396
Power & Fuel	**57,216,672**	43,411,615
Rent	**3,145,207**	3,219,455
Repairs		
– Building	**21,087,348**	13,238,951
– Plant & Machinery	**15,998,300**	22,184,193
– Others	**7,555,395**	13,164,371
Royalty	**8,064,638**	7,163,264
Hotel Operating Fees	**50,427,849**	39,578,977
Advertisement, publicity & other promotional expenses	**41,257,963**	43,082,043
Commission to travel agents & on credit cards	**32,794,722**	26,052,605
Rates & Taxes	**11,372,156**	21,419,738
Insurance	**1,522,983**	1,649,689
Auditors Remuneration		
– As Auditor	**775,000**	775,000
– For taxation matters	**100,000**	–
– For certification	**–**	5,000
– Reimbursement of out of pocket expenses	**26,518**	17,091
Prior period expenses	**842,286**	356,469
Miscellaneous	**15,760,777**	18,457,405
	300,087,216	**282,871,485**
24		
TAX EXPENSES		
Current Tax	**112,400,000**	83,139,788
Mat Credit Entitlement Reversed	**–**	36,424,223
Deferred Tax	**8,881,012**	(1,320,646)
	121,281,012	118,243,365

Notes on Financial Statements — *Contd.*

25
CONTINGENT LIABILITIES AND COMMITMENTS

I. Contingent Liabilities not provided for in respect of:

Claims against the Company pending adjudication by assessing officer/appellate authorities:

(i) Stamp Duty ₹ 10,231,992 (2012 - ₹ 10,231,992)

(ii) Expenditure tax ₹ 96,638 (2012 - ₹ 96,638)

(iii) Sales tax demand ₹ 1,602,936 (2012 - ₹ 841,154)

(iv) Value Added Tax ₹ 4,169,455 (2012 - ₹ Nil)

(v) Central Excise duty demand ₹ 302,065 (2012 - ₹ 302,065)

(vi) Income tax demand ₹ 12,613,405 (2012 - ₹ 3,246,739)

(vii) Fringe Benefit Tax ₹ 443,936 (2012 - ₹ Nil)

(viii) Wealth Tax ₹ Nil (2012 - ₹ 462,300)

II. Commitments

(a) The estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹ 271,653 (2012 - ₹ 4,228,995).

(b) Other commitments ₹ Nil (2012 - ₹ Nil)

Notes on Financial Statements — *Contd.*

26
RELATED PARTY DISCLOSURES

A. Names of the Related Parties of the Company are as follows:

I. Holding Company
EIH Limited

II. Fellow Subsidiary Companies
(a) Mercury Car Rentals Limited
(b) Mashobra Resort Limited
(c) EIH International Limited
(d) Oberoi Kerala Hotels and Resorts Limited
(e) EIH Flight Services Limited, Mauritius

III. Enterprises in which Key Management Personnel have significant influence
Adyar Gate Hotel Limited

IV. Key Management Personnel
Mr. Bharath Bhushan Goyal - Managing Director

B. Transactions with Related Parties during the Financial Year and outstanding balances as on 31st March, 2013.

Nature of transactions	Holding Company	Fellow Subsidiary	Enterprises in which Key Management Person has significant influence	Key Management Personnel
	₹	₹	₹	₹
Purchases				
Goods & Services	100,678,444	464,591	–	–
Expenses				
Management Contract (inclusive of service tax)	74,783,587	–	–	–
Sales				
Goods & Services	225,846	865,587	–	–
Outstanding Balances				
Payables				
For Goods & Services	37,455,261	1,103,226	–	–
Receivables				
For Goods & Services	98,068	70,141	–	–

Notes on Financial Statements — *Contd.*

27. Leases

(A) Finance Lease

As Lessee

Fixed Assets – Leased Vehicles refer to leased assets acquired under finance leases and capitalised at the present value of minimum lease payments. The depreciation charged on such assets amounts to ₹ 1,326,601 (2012 - ₹ 1,307,469). The yearwise break-up of outstanding lease obligations are detailed as under:

The minimum lease payments outstanding as on 31st March, 2013 amount to ₹ 5,006,930 (2012 - ₹ 7,048,975) and the present value of lease liabilities amounts to ₹ 3,806,459 (2012 - ₹ 5,207,425).

		Year ended 31st March	
		2013	2012
		Rupees	Rupees
(i)	**Not later than one year**		
	Minimum Lease Payments	**1,785,626**	2,042,045
	Present value as at 31st March, 2013	**1,318,737**	1,400,966
(ii)	**Later than one year but not later than five years**		
	Minimum Lease Payments	**3,221,304**	5.006,930
	Present value as at 31st March, 2013	**2,487,722**	3,806,459

(B) Operating Leases

(I) As Lessor

The Company has entered into arrangements for giving shop premises, accommodation and motor vehicles on operating lease. Depreciation on shop premises and accommodation is not separately determinable as it is part of building. Depreciation on motor vehicles for the year is ₹ 735,484 (2012 - ₹ 735,484)

Future minimum lease payments recoverable by the Company in respect of operating leases relating to accommodation, shops and motor vehicles are as follows:

		Non cancellable Amount Rupees	**Cancellable Amount Rupees**
(i)	**Not later than one year**	**7,824,000**	–
(ii)	**Later than one year but not later than five years**	–	–
(iii)	**Later than five years**	–	–

Contingent rent recognised as income in Statement of Profit and Loss ₹ 6,512,647 (2012 - ₹ 6,489,814)

(II) As Lessee

Future minimum lease payments payable by the Company in respect of operating leases relating to Employee Housing are as follows :

(i)	**Not later than one year**	–	590,940
		–	–
(ii)	**Later than one year but not later than five years**	–	–
(iii)	**Later than five years**	–	–

The company has entered into cancellable lease agreements for residential premises for employees. The lease rentals of ₹ 3,145,207 (net of recoveries of ₹ 746,731) (2012 - ₹ 3,219,455) has been shown as rent under Other Expenses.

Notes on Financial Statements — *Contd.*

28. Post Retirement Benefits

Long Term Defined Benefit Plans in respect of Gratuity and Leave Encashment on 31st March, 2013 as per Actuarial Valuations using Projected Unit Credit Method and recognised in the Financial Statements in respect of Employee Benefit Schemes:

			2013		2012	
			Gratuity Unfunded	**Leave Encashment Unfunded**	**Gratuity Unfunded**	**Leave Encashment Unfunded**
			₹	₹	₹	₹
I		**Components of Employer Expense**				
	1	Current Service Cost	194,461	102,000	131,000	108,000
	2	Interest Cost	24,000	111,000	25,000	147,000
	3	Expected Return on Plan Assets	–	–	–	–
	4	Curtailment Cost/(Credit)	–	–	–	–
	5	Settlement Cost/(Credit)	–	–	–	–
	6	Past Service Cost	–	–	–	–
	7	Actuarial Losses/(Gains)	(14,000)	(88,000)	(181,000)	(756,000)
	8	**Total expense recognised in the Statement of Profit and Loss**	**204,461**	**125,000**	**(25,000)**	**(501,000)**
II		**Net Asset / (Liability) recognised in Balance Sheet as at March 31, 2013**				
	1	Present Value of Defined Benefit Obligations	423,000	1,388,000	273,000	1,263,000
	2	Fair Value of Plan Assets	–	–	–	–
	3	Status [Surplus/(Deficit)]	–	–	–	–
	4	Unrecognised Past Service Cost	–	–	–	–
	5	**Net Asset / (Liability) recognised in Balance Sheet**	**423,000**	**1,388,000**	**273,000**	**1,263,000**
III		**Change in Defined Benefit Obligations (DBO) during the year ended 31st March 2013**				
	1	Present value of DBO as at beginning of the year	273,000	1,263,000	298,000	1,764,000
	2	Current Service Cost	194,461	102,000	131,000	108,000
	3	Interest Cost	24,000	111,000	25,000	147,000
	4	Curtailment Cost/(Credit)	–	–	–	–
	5	Settlement Cost/(Credit)	–	–	–	–
	6	Plan Amendments	–	–	–	–
	7	Acquisitions	–	–	–	–
	8	Actuarial (Gains)/Losses	(14,000)	(88,000)	(181,000)	(756,000)
	9	Benefits Paid	(54,461)	–	–	–
	10	**Present Value of DBO at the end of year***	**423,000**	**1,388,000**	**273,000**	**1,263,000**
		***Comprises of**				
		Current Liability	5,000	10,000	68,000	226,000
		Non-Current Liability	418,000	1,378,000	205,000	1,037,000
IV		**Actuarial Assumptions**				
	1	Discount Rate (%)	8.25%	8.25%	8.75%	8.75%
	2	Expected rate of return	–	–	–	–
	3	Salary Escalation (%)	5.00%	5.00%	5.00%	5.00%
	4	Mortality	LIC (1994-96) mortality tables		LIC (1994-96) mortality tables	

			2013		**2012**		**2011**		**2010**		**2009**	
V		**Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)**	**Gratuity**	**Leave Encashment**	**Gratuity**	**Leave Encashment**	**Gratuity**	**Leave Encashment**	**Gratuity**	**Leave Encashment**	**Gratuity**	**Leave Encashment**
	1	Present Value of DBO	423,000	1,388,000	273,000	1,263,000	298,000	1,764,000	253,000	1,494,000	268,000	284,000
	2	Fair Value of Plan Assets	–	–	–	–	–	–	–	–	–	–
	3	Status [Surplus/(Deficit)]	(423,000)	(1,388,000)	(273,000)	(1,263,000)	(298,000)	(1,764,000)	(253,000)	(1,494,000)	(268,000)	(284,000)
	4	Experience Adjustment of Plan Liabilities [(Gain)/Loss]	(14,000)	(88,000)	(181,000)	(756,000)	(211,000)	78,000	(192,000)	1,137,000	(505,000)	(83,000)

Schedules to Accounts — *Contd.*

29. Value of Imports calculated on C.I.F. basis in respect of

	Year ended 31st March 2013 Rupees	2012 Rupees
(i) Raw Materials	**–**	–
(ii) Spares	**1,946,132**	3,012,257
(iii) Capital Goods	**10,441,961**	11,880,172
	12,388,093	14,892,429

30. Expenditure in foreign currency :

	2013	2012
Marketing, Room Commission & Others (Including amounts provided but not paid)	**11,299,414**	8,432,083

31. Earnings in foreign exchange :

	2013	2012
For hotel services (as certified by Management) inclusive of taxes	**712,066,716**	691,161,746

32. Total value of consumption of Indigenous & Imported Raw materials and Spares:

	Year ended 31st March 2013		Year ended 31st March 2012	
	Amount Rupees	Percentage	Amount Rupees	Percentage
Raw Materials				
Imported	–	0.00%	–	0.00%
Indigenous	44,030,708	100.00%	42,406,862	100.00%
	44,030,708	100.00%	42,406,862	100.00%
Spares				
Imported	1,946,132	18.95%	3,012,257	22,85%
Indigenous	8,321,492	81.05%	10,169,533	77,15%
	10,267,624	100.00%	13,181,790	100.00%

33. Particulars of unhedged foreign currency exposure as at the balance sheet date

Trade Payables

(i) USD 21,335 (₹ 1,169,383) [2012 - USD 8,799 (₹ 424,551)]

(ii) Euro 210 (₹ 14,750) [2012 - Euro 3,620 (₹ 249,961)]

(iii) GBP 5,296 (₹ 439,585) [2012 GBP Nil (₹ Nil)]

Trade Receivables Nil (2012 - Nil)

34. The Board of Directors in their meeting held on March 28, 2013 declared an interim dividend of ₹ 5 per equity share. Further, the Board of Directors in their meeting held on May 15, 2013 proposed a final dividend of ₹ 5 per equity share. The proposed dividend is subject to the approval of the shareholders at the ensuing Annual General Meeting. The total dividend appropriation amounted to ₹ 24,07,97,070 including corporate dividend tax of ₹ 3,42,97,070.

For the year ended March 31, 2012, the Company paid dividend of ₹ 5 per share. The dividend appropriation for the year ended March 31, 2012 amounted to ₹ 11,99,99,731 including Corporate Dividend Tax of ₹ 1,67,49,731.

35. The Company has only one business segment - Hotels. Accordingly, disclosure of segmentwise information is not applicable under Accounting Standard (AS-17) relating to Segment Reporting.

For VIRMANI & ASSOCIATES
Chartered Accountants
ICAI Registration No. 000356N

SURESH VIRMANI
Partner
Membership No. 17617

New Delhi
15th May, 2013

For and on behalf of the Board

SHIVY BHASIN — *Vice-Chairman*
BHARATH BHUSHAN GOYAL — *Managing Director*
T. K. SIBAL
ARJUN OBEROI
MANISH GOYAL
Directors

MERCURY CAR RENTALS LIMITED

BOARD

Mr. P.R.S. Oberoi, *Chairman*
Mr. S.S. Mukherji
Mr. Patric Thomas Siniscalchi
Mr. George Johan Proos
Mr. T.K. Sibal, *Managing Director*

COMPANY SECRETARY

Mr. Sameer Thakur

AUDITORS

Ray & Ray
Chartered Accountants
205, Ansal Bhawan, 2nd Floor
16, Kasturba Gandhi Marg
NEW DELHI 110 001

REGISTERED OFFICE

4, Mangoe Lane
KOLKATA 700 001

CORPORATE OFFICE

L10, Green Park Extension
NEW DELHI 110 016

DIRECTORS' REPORT

The Board presents the Nineteenth Annual Report together with the Audited Statement of Accounts and Auditor's Report in respect of the year ended 31st March, 2013.

The financial highlights are given below:

	Rupees in million	
	2012-13	2011-12
Revenue	**1288.96**	1059.65
Profit before Tax	**22.67**	23.03
Deferred Tax	**2.77**	3.74
Profit after Tax	**19.90**	19.29
Balance carried over	**2.91**	(16.99)

During the Financial Year under review:

- the Company's Total Revenue was ₹ 1288.96 million as against ₹ 1059.65 million in the previous year;
- the Operating Profit was ₹ 260.48 million as against ₹ 209.60 million in the previous year;
- the Profit before Tax was ₹ 22.67 million as against the ₹ 23.03 million in the previous year.
- the Profit after tax was ₹ 19.90 million as against ₹ 19.29 million in the previous year.

As required under Section 217(2AA) of the Companies Act, 1956, the Board states that:

a) in preparing the Annual Accounts, applicable Accounting Standards have been followed and that there are no material departures;

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit of the Company for that period;

c) the Directors have taken proper and sufficient care to the best of their ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and for safeguarding the assets of the Company and for preventing and detecting fraud and irregularities;

d) the Directors have prepared the Annual Accounts on a "going concern" basis.

Energy conservation continues to be a priority area for the Company. The Company's entire fleet of vehicles is Euro 3 compliant. While purchasing new vehicles, the emphasis is predominantly on fuel efficiency and use of cleaner fuel. All employees have been made aware of the need for energy conservation.

The Foreign Exchange earnings during the Financial Year amounted to ₹ 55.34 million as against ₹ 48.13 million in the previous year.

Mr. Patric Thomas Siniscalchi who was appointed as a Director by the Board at the Board Meeting on 21st December, 2012 in the casual vacancy caused due to the resignation of Mr. Xavier Gernaey, holds office upto the date of the forthcoming Annual General Meeting and is eligible for appointment. The Company has received a notice under Section 257 of the Companies Act, 1956 from a Member signifying his intention to propose the appointment of Mr. Siniscalchi as a Director on the Board. The Board recommends to the shareholders for his appointment as a Director on the Board, liable to retire by rotation.

Mr. S.S. Mukherji, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

The information required in accordance with Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended is annexed.

The Auditors of the Company, Ray & Ray, retire at the forthcoming Annual General Meeting and are eligible for reappointment. They have confirmed that, if reappointed, they will be within the limits specified under Section 224(1B) of the Companies Act, 1956.

The Board takes this opportunity to thank all employees of the Company for their commitment, dedication and co-operation.

For and on behalf of the Board

Kolkata	T.K. SIBAL	GEORGE JOHAN PROOS
27th May, 2013	*Managing Director*	*Director*

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013

A. Employed throughout the year and were in receipt of remuneration for the year which, in the aggregate, was not less than ₹ 6,000,000 or for part of the year and were in receipt of remuneration for any part of the year at a rate which, in the aggregate, was not less than Rs. 500,000 per month.

Name and Age of the Employee	Designation/ Nature of Duties	Gross Remuneration (₹)	Qualification(s)	Experience	Date of Commencement of Employment	Particulars of Previous Employment
1	2	3	4	5	6	7
Sunil Gupta (51)	Chief Executive Officer	12,482,040	B.Tech. PGDM	27 yrs	October, 2009	Kuoni Travel Group

Notes:

1. Gross Remuneration shown above comprises of salaries, allowances and benefits as per the Company's Rules and Contribution to Provident Fund but excludes payment on account of encashment of leave on retirement/ resignation.
2. The above employee is the wholetime employee of the Company and is not related to any Director of the Company. He has adequate experience to discharge his duty as the CEO and does not hold by himself alongwith his spouse and children any share in the Company.

For and on behalf of the Board

Kolkata
27th May, 2013

T.K. SIBAL
Managing Director

GEORGE JOHAN PROOS
Director

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Mercury Car Rentals Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Mercury Car Rentals Limited ("the Company") which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in a manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that;

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   e. on the basis of written representations received from the directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For RAY & RAY
Chartered Accountants
Firm's Registration Number 301072E

A.K. SHARMA
Partner
Membership Number 80085

Kolkata
27th May, 2013

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   (b) All the assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on such verification which were not material have been properly dealt with in the books of account.

   (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

2. The Company's nature of operations does not require it to hold inventories. Accordingly, the provisions of clause (ii)(a) to (c) of paragraph 4 of the aforesaid Order are not applicable to the Company.

3. (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

   (b) In view of our comments in paragraph 3(a) above, the provisions of clauses (iii)(b), (iii)(c) and (iii)(d) of paragraph 4 of the aforesaid Order are not applicable to the Company.

   (c) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

   (d) In view of our comment in paragraph 3(c) above, the provisions of clauses (iii)(f) and (iii)(g) of paragraph 4 of the aforesaid Order are not applicable to the Company.

4. In our opinion, and according to the information and explanations given to us, having regard to the explanation that for some items purchased for which comparable alternative quotations are not available because of specialised nature/quality and delivery schedule of such items and also having regard to sale of certain services which are for the customers specialised requirements for which suitable alternative sources are not available for comparable quotations, there are adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of fixed assets, inventory and sale of goods/services except for vehicles operation & allied matters which requires improvement. During the course of our audit, we have neither come across nor have we been informed of any continuing failure to correct major weakness in internal control system.

5. a) On the basis of our examination of books of account and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.

b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of ₹ 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, except sale/purchase of services/goods of a special nature, for which suitable alternative sources are not available to obtain comparable quotations. However, in our opinion and on the basis of information and explanations provided, the same appear reasonable.

6. The Company has not accepted any deposits from the public and consequently, the directions issued by Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder are not applicable to the Company.

7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

8. The Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section(1) of Section 209 of the Companies Act, 1956 in respect of the services carried out by the Company.

9. a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other statutory dues applicable to it with appropriate authorities except for delays in deposition/non deposition.

   Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

   b) According to the information and explanations given to us, *except for VAT of ₹ 15,741,507*, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess which were outstanding as at 31st March, 2013 for a period of more than six months from the date they become payable.

   c) According to the information and explanations given to us, there are no dues of sales tax, service tax, customs duty, excise duty, wealth tax and cess which have not been deposited on account of any dispute other than disputed income tax as indicated below:

Name of statute	Nature of dues	Assessment Year	Forum where dispute is pending	Amount (₹)
Income Tax Act, 1961	Income Tax	2006-07, 2007-08 and 2009-10	CIT (Appeals) Kolkata	5,971,359

*Reference is also invited to Note 28 as regards DVAT on Car Rentals Services.

10. The Company has no accumulated losses and has not incurred any cash loss during the year covered by our Report and in the immediately preceding financial year.
11. On the basis of records examined and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions/banks. The Company does not have any debenture holders.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other similar securities. Accordingly, the provisions of clause (xii) of paragraph 4 of the aforesaid Order are not applicable to the Company.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the aforesaid Order are not applicable to the Company.
14. In our opinion, the Company is not dealing or trading in shares, security, debentures and other securities. Accordingly, the provisions of clause (xiv) of paragraph 4 of the aforesaid Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause (xv) of paragraph 4 of the aforesaid Order are not applicable to the Company.
16. According to the information and explanations given to us, the term loans raised by the Company have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
18. The Company has not made any preferential allotment of shares to parties or Companies covered in the Register maintained under Section 301 of the Companies Act, 1961. Based on the consent of Joint Venture Partners, it appears that the price at which shares have been allotted are not *prima facie* prejudicial to the Company.
19. The Company has not issued any debentures. Accordingly, the provisions of clause (xix) of paragraph 4 of the aforesaid Order are not applicable to the Company.
20. The Company has not raised any money by public issue. Accordingly, the provisions of clause (xx) of paragraph 4 of the aforesaid Order are not applicable to the Company.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported by the Management during the year.

For RAY & RAY
Chartered Accountants
Firm's Registration No. 301072E

A.K. SHARMA
Partner
Membership No. 80085

Kolkata
27th May, 2013

Balance Sheet as at 31st March, 2013

	Note	Rupees	As at 31st March 2013 Rupees	2012 Rupees
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
SHARE CAPITAL	2	**151,277,050**		139,166,650
RESERVES AND SURPLUS	3	**90,663,232**		40,968,625
			241,940,282	180,135,275
NON-CURRENT LIABILITIES				
LONG TERM BORROWINGS	4	**496,982,609**		369,065,256
DEFERRED TAX LIABILITIES (NET)	5	**1,165,602**		–
OTHER LONG TERM LIABILITIES	6	**25,522,825**		12,924,152
LONG TERM PROVISIONS	7	**11,851,043**		9,893,069
			535,522,079	391,882,477
CURRENT LIABILITIES				
SHORT-TERM BORROWINGS	8	**–**		30,000,000
TRADE PAYABLES	9	**92,887,648**		97,045,079
OTHER CURRENT LIABILITIES	10	**325,400,128**		241,445,207
SHORT-TERM PROVISIONS	11	**1,104,768**		321,503
			419,392,544	368,811,789
			1,196,854,905	940,829,541
ASSETS				
NON-CURRENT ASSETS				
FIXED ASSETS				
(I) TANGIBLE ASSETS	12	**774,528,942**		527,529,619
(II) INTANGIBLE ASSETS	13	**5,280,998**		6,728,801
DEFERRED TAX ASSETS (NET)	5	**–**		1,599,513
LONG TERM LOANS AND ADVANCES	14	**74,118,047**		89,448,945
OTHER NON-CURRENT ASSETS	15	**7,477,072**		7,663,277
			861,405,059	632,970,155
CURRENT ASSETS				
TRADE RECEIVABLES	16	**198,795,373**		181,655,441
CASH AND BANK BALANCES	17	**95,482,425**		85,793,195
SHORT-TERM LOANS AND ADVANCES	18	**38,846,565**		37,852,883
OTHER CURRENT ASSETS	19	**2,325,483**		2,557,867
			335,449,846	307,859,386
TOTAL			**1,196,854,905**	940,829,541

NOTES TO THE ACCOUNTS
FORM AN INTEGRAL PART OF THE BALANCE SHEET

This is the Balance Sheet referred
to in our report of even date.

For RAY & RAY
Chartered Accountants

A.K. SHARMA
Partner
Membership No. 80085
Firm's Registration No. 301072E

Kolkata
27th May, 2013

SAMEER THAKUR
Company Secretary

T.K. SIBAL *Managing Director*
GEORGE JOHAN PROOS *Director*

Statement of Profit and Loss for the year ended 31st March, 2013

	Note	Rupees	Year ended 31st March 2013 Rupees	2012 Rupees
REVENUE FROM OPERATIONS	20		**1,263,845,265**	1,029,526,694
OTHER INCOME	21		**25,117,960**	30,130,996
TOTAL REVENUE			**1,288,963,225**	1,059,657,690
EXPENSES				
EMPLOYEE BENEFIT EXPENSES	22		**186,236,126**	130,506,516
FINANCE COSTS	23		**70,403,421**	54,010,375
DEPRECIATION & AMORTISATION EXPENSES	24		**167,407,338**	132,556,956
OPERATIONS AND OTHER EXPENSES	25		**842,248,192**	719,548,824
TOTAL EXPENSES			**1,266,295,077**	1,036,622,671
PROFIT BEFORE TAX			**22,668,148**	23,035,019
TAX EXPENSES				
CURRENT TAX - INCOME TAX		**4,703,579**		4,425,115
Less: MAT CREDIT ENTITLEMENT (Note 32)		**(4,703,579)**	**–**	(4,425,115)
DEFERRED TAX			**2,765,115**	3,743,509
PROFIT FOR THE PERIOD			**19,903,033**	19,291,510
EARNINGS PER EQUITY SHARE:				
BASIC AND DILUTED	40		**1.41**	2.05

NOTES TO THE ACCOUNTS
FORM AN INTEGRAL PART OF THE BALANCE SHEET

This is the Balance Sheet referred
to in our report of even date.

For RAY & RAY
Chartered Accountants

A.K. SHARMA
Partner
Membership No. 80085
Firm's Registration No. 301072E

Kolkata
27th May, 2013

SAMEER THAKUR
Company Secretary

T.K. SIBAL *Managing Director*
GEORGE JOHAN PROOS *Director*

Cash Flow Statement for the year ended 31st March, 2013

		Year ended 31st March 2013 Rupees	2012 Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) before Tax	**22,668,148**	23,035,019
	Adjustments for:		
	Depreciation	**167,407,338**	132,556,956
	Liabilities and Provisions Written back	**(4,101,297)**	(3,511,049)
	Provision for doubtful debts and advances	**1,028,464**	187,835
	Advances and debts written off	**457,239**	861,105
	Provision for Leave Encashment	**1,996,857**	1,058,542
	Provision for Gratuity	**744,382**	588,860
	Profit on Sale of Fixed Assets (Net)	**(9,556,494)**	(14,555,616)
	Interest Earned	**(4,495,327)**	(6,035,645)
	Interest on Borrowings	**68,213,321**	53,032,775
	Operating Profit before Working Capital Changes	**244,362,631**	187,218,782
	Adjustments for:		
	Trade and Other Receivables	**3,187,022**	(52,238,994)
	Trade Payables	**54,805,019**	27,239,620
	Cash Generated from Operations	**302,354,672**	162,219,408
	Interest Paid	**(67,687,677)**	(52,400,147)
	Interest Received	**4,727,712**	4,357,090
	Payment of Direct Taxes	**(6,830,368)**	8,322,674
	Net **Cash Flow from Operating Activities**	**232,564,339**	122,499,025
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	**(450,578,828)**	(353,475,585)
	Sale/Adjustment of Fixed Assets	**47,176,463**	43,462,363
	Advance against Asset Sale	**5,593,554**	6,379,152
	Net Cash used in Investing Activities	**(397,808,811)**	(303,634,070)

Cash Flow Statement — *Contd.* for the year ended 31st March, 2013

		Year ended 31st March	
		2013 **Rupees**	2012 Rupees
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Issue of Share Capital	**12,110,400**	90,000,000
	Premium on Issue of shares allotted	**29,791,584**	–
	Changes in Margin Money / Long Term Fixed Deposits	**33,880,411**	(44,654,068)
	Loan from EIH Ltd. - The Holding Company	**–**	10,000,000
	Proceeds from Secured Loans	**380,547,534**	398,641,828
	Working Capital Demand Loan from Bank	**–**	30,000,000
	Repayment of		
	Cash Credit from Banks	**(30,000,000)**	(86,130,352)
	Repayment of Loan to EIH Ltd. - The Holding Company	**–**	(10,000,000)
	Repayment of Vehicle Loans	**(217,515,816)**	(214,408,011)
	Sale of leased vehicle	**–**	826,786
	Net Cash used in Financing Activities	**208,814,113**	174,276,183
	Net Increase in Cash and Cash Equivalents (A+B+C)	**43,569,641**	(6,858,862)
	Cash and Cash Equivalents at beginning of the year	**23,633,845**	30,492,707
	Cash and Cash Equivalents at the end of the year	**67,203,486**	23,633,845

Notes :

1. The Cash Flow Statement has been prepared in indirect method as set out in the Accounting Standard on Cash Flow Statement (AS-3).
2. Additions to Fixed Assets are stated inclusive of movements of Capital Work-in-progress between the beginning and end of the year and are treated as a part of the investing Activities.

This is the Cash Flow Statement referred to in our report of even date.

For RAY & RAY
Chartered Accountants

A.K. SHARMA
Partner
Membership No. 80085
Firm's Registration No. 301072E

Kolkata
27th May, 2013

SAMEER THAKUR
Company Secretary

T.K. SIBAL *Managing Director*
GEORGE JOHAN PROOS *Director*

Notes forming part of the Financial Statements

1
SIGNIFICANT ACCOUNTING POLICIES

1.1 BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements have been prepared to comply in all material aspects in respect with the Notified Accounting Standards by the Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956. Financial Statements are based on historical cost and are prepared on accrual basis except where impairment is made. Accounting policies have been consistently applied by the Company and are consistent with those used in the previous years.

1.2 USE OF ESTIMATES

The preparation of Financial Statements in conformity with generally accepted accounting principles that requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the Financial Statements and the reported amount of revenue and expenses during the reporting year end. Although, these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates.

1.3 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured.

Revenue from operations comprises of Transport Income, Operating Lease Income, Fleet Management Fees and Referral Services and Other Income includes Shopping Income. Revenue is recognised when the significant risks and rewards of ownership is passed to the buyer with rendering/completion of services and are disclosed net of discount. Lease Rental Income and Fleet Management Fees in respect of Operating Lease contract is recognised equally over the lease period. Tax deducted at source thereon is treated as Income Tax Payment. Income from interest is credited to revenue in the year of its accrual on time proportion basis taking into account the amount deposited and rate of interest. The income is stated in full and tax deducted thereon is accounted for under Income tax payments/refunds. Turnover excludes the amount of taxes viz. Sales Tax / Value Added Tax, Service Tax, etc.

1.4 FIXED ASSETS

Fixed Assets are stated at cost less accumulated depreciation/amortisation. Cost comprises the purchase price/cost of acquisition including taxes, duties, freight and other incidental expenses related to acquisition and installation to bring the asset to its working condition for intended use. Cost in respect of vehicles is net of CENVAT input on excise duty or excise refundable wherever applicable. Interest on loans specifically availed is capitalised upto the date on which assets are put to use. Assets acquired on lease basis are stated at their cash values less depreciation/amortisation.

1.5 DEPRECIATION

Depreciation is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except for the assets shown below:

Based on their respective useful economic life, depreciation on the following class of assets is provided at a rate higher than those specified in Schedule XIV of the Companies Act, 1956:

a) Vehicles acquired under purchase arrangements are amortised over the period of arrangement or sixty months whichever is earlier;

b) Vehicles acquired on lease are depreciated over their respective lease period or forty eight months from date of acquisition whichever is earlier;

c) Vehicles given on operating lease are depreciated over their respective lease period or sixty months whichever is earlier.

d) Trademarks are treated as Intangible Asset and are amortised over a period of one hundred and twenty months being the period of License and Buy/Sell Agreements;

e) Software is treated as Intangible Asset and are amortised over a period of sixty months; and

f) Pre-fabricated/Porta Cabin/Renovation of leased premises – Furniture & Fixture are amortised over lease period.

1.6 LEASES

a) **Finance lease:** Assets acquired under finance leases, which effectively transfer to the Company substantially all the risk and benefits incidental to ownership of the lease, are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss under Interest and Finance charges.

b) **Operating lease –**

   (i) Assets acquired under operating leases represent assets where the lessors effectively retain substantially all the risk and benefits of their ownership. Operating lease payments are recognised as an expense in the Statement of Profit and loss on a straight line basis over the lease period.

Notes forming part of the Financial Statements – *Contd.*

(ii) Assets given under operating lease are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight line basis over the lease term. Cost including depreciation is recognised as an expense in the Statement of Profit and Loss.

1.7 EMPLOYEE BENEFIT

Contributions paid/payable to defined contribution scheme - Provided Fund are recognised in the Statement of Profit and Loss. These contributions are made to government administered funds to which the Company has no further obligations beyond its monthly/ periodic contributions. The Company also provides retirement benefits in the form of gratuity and leave encashment only which are determined using the projected unit credit method as at the balance sheet date by an independent actuary.

Under the Projected Unit Cost method, a projected accrued benefit is calculated at the beginning of the period and again at the end of the period for each benefit that will accrue for all active member of the plan. The projected accrued benefit is based on the plan accrual formula and upon service as of the beginning or end of the period, but using member's final compensation, projected to the age at which the employee is assumed to leave active service. The plan liability is the actuarial present value of the projected accrued benefits as of the beginning and the end of the period for active members. Actuarial gains/losses are immediately taken to Statement of Profit and Loss and not deferred. Terminating benefits are recognised as an expense as and when accrued. The undiscounted amount of short term employee benefits, viz. compensated absence and performance incentives expected to be paid in exchange for the services rendered by the employee is recognised during the period when the employee renders the service.

1.8 TRANSACTIONS IN FOREIGN CURRENCY

a) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

b) Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction, and non-monetary items which are carried at fair value on the similar valuation denominated in a foreign currency, are reported using the exchange rates that existed when the values were determined.

c) Exchange differences arising on the settlement of monetary or on reporting monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statement are recognised as income or as expenses in the year in which they arise.

1.9 BORROWING COSTS

Borrowing cost that is attributable to the acquisition/construction of fixed assets are capitalised as part of the cost of the respective assets. Other borrowing costs are recognised as expenses in the year in which they arise.

1.10 TAXES ON INCOME

Income-tax is accounted for in accordance with Accounting Standard on 'Accounting for taxes and income' notified pursuant to the Companies (Accounting Standards) Rules, 2006.

Minimum Alternate Tax (MAT) is accounted for in accordance with tax laws which give rise to future economic benefits in the form of tax credit against which future income tax liability is adjusted and is recognised as an asset in the Balance Sheet.

Deferred tax is provided and recognised on timing differences between taxable income and accounting income subject to prudential consideration. Deferred tax assets on unabsorbed depreciation and carry forward of losses are not recognised unless there is virtual certainty about availability of future taxable income to realise such assets.

1.11 PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when there is a present legal or statutory obligation as a result of past events and where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an on going basis and only those having a largely probably outflow of resources are provided for.

Contingent Assets are not recognised in the Financial Statements.

1.12 PRIOR PERIOD ADJUSTMENTS, EXTRAORDINARY ITEMS AND CHANGES IN ACCOUNTING POLICIES

Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

Notes forming part of the Financial Statements – *Contd.*

	As at 31st March	
	2013	2012
	Rupees	Rupees
2		
SHARE CAPITAL		
1. AUTHORISED		
19,000,000 (2012 - 19,000,000) Equity Shares of ₹ 10 each	**190,000,000**	190,000,000
100,000 (2012 - 100,000) Cumulative Redeemable Preference Shares (6%) of ₹ 100 each	**10,000,000**	10,000,000
	200,000,000	200,000,000
2. ISSUED, SUBSCRIBED AND FULLY PAID UP		
15,127,705 (2012 - 13,916,665) Equity Shares of ₹ 10 each	**151,277,050**	139,166,650
	151,277,050	139,166,650

a) The Company's Authorised Capital comprises of two class of shares. The Equity Shares have a par value of ₹ 10 each and Cumulative Redeemable Preference Shares have a par value of ₹ 100 each.

b) Reconciliation of Share Capital (Equity Shares)

	As at 31st March			
	2013		2012	
	Number of Shares	**Amount**	Number of Shares	Amount
Balance at the beginning of the year	**13,916,665**	**139,166,650**	4,916,665	49,166,650
Add/(Less) : Movement during the year	**1,211,040**	**12,110,400**	9,000,000	90,000,000
Balance at the end of the year	**15,127,705**	**151,277,050**	13,916,665	139,166,650

c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31st March			
	2013		2012	
	Number of Shares	**% holding**	Number of Shares	% holding
EIH Limited - The Holding Company	**10,085,137**	**66.67**	9,277,777	66.67
Avis India Investments Private Limited	**5,042,568**	**33.33**	4,638,888	33.33
Total	**15,127,705**	**100.00**	13,916,665	100.00

d) The company has at present one class of shares: Equity Shares of par value at ₹ 10 per share. Each shareholder is eligible to one vote per share held and is entitled to dividend as proposed by the Board of Directors, subject to the approval of Shareholders in the ensuing Annual General Meeting.

e) 1,211,040 (2012 - 9,000,000) shares of the Company have been allotted as fully paid up shares at a premium of ₹ 24.60 (2012 - Nil) during 2012-13.

Notes forming part of the Financial Statements – *Contd.*

		As at 31st March	
		2013	2012
	Rupees	**Rupees**	Rupees
3			
RESERVES AND SURPLUS			
Securities Premium Account			
As per last account	**47,852,965**		47,852,965
Add: Premium on shares allotted during 2012-13	**29,791,584**		–
		77,644,549	47,852,965
General Reserve			
As per last account	**10,100,000**		10,100,000
Add: Adjustment with debit balance in Statement of Profit & Loss as per contra	**–**		(10,100,000)
		10,100,000	–
Debit Balance in Statement of Profit & Loss			
As per last account	**(16,984,350)**		(36,275,850)
Less: Adjustment with General Reserve as per Contra	**–**		10,100,000
Add: Profit/(Loss) after tax transferred from Statement of Profit & Loss	**19,903,033**		19,291,510
		2,918,683	(6,884,340)
		90,663,232	40,968,625

Notes forming part of the Financial Statements – *Contd.*

		As at 31st March	
		2013	2012
	Rupees	**Rupees**	Rupees
4			
LONG-TERM BORROWINGS			
Term Loans (Secured)			
(a) From Banks (under Hire Purchase Arrangement)			
HDFC Bank Limited	**16,315,913**		74,851,841
ICICI Bank Limited	**60,492,223**		75,084,230
Yes Bank Limited	**11,092,894**		–
Dhanlaxmi Bank Limited	**14,463,060**		22,244,020
		102,364,090	172,180,091
(b) From Banks			
ICICI Bank Limited - Term Loan		**96,747,619**	–
(b) From Others - Finance Companies (under Hire Purchase Arrangement)			
Reliance Capital Limited	**63,645,436**		88,373,965
Tata Capital Limited	**59,878,798**		42,302,339
BMW India Financial Services Limited	**71,998,567**		–
Kotak Mahindra Prime Limited	**95,063,911**		63,111,369
		290,586,712	193,787,673
Long term maturities of Finance lease (Secured)		**7,284,188**	3,097,492
		496,982,609	369,065,256

Notes:

1. Nature of security and term of repayment for Long Term Secured Borrowings

Name of Security	**Terms of Repayment**
1.1 Term loan from HDFC Bank Ltd. amounting to ₹ 69,036,545 (March 31, 2012: ₹ 148,140,942) is secured against hypothication of vehicles whether acquired or to be acquired aggregating to ₹ 152,004,045.	Repayable in monthly instalments starting from the following month in which loans are availed and are payable in 36-48 months. Rate of interest varies from 9.50% to 12.46% p.a. (Previous year 9.50% to 12.46% p.a)
1.2 Term loan from ICICI Bank Ltd. amounting to ₹ 116,000,000 (March 31, 2012 : ₹ Nil) is secured against hypothication of vehicles whether acquired or to be acquired and book debts of lease vertical.	Repayable in monthly instalments starting after four months in which loans are availed and are payable in 43 months. Rate of interest 12.25% (Previous year Nil)
1.3 Term loan (Auto Loan) from ICICI Bank Ltd. amounting to ₹ 89,343,138 (March 31, 2012 : ₹ 96,869,552) is secured against hypothication of vehicles whether acquired or to be acquired aggregating to ₹ 117,765,832.	Repayable in monthly instalments starting from the following month in which loans are availed and are payable in 36-48 months. Rate of interest varies from 10.25% to 12.25% p.a. (Previous year 11.75% to 12.25% p.a.)
1.4 Term loan from Yes Bank Ltd. amounting to ₹ 15,065,744 (March 31, 2012: ₹ Nil) is secured against hypothication of vehicles whether acquired or to be acquired aggregating to ₹ 12,826,396.	Repayable in monthly instalments starting from the following month in which loans are availed and are payable in 36 months. Rate of interest varies from 9.50% to 9.54% p.a. (Previous year Nil)
1.5 Term loan from Dhanlaxmi Bank Ltd. amounting to ₹ 22,244,020 (March 31, 2012: ₹ 29,246,400) is secured against hypothication of vehicles whether acquired or to be acquired aggregating to ₹ 36,609,990.	Repayable in monthly instalments starting from the following month in which loans are availed and are payable in 48 month. Rate of interest 10.50% p.a. (Previous year 10.50% p.a.)
1.6 Term loan from Reliance Capital Ltd. amounting to ₹ 86,834,962 (March 31, 2012 : ₹ 116,422,922) is secured against hypothication of vehicles whether acquired or to be acquired aggregating to ₹ 115,295,469.	Repayable in monthly instalments starting from the following month in which loans are availed and are payable in 36-48 months. Rate of interest varies from 12.00% to 12.50% p.a. (Previous year 12.00% to 12.50% p.a.)
1.7 Term loan from Tata Capital Ltd. amounting to ₹ 80,652,367 (March 31, 2012 : ₹ 51,692,090) is secured against hypothication of vehicles whether acquired or to be acquired aggregating to ₹ 95,930,381.	Repayable in monthly instalments starting from the following month in which loans are availed and are payable in 36-48 months. Rate of interest varies from 11.00% to 12.25% p.a. (Previous year 12.25% p.a.)
1.8 Term loan from BMW India Financial Services Pvt. Ltd. amounting to ₹ 95,770,473 (March 31, 2012 : ₹ Nil) is secured against hypothication of vehicles whether acquired or to be acquired aggregating to ₹ 105,294,716.	Repayable in monthly instalments starting from the following month in which loans are availed and are payable in 36-48 months. Rate of interest varies from 10.50% to 11.60% p.a. (Previous year Nil)
1.9 Term loan from Kotak Mahindra Prime Ltd. amounting to ₹ 137,762,162 (March 31, 2012 : ₹ 107,304,139) is secured against hypothication of vehicles whether acquired or to be acquired aggregating to ₹ 184,163,128	Repayable in monthly instalments starting from the following month in which loans are availed and are payable in 36-48 months. Rate of interest varies from 10.00% to 12.50 p.a. (Previous year 10.00% to 12.50% p.a.)

Notes forming part of the Financial Statements – *Contd.*

2 The finance lease obligations are secured against motor vehicles registered under "The Motor Vehicle Act, 1939". The terms of repayment are monthly payment of equated instalments starting from the month subsequent to taking on finance lease. The monthly instalments are payable in 36-48 months.

3 Charge on vehicles have been registered with Registrar of Companies wherever required by Banks/Finance Companies.

	As at 31st March	
	2013	2012
	Rupees	Rupees
5		
DEFERRED TAX (LIABILITIES)/ASSETS		
Deferred Tax Liability on account of:		
Fixed Assets (Excess of net block over Written Down Value as per provision of Income Tax Act, 1961)	**47,483,227**	37,835,450
Deferred Tax Asset on account of:		
Unabsorbed Depreciation/Loss	**37,788,275**	31,504,597
Gratuity	**1,336,419**	1,042,766
Leave Encashment	**1,727,760**	1,028,457
Provision for Doubtful Debts and Advances	**333,685**	58,041
Accrued expenses deductible on payment	**5,131,486**	5,801,102
	46,317,625	39,434,963
Deferred Tax (Liabilities)/Assets (Net)	**(1,165,602)**	1,599,513
6		
OTHER LONG-TERM LIABILITIES		
Security Deposits	**12,627,120**	5,003,000
Advances from Customers	**922,999**	1,542,000
Advance received against sale of assets (Note 33)	**11,972,706**	6,379,152
	25,522,825	12,924,152
7		
LONG-TERM PROVISIONS		
Gratuity	**3,915,089**	3,298,757
Leave Encashment	**7,935,954**	6,594,312
	11,851,043	9,893,069
8		
SHORT-TERM BORROWINGS		
Secured		
– HDFC Bank Limited (Working Capital Demand Loan)	**–**	30,000,000
	–	30,000,000

Notes:

Working Capital demand loan was payable on demand and was secured against a Corporate Guarantee of ₹ 60,000,000 given by EIH Limited, the Holding Company and also book debts.

Notes forming part of the Financial Statements – *Contd.*

	As at 31st March	
	2013	2012
	Rupees	Rupees
9		
TRADE PAYABLES		
Total Outstanding dues of Micro Enterprises and Small Enterprises (Note 38)	**–**	–
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	**92,887,648**	97,045,079
	92,887,648	97,045,079
10		
OTHER CURRENT LIABILITIES		
Current maturities of long-term debt	**223,010,980**	183,708,281
Current maturities of Finance Lease Obligations	**2,628,018**	1,106,051
Interest accrued but not due on borrowings	**4,102,194**	3,576,550
Advance from Customers	**2,009,903**	836,903
Other Payables:		
Withholding and other taxes payable	**32,220,516**	30,072,042
Security Deposits	**6,649,984**	1,420,579
Expenses	**18,562,912**	3,442,387
Royalty	**36,215,621**	17,282,414
	325,400,128	241,445,207
11		
SHORT-TERM PROVISIONS		
Gratuity	**203,941**	75,891
Leave Encashment	**900,827**	245,612
	1,104,768	321,503

Notes forming part of the Financial Statements – *Contd.*

12
FIXED ASSETS - TANGIBLE

	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	Original cost as at 31st March, 2012 ₹	Additions ₹	Sales/ Adjustments ₹	Original cost as at 31st March, 2013 ₹	As at 31st March 2012 ₹	For the Year ₹	Sales/ Adjustments ₹	As at 31st March, 2013 ₹	**As at 31st March, 2013 ₹**	As at 31st March, 2012 ₹
TANGIBLE ASSETS										
Office Equipments	12,224,439	2,007,822	866,790	13,365,471	2,573,580	613,493	535,178	2,651,895	**10,713,576**	9,650,859
	(10,305,855)	(2,174,179)	(255,595)	(12,224,439)	(2,125,736)	(585,852)	(138,008)	(2,573,580)	(9,650,859)	(8,180,119)
Furniture & Fixtures	18,547,190	2,422,425	683,966	20,285,649	6,979,376	1,217,855	595,309	7,601,922	**12,683,727**	11,567,814
	(18,932,918)	(1,078,423)	(1,464,151)	(18,547,190)	(6,564,444)	(1,817,357)	(1,402,425)	(6,979,376)	(11,567,814)	(12,368,474)
Computers	7,680,466	831,946	997,232	7,515,180	3,571,550	1,127,003	947,371	3,751,182	**3,763,998**	4,108,916
	(10,492,153)	(977,475)	(3,789,162)	(7,680,466)	(5,883,824)	(1,275,442)	(3,587,716)	(3,571,550)	(4,108,916)	(4,608,329)
Vehicles	737,685,486	293,428,617	111,249,009	919,865,094	239,094,384	155,658,834	74,099,169	320,654,049	**599,211,045**	498,591,102
	(516,500,324)	(315,699,186)	(94,514,024)	(737,685,486)	(179,585,318)	(125,497,101)	(65,988,035)	(239,094,384)	(498,591,102)	(336,915,006)
Vehicles - Operating Lease (Note 34.2)	–	143,943,800	–	143,943,800	–	4,703,003	–	4,703,003	**139,240,797**	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Leased Vehicles (Note 34.1)	5,533,989	7,427,505	–	12,961,494	1,923,061	2,122,634	–	4,045,695	**8,915,799**	3,610,928
	(5,678,252)	(1,212,198)	(1,356,461)	(5,533,989)	(804,496)	(1,648,239)	(529,674)	(1,923,061)	(3,610,928)	(4,873,756)
Total Tangible Assets	781,671,570	450,062,115	113,796,997	1,117,936,688	254,141,951	165,442,822	76,177,027	343,407,746	**774,528,942**	527,529,619
	(5671,909,502)	(321,141,461)	(101,379,393)	(781,671,570)	(194,963,818)	(130,823,991)	(71,645,858)	(254,141,951)	(527,529,619)	(366,945,684)

Figures in brackets indicate figures for previous year.

Note : Gross Block of Vehicles includes ₹ 819,889,957 (2012 - ₹ 641,843,962) acquired under Hire-Purchase Arrangement.

13
FIXED ASSETS - INTANGIBLE

	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	Original cost as at 31st March, 2012 ₹	Additions ₹	Sales/ Adjustments ₹	Original cost as at 31st March, 2013 ₹	As at 31st March 2012 ₹	For the Year ₹	Sales/ Adjustments ₹	As at 31st March, 2013 ₹	**As at 31st March, 2013 ₹**	As at 31st March, 2012 ₹
INTANGIBLE ASSETS										
Trademarks	22,599,500	–	–	22,599,500	22,599,500	–	–	22,599,500	–	–
	(22,599,500)	(–)	(–)	(22,599,500)	(22,599,500)	(–)	(–)	(22,599,500)	(–)	(–)
Computer Software	9,657,001	545,810	35,000	10,167,811	2,928,200	1,964,516	5,903	4,886,813	5,280,998	6,728,801
	(9,719,604)	(3,128,441)	(3,191,044)	(9,657,001)	(4,386,279)	(1,732,965)	(3,191,044)	(2,928,200)	(6,728,801)	(5,333,325)
Total Tangible Assets	32,256,501	545,810	35,000	32,767,311	25,527,700	1,964,516	5,903	27,486,313	5,280,998	6,728,801
	(32,319,104)	(3,128,441)	(3,191,044)	(32,256,501)	(26,985,779)	(1,732,965)	(3,191,044)	(25,527,700)	(6,728,801)	(5,333,325)

Figures in brackets indicate figures for previous year.

Notes forming part of the Financial Statements – *Contd.*

		As at 31st March **2013**	2012
	Rupees	**Rupees**	Rupees
14			
LONG - TERM LOANS AND ADVANCES			
(Unsecured, considered good)			
Capital Advances		**11,857,121**	34,018,386
Others			
Income Tax payments / refunds (net of Provisions)		**53,132,232**	51,005,444
MAT credit entitlement (Note 32)		**9,128,694**	4,425,115
		74,118,047	89,448,945
15			
OTHER NON-CURRENT ASSETS			
Long-Term Receivables (considered doubtful - unsecured)	**1,028,464**		187,835
Less : Provisions	**1,028,464**		187,835
		–	–
Security Deposits (Unsecured considered good)		**7,477,072**	7,663,277
		7,477,072	7,663,277
16			
TRADE RECEIVABLES (Considered Good - Unsecured)			
Outstanding for a period of more than six months from the date they are due for Payment		**3,714,575**	10,633,694
Other debts		**195,080,798**	171,021,747
		198,795,373	181,655,441
Note:-			
(i) Amount due from EIH Ltd. - The Holding Company - Other Debts		**14,056,530**	8,080,160
(ii) Amount due from Related Party - Avis Budget Services Limited			
– Outstanding for a period exceeding six months		**–**	9,760,453
– Other Debts		**140,404**	962,839

Notes forming part of the Financial Statements – *Contd.*

		As at 31st March	
		2013	2012
	Rupees	**Rupees**	Rupees
17			
CASH & BANK BALANCES			
Cash and Cash Equivalents			
Cash on hand	**1,383,396**		667,550
Cheques on hand	**15,535,153**		5,247,018
Balances with banks in Current Accounts	**1,184,937**		17,639,277
Short-term bank deposits with less than 3 months maturity	**49,100,000**		80,000
		67,203,486	23,633,845
Other Bank Balances			
Balance with banks held as Margin Money/Security	**11,712,709**		11,255,183
Bank deposits having more than 3 months but less than 12 months maturity	**16,566,230**		50,904,167
		28,278,939	62,159,350
		95,482,425	85,793,195

18		
SHORT-TERM LOANS AND ADVANCES		
Unsecured - Considered Good		
Advances recoverable in cash or in kind or for value to be received	**4,295,770**	1,639,410
Prepaid Expenses	**12,022,114**	11,847,625
Security Deposits	**3,931,390**	4,337,204
Cenvat Credit & Excise duty entitlements	**18,597,291**	20,028,644
	38,846,565	37,852,883

19		
OTHER CURRENT ASSETS		
Interest Accrued on Bank Deposits	**2,325,483**	2,557,867
	2,325,483	2,557,867

Notes forming part of the Financial Statements – *Contd.*

	Year ended 31st March **2013** **Rupees**	2012 Rupees
20		
REVENUE FROM OPERATIONS		
Transport Income	**1,250,368,302**	1,016,688,285
Lease Rental Income	**7,607,016**	–
Other Operating revenues		
– Fleet Management Fees	**3,340,874**	11,320,250
– Referral Services	**2,529,073**	1,518,159
	1,263,845,265	1,029,526,694
21		
OTHER INCOME		
Interest (Gross)*	**4,495,327**	6,035,646
Service Charges	**141,424**	246,300
Liabilities and Provisions Written Back	**4,101,297**	3,511,049
Shopping Commission	**2,254,414**	2,397,320
Profit on Sale of Assets (Net)	**9,556,494**	14,555,616
Miscellaneous Income	**4,569,004**	3,385,065
	25,117,960	30,130,996

*Interest income includes interest from Income Tax ₹ 1,316,221 (2012 - ₹ 2,472,798)

	2013 Rupees	2012 Rupees
22		
EMPLOYEE BENEFIT EXPENSES		
Salaries & Wages etc.	**151,230,487**	102,874,910
Contribution to Provident Fund and other funds	**4,577,635**	3,946,869
Gratuity	**744,382**	588,860
Leave Encashment	**1,996,857**	1,058,542
Staff Welfare Expenses	**27,686,765**	22,037,335
	186,236,126	130,506,516

Notes forming part of the Financial Statements – *Contd.*

	Year ended 31st March	
	2013	2012
	Rupees	Rupees
23		
FINANCE COSTS		
Interest Expense (Includes interest paid to EIH Ltd. - The Holding Company - ₹ Nil (2012 - ₹ 684,658)	**68,213,321**	53,032,775
Other Borrowing Costs	**2,190,100**	977,600
	70,403,421	54,010,375

Note:

Interest expense is net of interest capitalised ₹ 9,67,109 (2012 - ₹ 8,94,062)

24		
DEPRECIATION & AMORTISATIONS		
Tangible Assets	**165,442,822**	130,823,991
Intangible Assets	**1,964,516**	1,732,965
	167,407,338	132,556,956

Notes forming part of the Financial Statements – *Contd.*

		Year ended 31st March	
		2013	2012
	Rupees	**Rupees**	Rupees
25			
OPERATIONS AND OTHER EXPENSES			
Rates and Taxes		**1,279,405**	1,440,978
Travelling and Conveyance		**10,788,637**	11,130,376
Postage, Telephone etc.		**13,226,884**	12,589,845
Printing & Stationery		**5,455,921**	5,933,101
Sales Commission		**11,334,076**	11,557,582
Insurance		**15,007,303**	10,834,538
Legal & Professional Charges		**7,861,066**	4,270,879
Power & Fuel		**4,240,169**	3,132,446
Auditor's Remuneration (Note 31)		**777,500**	592,000
Contractors Services		**114,616,854**	114,379,625
Associate Contract Charges		**56,880,099**	29,781,478
Provision/Write off : Debts & Advances		**1,485,704**	1,048,940
Royalty (Including Cess)		**48,786,171**	38,097,535
Net Loss on exchange		**71,751**	5,178,789
Bank Charges		**12,687,795**	12,085,334
Hire Charges		**2,735,085**	3,058,907
Repairs :			
– Plant & Machinery	**4,117,317**		2,165,871
– Others	**5,082,740**	**9,200,057**	5,310,145
Rent (Note 29)		**23,841,299**	19,808,838
Car Hire Expenses		**318,720,048**	276,818,719
Vehicle Running and Maintenance		**179,258,906**	148,810,443
Other Miscellaneous Expenses		**3,981,168**	1,353,507
Prior Period Expenses		**12,294**	168,948
		842,248,192	719,548,824

Notes forming part of the Financial Statements – *Contd.*

26. Contingent Liabilities and Commitments (to the extent not provided)

A. Contingent Liability not provided for in respect of:

1. Claims against the Company pending appellate/judicial decisions
   a) Income Tax ₹ 5,971,359 (2012 - ₹ 5,971,359)
   b) Claim raised by others ₹ 2,303,000 (2012 - ₹ Nil)
2. a) Guarantee given by EIH Limited – The Holding Company to HDFC Bank Limited ₹ Nil (2012 - ₹ 60,000,000)
   b) The Company has given Bank Guarantee of ₹ 9,832,000 (2012 - ₹ 9,832,000) to various Government Authorities.

B. Commitments:

The estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 174,693 (2012 - ₹ 577,000)

27. In the opinion of the Board, the assets of the Company other than fixed assets have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated. All known liabilities are accounted for and all Contingent liabilities are disclosed.

28. Based on the decision of Hon'ble High Court of Delhi, Car Rental Services in Delhi are not subject to Delhi Value Added Tax (DVAT). The department has gone into appeal against this decision to Hon'ble Supreme Court. Pending final decision from Hon'ble Supreme Court, the Company has not collected/deposited DVAT from some customers at Delhi.

29. General Description of the Company's operating lease arrangement under Accounting Standard (AS-19) "Leases".

a) The Company has entered into operating lease arrangements for office premises, airport services and residential premises for its employees. Some of the significant terms & conditions of the arrangements are:-

- Agreements may generally be terminated by either party by serving notice period.
- The lease arrangements are generally renewable on expiry subject to mutual agreements.
- The Company shall not sublet, assign or part with possession of premises without prior written consent of lessor.

b) Rent in respect of above has been charged to Statement of Profit and Loss under Rent.

c) The year-wise break up of the future minimum lease payments in respect of the leased premises is as under:

Description	**Rupees**
Total Future Lease payments as at 31.03.2013	**45,497,907** (42,557,994)
Not Later than one year	**21,774,920** (19,025,718)
Later than 1 year but less than 5 years	**23,722,987** (23,532,276)
Later than 5 years	**Nil** (Nil)

Figures in brackets represent figures for 2012

Notes forming part of the Financial Statements – *Contd.*

30. Depreciation has been provided for in the accounts on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956 except for:-

a) Vehicles acquired under purchase arrangements are amortised over the period of arrangement or sixty months whichever is earlier.

b) Vehicles acquired on lease are depreciated over their respective lease period or forty eight months from date of acquisition whichever is earlier.

c) Vehicles given on lease are depreciated over their respective lease period or sixty months whichever is earlier.

d) Trademarks are treated as Intangible Asset and are amortised over a period of one hundred and twenty months being the period of License and Buy/Sell Agreement.

e) Software is treated as Intangible Asset and are amortised over a period of sixty months; and

f) Pre-fabricated/Porta Cabin/Renovation of leased premises – Furniture & Fixture are amortised over their lease period.

and the amounts provided are not less than the amount required as per the Companies Act, 1956.

31. Auditor's Remuneration (excluding Service Tax) include Audit Fees ₹ 430,000 (2012 - ₹ 362,000), Tax Audit Fee ₹ 80,000 (2012 - ₹ 80,000), other matters – Certification ₹ 267,500 (2012 - ₹ 150,000).

32. The Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). This has resulted in an additional expense as MAT is to be set off against future tax liability, if any and accordingly MAT credit entitlement has been stated under Long-Term Loans & Advances.

33. Other Long-Term Liabilities inter alia include advances received against the residual value of the vehicles in fixed sums which would be adjusted when the vehicle will be transferred/sold to parties.

Notes forming part of the Financial Statements – *Contd.*

34.1 Gross Block of Fixed Assets includes Assets acquired on financial lease as at 31st March, 2013 aggregating to ₹ 12,961,494 (2012 - ₹ 5,533,989). This includes an amount of ₹ 7,427,505 (2012 - ₹ 1,212,198) being the Assets acquired during the year under finance lease and capitalised in line with the requirement of Accounting Standard (AS-19) 'Leases'. Depreciation for the year includes an amount of ₹ 2,122,634 (2012 - ₹ 1,648,239) being depreciation charged on these Assets.

The year-wise break-up of the outstanding lease obligations in respect of Assets capitalised during the Year are as under:

Description	**(Rupees)**
Vehicles taken on lease	
Total Minimum Lease Payments at the year end.	**12,546,212** (4,959,409)
Present value of Minimum Lease Payments.	**10,210,511** **(**4,203,543)
Not later than one year	
Minimum Lease Payments.	**3,585,926** (1,486,140)
Present value as on 31.03.2013	**3,370,960** (1,405,872)
Later than one year but not later than five years	
Minimum Lease Payments.	**8.960,286** (3,473,269)
Present value as on 31.03.2013	**6,839,551** (2,797,671)
Later than five years	
Minimum Lease Payments.	**Nil** (Nil)
Present value as on 31.03.2013	**Nil** (Nil)
(a) Contingent rents recognised as expense in the Statement of Profit and Loss for the year.	Nil
(b) The total of future minimum sublease payments expected to be received under non-cancellable subleases at the Balance Sheet date.	Nil

Figures in brackets represent figures for 2012

34.2 The Company has provided vehicles on operating lease to customers. Gross Block of Fixed Assets includes vehicles given on operating lease as at 31st March 2013 aggregating to ₹ 143,943,800 (2012 - Nil). Depreciation for the year includes an amount of ₹ 4,703,003 (2012 - Nil) being depreciation charged on these Assets given on such operating lease.

The year-wise break up of the future minimum lease receivable in respect of the vehicles given on operating lease are as under:

Description	**Rupees**
Total Future Lease payments as at 31.03.2013	**112,004,270** (Nil)
Not Later than one year	**35,429,218** (Nil)
Later than 1 year but less than 5 years	**76,575,052** (Nil)
Later than 5 years	**Nil** (Nil)

Figures in brackets represent figures for 2012

Notes forming part of the Financial Statements – *Contd.*

35.1 Defined Benefit Plans / Long term compensated absence as on 31st March 2013 as per actuarial valuation using projected unit credit method and recognised in Financial Statements in respect of Employee Benefit Scheme

Sl. No.	Description	Gratuity (Non Funded) Rupees	Leave Encashment (Non Funded) Rupees
1.	Expense recognised in the Statement of Profit and Loss for the year ended 31st March, 2013		
	a. Current Service cost	**911,144** (720,982)	**2,138,202** (1,791,811)
	b. Interest Cost	**269,972** (236,792)	**547,194** (491,417)
	c. Employee Contributions	–	–
	d. Expected return on plan assets	–	–
	e. Net Actuarial (Gains)/Losses	**(166,835)** (65,119)	**2,894,941** (2,080,819)
	f. Benefits Paid (net)	**(269,899)** (-434,033)	**(3,583,480)** (-3,305,505)
	g. Past service cost	–	–
	h. Settlement cost	–	–
	i. Total Expense	**744,382** (588,860)	**1,996,857** (1,058,542)
2.	Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2013		
	a. Present value of Defined Benefit Obligation as at 31st March, 2013	**(4,119,030)** (-3,374,648)	**(8,836,781)** (-6,839,924)
	b. Fair Value of plan assets as at 31st March, 2013	–	–
	c. Funded status {Surplus/(Deficit)}	–	–
	d. Net Asset /(Liability) as at 31st March, 2013	**(4,119,030)** (-3,374,648)	**(8,836,781)** (-6,839,924)
3.	Changes in obligation during the year ended 31st March, 2013		
	a. Present value of Defined Benefit Obligation at the beginning of the year	**3,374,648** (2,785,788)	**6,839,924** (5,781,382)
	b. Service Cost	**911,144** (720,982)	**2,138,202** (1,791,811)
	c. Interest Cost	**269,972** (236,792)	**547,194** (491,417)
	d. Settlement Cost	–	–
	e. Past Service Cost	–	–
	f. Employee Contributions	–	–
	g. Actuarial (Gains)/Losses	**(166,835)** (65,119)	**2,894,941** (2,080,819)
	h. Benefit Payments	**269,899** (-434,033)	**(3,583,480)** (-3,305,505)
	i. Present value of Defined Benefit Obligation at the end of the year	**4,119,030** (3,374,648)	**8,836,781** (6,839,924)
4.	Change in Assets during the year ended 31st March, 2013		
	a. Plan assets at the beginning of the year	–	–
	b. Assets acquired on amalgamation in the previous year	–	–
	c. Settlements	–	–
	d. Expected return on plan assets	–	–
	e. Contributions by Employer	–	–
	f. Actual benefits paid	–	–
	g. Actuarial Gains/(Losses)	–	–

Notes forming part of the Financial Statements – *Contd.*

Sl. No.	Description	Gratuity (Non Funded) Rupees	Leave Encashment (Non Funded) Rupees
	h. Plan assets at the end of the year	–	–
	i. Actual return on plan assets	–	–
5.	Major categories of plan assets as a percentage of total plan	Nil	Nil
	Qualifying Insurance Policy	Nil	Nil
6.	Actuarial Assumptions	31st March, 2013	31st March, 2012
	a. Discount rate	8.00%	8.50%
	b. Expected rate of return on plan assets	–	–
	c. Mortality Pre-retirement	As per mortality table of LIC (1994-96) duly modified	
	d. Mortality Post-retirement		
	e. Turnover rate - up to 30 years of age - up to 44 years of age - above 44 years of age	3.00% 2.00% 1.00%	3.00% 2.00% 1.00%
	f. Future salary increase	5.50%	6.00%

Figures in brackets represent figures for 2012

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

	Year ended 31st March, 2013		Year ended 31st March, 2012		Year ended 31st March, 2011		Year ended 31st March, 2010	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Unfunded)	(Unfunded)	(Unfunded)	(Unfunded)	(Unfunded)	(Unfunded)	(Unfunded)	(Unfunded)
	₹	₹	₹	₹	₹	₹	₹	₹
Net Asset/ (Liability) recognised in Balance Sheet (including experience adjustment impact)								
1. Present Value of Defined Benefit Obligation	4,119,030	8,836,781	3,374,648	6,839,924	2,785,788	5,781,382	2,179,953	5,362,727
2. Fair Value of Plan Assets	–	–	–	–	–	–	–	–
3. Status [Surplus/(Deficit)]	(4,119,030)	(8,836,781)	(3,374,648)	(6,839,924)	(2,785,788)	(5,781,382)	(2,179,953)	(5,362,727)
4. Experience Adjustments on Plan Liabilities [Loss/(Gain)]	183,708	(2,860,741)	(75,006)	(2,101,844)	(541,367)	(1,688,513)	218,944	(1,480,126)
5. Experience Adjustments on Plan Assets [Gain/(Loss)]	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

Notes forming part of the Financial Statements – *Contd.*

35.2 Defined Contribution Plans:
The Company makes contribution towards Provident Fund to a defined contribution benefit for qualifying employees. The Provident Fund plans are operated by Regional Provident Fund Commissioner. The Company is required to contribute a specified percentage of payroll cost to retirement benefit schemes to fund the benefits.

36. The Company mainly deals in Transport/Car Rental/Rent a cab related services. During the year, the Company has started business of providing vehicles on operating lease to customers and this forms only a negligible percentage of total turnover those are distinguishable and subject to same risks and returns on Transport/Car Rental/Rent a cab related services. The Company's operating business is organized and managed according to the nature of services provided to offer similar services and serving similar markets.

The primary reporting have been prepared on the basis of this business segment, transport solutions and related activities. The disclosures as required under AS-17 on primary business segment has not been provided as the company deals only in one business segment based on risks and returns, the organization structure and internal financial reporting.

Secondly, segment reporting is prepared on the basis of geographical location of its operation. The operating interests of the company are confined to India in terms of its operations. Accordingly, the figures in the financial statements relate to the reflecting Company's single geographical segment being operations in India.

38. The details of transactions entered into with related parties during the period are as follows:

(A) Related Parties

a. Holding Company
   EIH Limited

b. Investing party in respect of which the reporting enterprise is an Associate or a Joint Venture
   - i. Avis India Investment Private Limited
   - ii. Avis Asia Limited, UK
   - iii. Avis Budget Services Limited (Formerly Avis Management Services Limited)

c. Fellow Subsidiaries
   - i. Mashobra Resort Limited
   - ii. Mumtaz Hotels Limited
   - iii. Oberoi Kerala Hotels and Resorts Limited
   - iv. EIH Flight Services Limited, Mauritius
   - v. EIH International Limited
   - vi. EIH Holdings Ltd
   - vii. EIH Marrakech Ltd
   - viii. J&W Hongkong Ltd
   - ix. Oberoi Turtle Bay Ltd
   - x. EIHH Corporation Ltd
   - xi. EIH Investments NV
   - xii. EIH Management Services BV
   - xiii. PT Widja Putra Karya
   - xiv. PT Waka Oberoi Indonesia
   - xv. PT Astina Graha Ubud

d. Key Management Personnel
   - i. Mr. T.K. Sibal

Notes forming part of the Financial Statements – *Contd.*

(B) Transactions with Related Parties during the financial year and outstanding balance as on 31st March, 2013 are on arm's length and commercial prudence:

Nature of Transaction	Holding Company	Investing Party in respect of which reporting enterprise is an associate or a Joint Venture	Fellow Subsidiaries
Purchases Goods & Services	**Nil** (Nil)		
Fixed Assets	**Nil** (1,672,650)		
Expenses **Rent and Service Charges** EIH Ltd.	**7,473,093** (5,256,452)		
Mumtaz Hotels Limited			**785,718** (856,930)
Mashobra Resorts Limited			**821,378** (848,506)
Others - Amount written off Avis Budget Services Limited		**Nil** (407,898)	
Royalty Avis Budget Services Limited		**47,155,322** (38,097,535)	
Interest EIH Limited	**Nil** (684,658)		
Sales Goods and Services (including Paidout) EIH Limited	**85,028,029** (87,689,916)		
Mumtaz Hotels Limited			**96,620** (401,811)
Mashobra Resorts Limited			**982,173** (657,531)
Other Income **Referral Services** Avis Budget Services Limited		**2,529,073** (1,518,159)	
Outstanding **– Payables** For Goods and Services – EIH Ltd.	**Nil** (Nil)		
– Avis Budget Services Limited		**36,215,621** (17,282,414)	
Receivables For Goods and Services – EIH Ltd.	**14,056,530** (8,080,160)		
– Avis Budget Services Limited		**140,404** (10,723,292)	
– Mashobra Resorts Limited			**137,451** (588,904)
– Mumtaz Hotels Limited			**1,030,929** (1,009,886)
Other Payables – Avis India Investments Private Limited		**32,672** (Nil)	
Others **– Guarantees**	**Nil** (60,000,000)		
Share Capital raised – EIH Limited (₹ 10 per share)	**8,073,600** (60,000,000)		
– Avis India Investments Pvt. Ltd (₹ 10 per share)		**4,036,800** (30,000,000)	
– EIH Limited (Securities Premium @ ₹ 24.60 per share)	**19,861,056** (Nil)		
– Avis India Investments Private Limited (Securities Premium @ ₹ 24.60 per share)		**9,930,528** (Nil)	

Figures in brackets represent figures for 2012

Notes forming part of the Financial Statements – *Contd.*

38. The Company has not received from parties any information/memorandum (as required to be filed by suppliers/vendors with notified authority under Micro, Small and Medium Enterprises Act, 2006) claiming their status as Micro, Small or Medium Enterprises. As such, the Company does not owe any dues on account of principal amount together with interest and, accordingly, no additional disclosures are made. This has been relied upon by the auditors.

39. Foreign exchange exposure not hedged by derivative instrument or otherwise:

	Year ended 31st March	
	2013	2012
Receivables	Rs. 140,404 (GBP 1702.07)	Nil
Payables	Nil	Rs. 6,559,122 (GBP 80539.32)

40. Earnings per Equity Share

	Year ended 31st March	
	2013	2012
	Rupees	Rupees
Net Profit/(Loss) as per Profit and Loss Account	**19,903,033**	19,291,510
Number of Equity Shares (Weighted Average)	**14,162,191**	9,416,665
Basic and Diluted Earnings per Equity Share in Rupees of face value of ₹ 10	**1.41**	2.05

41.1 Earnings in Foreign Currency

	Year ended 31st March	
	2013	2012
	Rupees	Rupees
Sales (as certified by the management)	**55,343,780**	48,133,826

41.2 Expenditure in Foreign Currency (accrual basis)

	Year ended 31st March	
	2013	2012
	Rupees	Rupees
Royalty	**47,155,322**	38,097,535
Other Matters	**1,881,737**	746,135

42. The previous year figures have been regrouped, rearranged, recast and reclassified wherever necessary to make them comparable to those of current year presentations.

Kolkata	SAMEER THAKUR	T.K. SIBAL	*Managing Director*
27th May, 2013	*Company Secretary*	GEORGE JOHAN PROOS	*Director*

MASHOBRA RESORT LIMITED

BOARD

Mr. Sudripta Roy, *Chairman* Mr. Vidya Chander Pharka Dr. Shrikant Baldi	*Nominees of the Government of Himachal Pradesh*

Mr. P.R.S. Oberoi
(Mr. Nipun Kumar Malhotra
alternate to Mr. P.R.S. Oberoi)
Mr. S.S. Mukherji
(Mr. S.N. Sridhar
alternate to Mr. S.S. Mukherji)
Mr. T.K. Sibal

Mr. Arjun Oberoi, *Managing Director*

AUDITORS

Ray & Ray, Chartered Accountants
205, Ansal Bhawan, 2nd Floor
16, Kasturba Gandhi Marg
New Delhi 110 001

REGISTERED OFFICE

Hotel Wildflower Hall
Chharabra
Shimla - 171 012

DIRECTORS' REPORT

To

The Members
Mashobra Resort Limited

The Board presents its Eighteenth Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the year ended 31st March, 2013.

The financial highlights of the year under review as compared to the previous year are given below:

	(Rupees in Million)	
	2012-2013	2011-2012
Total Revenue	**276.67**	217.43
Operating Profit before Interest, Depreciation, Taxes, Amortisations and Exceptional Items (EBIDTA)	**109.27**	67.02
Interest	**1.86**	7.56
Depreciation	**22.19**	25.66
Profit/(Loss) before Tax	**85.22**	33.80
Taxation (Deferred Tax)	**(106.22)**	1.17
Profit/(Loss) after Tax	**191.44**	32.63
Profit/(Loss) Brought Forward from earlier year	**(833.87)**	(866.50)
Profit/(Loss) Carried Over	**(642.43)**	(833.87)

In view of the carry forward loss, no dividend is recommended for the year.

During the Financial Year under review, the Company's Total Revenue was ₹ 276.67 million as compared to ₹ 217.43 million in the previous year. This represents an increase of 27% compared to the previous year. The Profit for the year before Interest, Depreciation, Taxes and Amortisations was ₹ 109.27 million as compared to ₹ 67.02 million in the previous year, an increase of 63%.

The dispute between the Joint Venture Partners, EIH Ltd and Government of Himachal Pradesh relating to the Company's hotel, Wildflower Hall, is pending in the High Court of Himachal Pradesh under Section 34 of the Arbitration and Conciliation Act, 1996. In terms of the High Court order dated 17th December, 2003, all rooms of Wildflower Hall are operational.

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, ("the Act"), and based on representations from the Management, the Board states that:

a) in preparing the Annual Accounts, it has followed applicable Accounting Standards and that there are no material departures;

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at the end of the Financial Year and of the Profit of the Company for that period;

c) the Directors have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the Annual Accounts of the Company on a "going concern" basis.

During the year, Mr. Nipun Kumar Malhotra was appointed as Alternate Director to Mr. P.R.S. Oberoi as Mr. Vikram Oberoi, the earlier Alternate Director to Mr. P.R.S. Oberoi had resigned.

Mr. V.C. Pharka, H.P. Government Nominee was appointed as a Director on the Board at the Board Meeting held on 27th February, 2013 in the casual vacancy caused due the vacation of office by Mr. Deepak Sanan, also a H.P. Government Nominee, consequent to his retirement from the service of the Government of H.P.

Mr. P.R.S. Oberoi and Dr. Shrikant Baldi retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

Energy conservation measures taken during the current year include replacement of the old boiler with an energy efficient boiler and strict operational control of equipment and lighting to save energy.

Some of the actions planned for next year are the installation of a dedicated boiler for kitchen equipment to reduce operating hours of the main boiler and operational control of equipment and lighting to conserve energy.

Foreign Exchange earnings during the year amounted to ₹ 51.52 million as compared to ₹ 31.52 million in the previous year. The outflow of Foreign exchange during the year was ₹ 7.42 million as compared to ₹ 6.47 million in the previous year.

The Auditor's Observations in their report have been fully explained in Note numbers (a)(i), (d) and (m) of Schedule 25 of the Statement of Accounts and do not call for any further comments.

The Auditors, Ray & Ray, Chartered Accountants, retire at the conclusion of the Eighteenth Annual General Meeting and offer themselves for re-appointment. They have confirmed that, if reappointed their appointment will be within the limits specified u/s. 224(1B) of the Companies Act, 1956.

As the Company continues to have carry forward losses, the Company has not appointed a wholetime Secretary.

The Board takes this opportunity to thank all employees for their commitment and dedication.

For and on behalf of the Board

Shimla	ARJUN OBEROI	T. K. SIBAL
17th May, 2013	*Managing Director*	*Director*

AUDITOR'S REPORT

To
The Members of
Mashobra Resort Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Mashobra Resort Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgement, the assessment of the risk of material misstatements whether due to fraud or error. In making those risk assessments, the auditor considers 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, 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 and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act 1956 ("the Act"), we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. As required by Section 227(3) of the Companies Act, 1956, we report that:

   a) we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c) the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   d) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Act;

   e) on the basis of written representations received from the Directors as on 31st March, 2013 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013 from being appointed as a Director in terms of clause(g) of sub-section (1) of Section 274 of the Act;

   f) since the Central Government has not issued any notification as to the rate at which the cess is to be paid under Section 441A of the Companies Act, 1956, nor has it issued any Rules under the said section, prescribing the matter in which such cess is to be paid, no cess is due and payable by the Company.

For RAY & RAY
Chartered Accountants
Firm's Registration No. 301072E

R.N. ROY
Partner
Membership Number 8608

Shimla
17th May, 2013

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

   b) As per the information and explanations given to us, physical verification of fixed assets has been carried out in terms of the phased programme of verification of the fixed assets adopted by the Company and no discrepancies noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.

   c) During the year no substantial parts of fixed assets have been disposed off by the Company. Therefore, the provisions of clause (i)(c) of paragraph 4 of the aforesaid order, in our opinion, are not applicable to the Company.

2. a) The inventory has been physically verified during the year by the Management at reasonable intervals.

   b) The procedures for physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.

   c) The Company is maintaining proper records of inventory. Having regard to the size of operation of the Company and nature of inventory held, the discrepancies noticed on physical verification as compared to book records were not material and has been properly dealt with in the books of account.

3. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore, clauses (iii)(a) to (d) of paragraph 4 of the aforesaid Order are not applicable to the Company.

   b) The Company has taken an interest free unsecured loan of ₹ 17,000,000 from the holding Company covered in the Register maintained under Section 301 of the Act and have repaid the same during the year. In respect of unsecured loans taken from the holding company up to 31.3.2012, the said loans have been converted into Advance towards Equity Shares and have been disclosed as such in the Balance Sheet. [Refer Note-25(a)(i)].

   c) In view of our comments in paragraph 3(b) above, the requirements of clause 4 (iii) (f) & (g) of paragraph 4 of the aforesaid Order are not applicable to the Company.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. Further, during the course of our audit, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control system which would require corrective action.

5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred under Section 301 of the Companies Act, 1956 that need to be entered into the Register maintained under Section 301 have been so entered/are being entered.

   b) According to the information and explanations given to us, the transactions of purchase of printing material, food & delicatessen items, etc. made in pursuance of contracts, or arrangements entered into the Register maintained under Section 301 of the Act during the year cannot be compared in absence of market quotations for similar items. It is stated that the goods are made to order according to specification and are/or of specialised nature.

6. The Company has not accepted any deposits from the public. As such requirement of clause (vi) of paragraph 4(vi) of the aforesaid Order is not applicable.

7. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.

8. The Central Government has not prescribed the maintenance of cost records by the Company under Section 209(1)(d) of the Act for the Company.

9. a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Investor Education and Protection Fund, Income Tax, Wealth Tax, Sales Tax, Customs Duty, Service Tax, Excise Duty, as at 31.03.2013 for a period of more than six months from the date they became payable.

   b) According to the information and explanations given to us, there are no dues of Income Tax, Wealth Tax which have not been deposited on account of any dispute. However, according to information and explanations given to us, the following dues of Service Tax and Sales Tax have not been deposited by the Company on account of disputes:

Name of the Statute	**Nature of dues**	**Amount (in ₹)**	**Period to which the amount relates**	**Forum where the dispute is pending**
Service Tax	Service Tax Demanded	5,163,974	Financial year 2004-05 to 2008-09	Customs, Excise & Service Tax Appellate Tribunal
HP VAT	Sales Tax Demanded	2,278,158	Financial year 2007-08 & 2008-09	Additional Excise & Taxation Commissioner

10. The accumulated losses of the Company are more than fifty percent of its net worth. The Company has not incurred cash loss during the financial year covered by our audit. The Company did not incur cash losses in the immediately proceding financial year.

11. Based on our audit procedures and on the information and explanations given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution/bank.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares and other securities. Therefore, the provisions of clause (xii) of paragraph 4 of the aforesaid Order are not applicable to the Company.

13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the aforesaid Order are not applicable to the Company.

14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the aforesaid Order are not applicable to the Company.

15. The Company has not given any guarantee for loans taken by others from bank or financial institutions.

16. On the basis of review of utilisation of funds pertaining to term loans on overall basis and related information as made available to us, the term loans taken by the Company were applied for the purposes for which they were obtained.

17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments except permanent working capital and for financing cash losses.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year. Therefore, the provisions of clause (xviii) of paragraph 4 of the aforesaid Order are not applicable to the Company.

19. The Company has not issued any debentures during the year under audit. Accordingly, the provisions of clause (xix) of paragraph 4 of the aforesaid Order are not applicable to the Company.

20. The Company has not raised any money by way of public issue during the year. Therefore, the provisions of clause (xx) of paragraph 4 of the aforesaid Order are not applicable to the Company.

21. During the course of our examination of the books of accounts carried out in accordance with Generally Accepted Auditing Practices, we have neither come across any instance of fraud on or by the Company or have we been informed of any such case by the Management.

For RAY & RAY
Chartered Accountants
Firm's Registration No. 301072E

R.N. ROY
Partner
Membership Number 8608

Shimla
17th May, 2013

Balance Sheet
as at 31st March, 2013

		Notes		As at 31st March 2013	2012
I	**EQUITY AND LIABILITIES**		**Rupees**	**Rupees**	Rupees
	1. SHAREHOLDERS' FUNDS				
	a) Share Capital	2	**330,000,000**		330,000,000
	b) Reserves and Surplus	3	**(642,427,854)**		(833,869,750)
				(312,427,854)	(503,869,750)
	2. ADVANCE TOWARDS SHARES			**1,361,925,454**	1,361,925,454
	3. NON CURRENT LIABILITIES				
	a) Long Term Borrowings	4	**6,324,914**		6,006,596
	b) Other Long Term Liabilities	5	**34,494**		155,006
	c) Long Term Provisions	6	**1,114,257**		772,540
				7,473,665	6,934,142
	4. Current Liabilities				
	a) Trade Payables	7	**9,530,020**		9,713,284
	b) Other Current Liabilities	8	**15,740,045**		32,236,384
	c) Short Term Provisions	9	**74,083**		197,325
				25,344,148	42,146,993
	Total			**1,082,315,413**	907,136,839
II	**ASSETS**				
	1. NON CURRENT ASSETS				
	a) Fixed Assets	10			
	i) Tangible Assets				
	Gross Block		**890,777,447**		886,748,218
	Less : Depreciation		**299,434,108**		279,201,948
	Net Block		**591,343,339**		607,546,270
	ii) Intangible Assets		**–**		–
	iii) Capital Work-in-Progress		**346,007**		346,007
			591,689,346		607,892,277
	b) Deferred Tax Asset (Net)	11	**180,567,868**		74,342,627
	c) Long Term Loans and Advances	12	**978,748**		1,371,788
				773,235,962	683,606,692
	2. CURRENT ASSETS				
	a) Inventories	13	**12,501,345**		12,815,088
	b) Trade Receivables	14	**10,258,408**		6,480,343
	c) Cash and Bank Balances	15	**279,471,837**		191,073,760
	d) Short Term Loans and Advances	16	**6,661,062**		3,456,082
	e) Other Current Assets	17	**186,799**		9,704,874
				309,079,451	223,530,147
	TOTAL			**1,082,315,413**	907,136,839
	Significant Accounting Policies	1			

The notes are an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date.

For RAY & RAY
Chartered Accountants
Firm's Registration No. 301072E

R.N. ROY
Partner
Membership Number 8608

Shimla
17th May, 2013

ARJUN OBEROI — *Managing Director*

T.K. SIBAL — *Director*

Statement of Profit and Loss for the year ended 31st March, 2013

		Notes	Year ended 31st March 2013 Rupees	2012 Rupees
INCOME				
I	Revenue from Operations	18	**254,866,789**	201,501,528
II	Other Operating Income	19	**628,470**	998,131
III	Other Income	20	**21,173,909**	14,931,732
IV	**Total Revenue (I+II+III)**		**276,669,168**	217,431,391
V	Expenses			
	Cost of Materials Consumed	21	**23,048,380**	18,204,513
	Employee Benefits Expenses	22	**40,276,122**	38,915,048
	Finance Costs	23	**1,859,445**	7,559,296
	Depreciation and Amortisation Expenses		**22,196,766**	25,662,172
	Other Expenses	24	**104,071,800**	93,291,679
	Total Expenses		**191,452,513**	183,632,708
VI	Profit before Taxation (IV-V)		**85,216,655**	33,798,683
VII	Tax Expense			
	(1) Current Tax		**–**	–
	(2) Deferred Tax		**(106,225,241)**	1,169,947
VIII	Profit for the period (VI-VII)		**191,441,896**	32,628,736
IX	Earnings per Equity Share			
	(1) Basic		**5.80**	0.99
	(2) Diluted		**5.80**	0.99

The notes are an integral part of these Financial Statements.

This is the Profit & Loss Account referred
to in our report of even date.

For RAY & RAY
Chartered Accountantss
Firm's Registration No. 301072E

R.N. ROY
Partner
Membership Number 8608

Shimla
17th May, 2013

ARJUN OBEROI — *Managing Director*
T.K. SIBAL — *Director*

Cash Flow Statement for the year ended 31st March, 2013

	Year ended 31st March 2013 Rupees	2012 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before Tax	**85,216,655**	33,798,683
Adjustments for:		
Depreciation	**22,196,766**	25,662,172
Liabilities and provisions written back	**–**	(434,896)
Interest Received	**(21,173,909)**	(14,931,732)
Interest Paid	**1,859,445**	7,559,296
Operating Profit before Working Capital Changes	**88,098,957**	51,653,523
Adjustments for:		
Trade & Other Receivables	**(5,652,367)**	(1,071,138)
Inventories	**313,743**	(1,126,322)
Trade Payables	**3,058,678**	1,281,385
Cash Generated from Operations	**85,819,011**	50,737,448
Interest Paid	**(2,368,045)**	(9,560,667)
Payment of Direct Taxes	**(794,178)**	1,200,697
Net cash from Operating Activities	**82,656,788**	42,377,478
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	**(6,784,327)**	(5,608,923)
Sale/Adjustment of Fixed Assets	**1,619,981**	2,817,708
Interest Received	**30,548,523**	10,892,938
Net cash used in Investing Activities	**25,384,177**	8,101,723
C. CASH FLOW FROM FINANCING ACTIVITIES		
Advance towards shares	**–**	68,900,000
Repayment of		
Term Loans	**(19,642,888)**	(78,571,424)
Net Cash used in Financing Activities	**(19,642,888)**	(9,671,424)
Net Increase in Cash & Cash Equivalents (A+B+C)	**88,398,077**	40,807,777
Cash and Cash Equivalents at beginning of year	**191,073,760**	150,265,983
Cash and Cash Equivalents at end of year	**279,471,837**	191,073,760

Notes :

1. The Cash Flow Statement has been prepared in indirect method.
2. Cash and Cash Equivalents represent Cash and Bank Balances. Cash & Bank Balances include ₹ 247,529,354 (2012 - ₹ 184,533,549) deposited in a separate Bank Account in terms of Hon'ble Himachal Pradesh High Court Order Dated 17th December, 2003 (Refer note 25(d).
3. Additions to Fixed Assets are stated inclusive of movements of Capital Work-in-Progress between the beginning and the end of the period and treated as a part of the Investing Activities.

This is the Cash Flow Statement referred to in our report of even date.

For RAY & RAY
Chartered Accountants
Firm's Registration No. 301072E

R.N. ROY
Partner
Membership Number 8608

Shimla
17th May, 2013

ARJUN OBEROI *Managing Director*

T.K. SIBAL *Director*

Notes to the Account

1
SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared under the historical cost convention on the basis of going concern and in accordance with Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006, issued by the Central Government in consultation with the National Advisory Committee on Accounting Standards and relevant provisions of the Companies Act, 1956.

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual and estimates are recognised in the period in which the results are known/materialised.

USE OF ESTIMATES

In preparing the Financial Statements in conformity with accounting principles generally accepted in India, Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the Financial Statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period the same is determined.

REVENUE RECOGNITION

Revenue of hotel operations is recognised when the services are rendered and the same becomes chargeable. Revenue from Shop License Fee included under "Other Services" is recognised on accrual basis as per terms of contract. Revenue from interest is accrued and recognised on time basis and determined by contractual rate of interest.

PRIOR PERIOD ADJUSTMENTS, EXTRA ORDINARY ITEMS & CHANGES IN ACCOUNTING POLICIES

Prior period adjustments, extra ordinary items & changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

FIXED ASSETS

Fixed Assets are stated at cost of acquisition and subsequent improvement thereto inclusive of tax, duties, freight and other incidental expenses relating to acquisition, improvement and installation. Interest during construction period on borrowings to finance fixed assets is capitalised.

Assets acquired on lease/hire purchase basis are stated at their cash values less depreciation/amortisation. Capital Work-in-Progress comprises of cost of fixed assets that are not yet ready for their intended use at the reporting date.

FINANCE LEASES

In respect of assets acquired on or after 1st April, 2001, the same are capitalised at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term. Lease payments are apportioned between the interest charges and reduction of the leased liability so as to achieve a constant rate of interest on the remaining balance of the liability. Interest component is charged to the Statement of Profit and Loss.

DEPRECIATION / AMORTISATION

Depreciation on Fixed Assets other than leased vehicles is provided for on Straight Line Method and at the rates which are in conformity with Schedule XIV of the Companies Act, 1956. Vehicles acquired on lease are depreciated over their respective lease period. Computer Software are being amortised over a period of Thirty six months.

INTANGIBLE ASSETS

Intangible assets are stated at cost of acquisition less accumulated depreciation. Computer Software is amortised over a period of Thirty six months. Amortisation is done on the straight line method.

INVENTORIES

Inventories are valued at cost which is based on First-in-First-out method or net realisable value, whichever is lower. Unserviceable/ damaged/discarded stocks and shortages are charged to the Statement of Profit and Loss. Goods-in-transit are valued at cost.

Notes to the Account — *Contd.*

TRANSACTIONS IN FOREIGN CURRENCY

a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.

b) Monetary items outstanding at the Balance Sheet date are translated at the exchange rate prevailing at the Balance Sheet date and the difference is recognised as income or expenses.

EMPLOYEE BENEFITS

Employee benefits are provided for in the accounts on accrual basis in the following manner:

(i) Gratuity – Maintained as a defined benefit retirement plan and contribution is made to the Life Insurance Corporation of India, as per the Company's Scheme in respect of executives. For other employees, as per actuarial valuation on the Projected Unit Credit method.

(ii) Leave Encashment on retirement/separation - As per independent actuarial valuation as at the Balance Sheet date following pojected Unit Credit Method in accordance with the requirements of Accounting Standard AS-15 (Revised) on 'Employee Benefits' is included in provisions.

(iii) Provident Fund – Liability on account of Provident Fund is a Defined Contribution Scheme where the contribution is made to a fund administered by the Government Provident Fund Authority.

BORROWING COST

Borrowing costs that are attributable to the acquisition/construction of Fixed Assets are capitalised as part of the cost of the respective assets. Other borrowing costs are recognised as expenses in the year in which they arise.

TAXES ON INCOME

Current tax is determined on the amount of tax payable in respect of taxable income for the year.

The Deferred tax charge or credit is accounted in accordance with Accounting Standard (AS-22) - "Accounting for Taxes on Income" notified pursuant to the Companies (Accounting Standard) Rules, 2006. Where there is unabsorbed depreciation or carry forward losses deferred tax assets are recognised only if there is virtual certainty of realisation of such assets. Other deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred Tax assets/liabilities are reviewed at each Balance Sheet date based on developments during the year and available case laws, to reassess realisation/liabilities.

PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in terms of Accounting Standard (AS-29) – 'Provisions, Contingent Liabilities and Contingent Assets' notified pursuant to the Companies (Accounting Standards) Rules, 2006, when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognised only when thare is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Notes to the Account — *Contd.*

	Rupees	As at 31st March 2013 Rupees	2012 Rupees
2			
SHARE CAPITAL			
AUTHORISED			
50,000,000 (2012 - 50,000,000) Equity Shares of ₹ 10 each		**500,000,000**	500,000,000
		500,000,000	500,000,000
ISSUED, SUBSCRIBED, CALLED & PAID UP			
33,000,000 (2012 - 33,000,000) Equity Shares of ₹ 10 each fully paid up		**330,000,000**	330,000,000
		330,000,000	330,000,000

(a) Reconciliation of Equity Share Capital

	As at 31st March 2013		As at 31st March, 2012	
	No. of shares	**Amount**	No. of shares	Amount
Balance at the beginning of the year	**33,000,000**	**330,000,000**	33,000,000	330,000,000
Add/Less: Movement during the year	**–**	**–**	–	–
Balance at the end of the year	**33,000,000**	**330,000,000**	33,000,000	330,000,000

(b) Rights, preferences and restrictions attached to the shares
The Company has one class of equity shares having face value of ₹ 10 per share with equal voting rights.

(c) Equity Shares held by the Holding Company
25,999,995 (2012 - 25,999,995) Equity Shares are held by the holding Company, EIH Limited

(d) Details of shares held by shareholders holding more than 5% of the aggregate shares of the Company

	As at 31st March, 2013		As at 31st March 2012	
	Number of Shares	**Holding %**	Number of Shares	Holding %
EIH Limited	**25,999,995**	**78.79%**	25,999,995	78.79%
Government of Himachal Pradesh	**7,000,000**	**21.21%**	7,000,000	21.21%
	32,999,995	**100.00%**	32,999,995	100.00%

(e) 6,999,997 Equity Shares were allotted as fully paid up pursuant to a contract without payment being received in cash on 22nd March, 1997.

	As at 31st March 2013 Rupees	2012 Rupees
3		
RESERVES & SURPLUS		
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	**(833,869,750)**	(866,498,486)
Profit for the year	**191,441,896**	32,628,736
Less: Appropriations	–	–
Balance at the end of the year	**(642,427,854)**	(833,869,750)

Notes to the Account — *Contd.*

	As at 31st March 2013 Rupees	2012 Rupees
4		
LONG TERM BORROWINGS		
(i) SECURED (Note a below)		
Long Term maturities of finance lease obligation	**1,324,914**	1,006,596
(ii) UNSECURED (Note b below)		
Government of Himachal Pradesh	**5,000,000**	5,000,000
Total	**6,324,914**	6,006,596

Particulars of security and terms of repayment for secured borrowing

Name of the Lender		Nature of security	Terms of repayment
(a)	Finance lease obligations	Finance Lease Obligations are secured by hypothecation of assets underlying the leases.	Monthly equated lease rentals over the respective period of lease.
(b)	Terms of repayment of unsecured borrowings	Unsecured	Repayable at the option of the Company.

	As at 31st March 2013 Rupees	2012 Rupees
5		
OTHER LONG TERM LIABILITIES		
(i) Trade Payables		
Total Outstanding Dues of Micro Enterprises & Small Enterprises	**–**	–
Total Outstanding Dues of Creditors other than Micro Enterprises & Small Enterprises	–	–
	–	–
(ii) Other Payables		
Liability for Capital Expenditure	**34,494**	155,006
	34,494	155,006
6		
LONG TERM PROVISIONS		
Provision for Employee Benefits		
(i) Leave Encashment	**843,581**	642,098
(ii) Gratuity	**270,676**	130,442
	1,114,257	772,540

Notes to the Account — *Contd.*

	As at 31st March 2013 Rupees	2012 Rupees
7		
TRADE PAYABLES (Unsecured)		
(i) Total Outstanding Dues of Micro Enterprises & Small Enterprises	–	–
(ii) Total Outstanding Dues of Creditors other than Micro Enterprises & Small Enterprises	**9,530,020**	9,713,284
	9,530,020	9,713,284

There are no Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues.

	2013	2012
8		
OTHER CURRENT LIABILITIES		
A Current maturities of Long Term Debt		
Term Loan from ICICI Bank Limited (Refer Note 8(a) below)	–	19,642,888
B Current maturities of Finance Lease Obligations (Refer Note 4a above)	**545,616**	421,420
C Interest Accrued but not due on borrowings	–	508,600
D Advance from customers	**3,769,587**	1,659,488
E Other Payables		
Retention Money	**5,487,432**	5,432,879
Statutory Liabilities	**3,147,985**	1,764,383
Other Liabilities	**2,789,425**	2,806,726
	15,740,045	32,236,384

8(a) Particulars of security and terms of repayment for secured borrowing

Name of the Lender		Nature of security	Terms of repayment
(i)	Term loan from ICICI Bank Limited	Secured by a first charge on all immovable, movable properties and current assets (including book-debts) of the Company, both present and future. Further secured by way of an unconditional and irrevocable Corporate Guarantee aggregating to ₹ 550,000,00 by EIH Limited, the holding company. The security has been fully discharged during the year upon repayment of loan.	The loan is repayable in 28 equal quarterly instalments. The loan has been fully repaid during the year.

	2013	2012
9		
SHORT TERM PROVISIONS		
Provision for Employee Benefits		
(i) Leave Encashment	**71,322**	163,687
(ii) Gratuity	**2,761**	33,638
	74,083	197,325

Notes to the Account — *Contd.*

19
FIXED ASSETS

Description of assets	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
	Original Cost as at 1st April 2012	Additions during the year	Sales/ Adjustments	Original Cost as at 31st March, 2013	As at 1st April, 2012	For the year	Sales/ Adjustments	As at 31st March, 2013	**As at 31st March, 2013**	As at 31st March, 2012
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	**Rupees**	Rupees
TANGIBLE ASSETS										
Freehold Land	74,405,229	–	–	74,405,229	–	–	–	–	**74,405,229**	74,405,229
Building	449,953,071	–	–	449,953,071	79,867,974	7,333,559	–	87,201,533	**362,751,538**	370,085,097
Sanitary Installation	32,798,612	90,203	–	32,888,815	5,700,922	533,356	–	6,234,278	**26,654,537**	27,097,689
Plant & Machinery	259,718,714	4,641,313	3,239,899	261,120,128	130,582,644	12,359,302	1,626,315	141,315,631	**119,804,497**	129,136,070
Office Equipment	1,089,452	–	–	1,089,452	549,550	51,557	–	601,107	**488,345**	539,903
Computers	12,569,881	1,740,306	248,435	14,061,752	10,244,616	880,349	242,040	10,882,925	**3,178,827**	2,325,265
Furniture, Fixtures & Fittings	52,598,452	191,993	96,252	52,694,193	50,799,066	355,209	96,250	51,058,025	**1,636,168**	1,799,385
Vehicles Others	1,635,918	–	–	1,635,918	814,649	130,150	–	944,799	**691,119**	821,269
Tangible Assets-Own (A)	884,769,329	6,663,815	3,584,586	887,848,558	278,559,421	21,643,482	1,964,605	298,238,298	**589,610,260**	606,209,907
Assets taken on Finance Lease Leased Vehicles (Note 25(c))	1,978,889	950,000	–	2,928,889	642,526	553,284	–	1,195,810	**1,733,079**	1,336,363
Tangible Assets Leased (B)	1,978,889	950,000	–	2,928,889	642,526	553,284	–	1,195,810	**1,733,079**	1,336,363
INTANGIBLE ASSETS - OWN										
Computer Software	797,552	–	–	797,552	797,552	–	–	797,552	**–**	–
Intangible Assets-own (C)	797,552	–	–	797,552	797,552	–	–	797,552	**–**	–
Grand Total (A+B+C)	887,545,770	7,613,815	3,584,586	891,574,999	279,999,499	22,196,766	1,964,605	300,231,660	**591,343,339**	607,546,270
Capital Work-in-Progress (at cost) Including Uninstalled Machinery	346,007	–	–	346,007	–	–	–	–	**346,007**	346,007
Total	887,891,777	7,613,815	3,584,586	891,921,006	279,999,499	22,196,766	1,964,605	300,231,660	**591,689,346**	607,892,277
Previous Year	887,524,627	6,823,081	6,455,931	887,891,777	257,415,266	25,662,172	3,077,938	279,999,500	**607,892,277**	

1) The Company has taken over Wildflower Hall premises comprising land, trees, building and other structures at a value of ₹ 75,005,229. The value of Wildflower Hall has been allocated to the building at ₹ 600,000 on a fair basis as determined by a competent valuer and the balance of ₹ 74,405,229 has been taken as residual value of the land.

2) Depreciation has been provided in the accounts on "Straight Line Method" at the rate prescribed Schedule XIV to the Companies Act, 1956 except for specific Asset stated below, where different rates are applied which are not less than those prescribed under the Companies Act, 1956. Leased Vehicle over their respective lease period of 36,48 or 60 months.

Notes to the Account — *Contd.*

	As at 31st March **2013** **Rupees**	2012 Rupees
11		
DEFERRED TAX ASSETS		
Deferrd Tax Assets		
Unabsorbed Depreciation	**191,723,505**	183,014,209
Unabsorbed business loss	**102,423,729**	–
Provision for gratuity and leave encashment	**403,917**	314,673
	294,551,151	183,328,882
Deferred Tax Liabilities		
Depreciation	**113,983,283**	108,986,255
	113,983,283	108,986,255
Deferred Tax Assets (Net)	**180,567,868**	74,342,627

Based on the last couple of years continued improved performance, coupled with infusion of capital as "Advance towards Shares", consequent reduction in interest outgo and the current trends in Travel & Tourism Industry per se, the Company is of the opinion that there is virtual certainity of sustainable profitability from the business in future years. Accordingly, the Company expects that sufficient future taxable income will be available against which deferred tax assets on account of brought forward business losses and unabsorbed depreciation amounting to ₹ 102,423,729 (2012 - Not considered) & ₹ 191,723,505 (2012 - ₹ 183,014,209) respectively, will be realised in future.

	2013	2012
12		
LONG TERM LOANS AND ADVANCES		
Unsecured, considered good (unless otherwise stated)		
(i) Capital Advances	**202,248**	326,892
(ii) Security Deposits	**732,549**	792,049
(iii) Prepaid Expenses	**43,951**	252,847
	978,748	1,371,788

	2013	2012
13		
INVENTORIES		
(i) Provisions, Stores, Wines & Smokes	**2,785,671**	2,926,730
(ii) Other traded goods	**1,401,403**	1,383,498
(iii) Crockery, Cutlery, Chinaware, Glassware, Linen etc.	**5,222,283**	5,048,093
(iii) Other Stores	**3,091,988**	3,456,767
	12,501,345	12,815,088

(a) Inventories are valued at cost which is based on First-in-First-out method or net realisable value, whichever is lower. Unserviceable/damaged/discarded stocks and shortages are charged to the Statement of Profit and Loss. Goods-in-transit are valued at cost.

Notes to the Account — *Contd.*

		Rupees	As at 31st March **2013** **Rupees**	2012 Rupees
14				
TRADE RECEIVABLES (Unsecured)				
A.	Considered Good			
(i)	Outstanding for a period of more than 6 months from the date they are due for payment		**6,000**	–
(ii)	Others		**10,252,408**	6,480,343
B.	Considered Doubtful			
	Less: Provision for Doubtful Debts		**–**	–
			10,258,408	6,480,343
15				
CASH & BANK BALANCES				
A.	Cash & Cash Equivalents			
(i)	Cash on hand	**1,282,362**		208,673
(ii)	Cheques on hand	**–**		653,926
(iii)	Bank Balances			
	In Current Accounts	**8,525,128**		1,140,152
	In fixed deposits with less than 3 months maturity	**18,834,993**		4,047,860
			28,642,483	6,050,611
B.	Other Bank Balances			
(i)	In margin money	–		489,600
(ii)	Balance in Fixed Deposit Accounts having more than 3 months but less than 12 months maturity	**3,300,000**		–
(iii)	In Bank account as per High Court order dated 17th December, 2003 (Refer note 25(d))			
	In current accounts	**15,494**		10,056
	In fixed deposits with less than 3 months maturity	**75,619,667**		54,993,612
	Balance in Fixed deposit accounts having more than 3 months but less than 12 months maturity	**171,894,193**		129,529,881
			250,829,354	185,023,149
			279,471,837	191,073,760
16				
SHORT TERM LOANS AND ADVANCES				
Unsecured considered good (unless otherwise stated)				
A	Advance recoverable in cash or in kind or for value to be received			
	(i) From Related Parties		**–**	5,692
	(ii) From Others		**1,217,869**	256,635
B	Prepaid Expenses		**2,108,779**	1,703,337
C	Income Tax Refundable		**2,335,986**	1,481,990
D	Sundry Deposits		**998,428**	8,428
			6,661,062	3,456,082
17				
OTHER CURRENT ASSETS				
Unsecured considered good (unless otherwise stated)				
(i)	Other Receivables		**1,571**	85,214
(ii)	Interest accrued		**185,228**	9,619,660
			186,799	9,704,874

Notes to the Account — *Contd.*

	Year ended 31st March **2013** **Rupees**	2012 Rupees
18		
REVENUE FROM OPERATIONS		
Income from Guest Accommodation, Restaurants, Bars & Banquets etc.		
Rooms	**148,011,368**	113,571,521
Food & Beverages	**79,989,904**	64,635,159
Other Services	**26,865,517**	23,294,848
	254,866,789	201,501,528
19		
OTHER OPERATING INCOME		
Liabilities and provisions written back (includes ₹ Nil (2012 - ₹ 395,354) for prior period adjustment in provision for gratuity)	–	434,896
Others	**628,470**	563,235
	628,470	998,131
20		
OTHER INCOME		
Interest from banks	**21,157,239**	14,739,948
Interest from others	**16,670**	191,784
	21,173,909	14,931,732
21		
COST OF MATERIALS CONSUMED		
a. Provisions, Smokes & Wines		
Opening Stock	**2,926,731**	2,351,931
Add : Purchases	**19,885,839**	16,476,893
	22,812,570	18,828,824
Less : Closing Stock	**2,785,671**	2,926,730
Consumption (a)	**20,026,899**	15,902,094
b. Other traded goods		
Opening Stock	**1,383,498**	1,076,480
Add : Purchases	**3,039,386**	2,609,437
	4,422,884	3,685,917
Less : Closing Stock	**1,401,403**	1,383,498
Consumption (b)	**3,021,481**	2,302,419
Total (a+b)	**23,048,380**	18,204,513
22		
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages & Bonus	**35,701,506**	35,339,040
Company's Contribution towards Provident Fund	**1,399,245**	1,620,811
Provision for Leave Encashment (Refer note 22 (a))	**783,685**	400,015
Contribution to Gratuity Fund (Refer note 22 (a)) (including provision of ₹ 145,357 (2012 - ₹ Nil)	**265,581**	–
Workmen and Staff Welfare Expenses	**2,126,105**	1,555,182
	40,276,122	38,915,048

Notes to the Account — *Contd.*

22 (a) Long Term Defined Benefit Plans in respect of Gratuity and Compensated Absences on 31st March, 2013 as per Actuarial Valuation using Projected Unit Credit Method and recognised in the Financial Statements in respect of Employee Benefit Schemes:

		Gratuity	Year ended 31st March, 2013	Year ended 31st March 2012
I	**Components of Employer Expense**			
	(a)	Current Service Cost	78,304	98,487
	(b)	Interest Cost	12,782	12,693
	(c)	Expected Return on Plan Assets	-	-
	(d)	Curtailment Cost / (Credit)	-	-
	(e)	Settlement Cost / (Credit)	-	-
	(f)	Past Service Cost	-	-
	(g)	Actuarial (Gains) / Losses	54,271	(47,510)
	(h)	Liability no longer required	-	(63,670)
	(i)	Total expense/(gain) recognised in the Profit & Loss Account	145,357	-
II	**Net Asset / (Liability) recognised in Balance Sheet as at 31st March, 2013**			
	(a)	Present Value of Defined Benefit Obligations	273,437	164,080
	(b)	Fair Value of Plan Assets	-	-
	(c)	Status [Surplus/(Deficit)]	(273,437)	(164,080)
	(d)	Unrecognised Past Service Cost	-	-
	(e)	Net Asset / (Liability) recognised in Balance Sheet	273,437	164,080
III	**Change in Defined Benefit Obligations (DBO) during the year ended on 31st March, 2013**			
	(a)	Present value of DBO as at 31st March 2012	164,080	598,976
	(b)	Current Service Cost	78,304	98,487
	(c)	Interest Cost	12,782	12,693
	(d)	Curtailment Cost/(Credit)	-	-
	(e)	Settlement Cost/(Credit)	-	-
	(f)	Plan Amendments	-	-
	(g)	Acquisitions	-	-
	(h)	Actuarial (Gains)/Losses	54,271	(47,510)
	(i)	Benefits Paid	(36,000)	(103,212)
	(j)	Liability no longer required	–	(395,354)
	(k)	Present Value of DBO as at 31st March, 2013	273,437	164,080
IV	**Change in Fair Value of Assets during the year ended 31st March, 2013**			
	(a)	Plan Assets as at 31st March, 2012	-	-
	(b)	Acquisition Adjustment	-	-
	(c)	Actuarial Return on Plan Assets	-	-
	(d)	Actuarial Gains/(Losses)	-	-
	(e)	Actual Company Contribution	36,000	103,212
	(f)	Benefits Paid	(36,000)	(103,212)
	(g)	Plan Assets as at 31st March, 2013	-	-
V	**Investment Details**			
	Invested with LIC Group Gratuity Scheme			
VI	**Actuarial Assumptions**			
	(a)	Discounting Rate (%)	8.25%	8.75%
	(b)	Expected rate of return	–	–
	(c)	Salary Escalation (%)	5.50%	5.50%
	(d)	Mortality	IIndian assured lives mortality (1994-96) (modified) Ultimate	

Notes to the Account — *Contd.*

(VII)	Net Asset/(Liability) recognised in Balance Sheet (including experience adjustment impact)	Year ended 31st March 2013	Year ended 31st March 2012	Year ended 31st March 2011	Year ended 31st March 2010
(a)	Present Value of Defined Benefit Obligation	273,437	164,080	598,976	551,571
(b)	Fair Value of Plan Assets	–	–	–	–
(c)	Status [Surplus/(Defecit)]	(273,437)	(164,080)	(598,976)	(551,571)
(d)	Experience Adjustments on Plan Liabilities Loss/(gains)	25,758	(32,542)	113,701	(269,705)
(e)	Experience adjustments on plan assets gain/(Loss)	–	–	–	–
(f)	Actuarial (gain)/loss on plan liabilities due to change of assumptions	28,513	(14,968)	(12,811)	(32,865)

		Leave Encashment	Year ended 31st March, 2013	Year ended 31st March, 2012
I		**Components of Employer Expense**		
	(a)	Current Service Cost	70,395	75,285
	(b)	Interest Cost	36,450	42,950
	(c)	Expected Return on Plan Assets	-	-
	(d)	Curtailment Cost / (Credit)	-	-
	(e)	Settlement Cost / (Credit)	-	-
	(f)	Past Service Cost	-	-
	(g)	Actuarial (Gains)/Losses	676,840	281,780
	(h)	Liability no longer required	-	-
	(i)	Total expense/(gain) recognised in the Profit & Loss Account	783,685	400,015
II		**Net Asset / (Liability) recognised in Balance Sheet as at 31st March, 2013**		
	(a)	Present Value of Defined Benefit Obligations	849,849	766,985
	(b)	Fair Value of Plan Assets	-	-
	(c)	Status [Surplus/(Deficit)]	(849,849)	(766,985)
	(d)	Unrecognised Past Service Cost	-	-
	(e)	Net Asset / (Liability) recognised in Balance Sheet	849,849	766,985
III		**Change in Defined Benefit Obligations (DBO) during the year ended on 31st March, 2013**		
	(a)	Present value of DBO as at 31st March, 2012	766,985	661,780
	(b)	Current Service Cost	70,395	75,285
	(c)	Interest Cost	36,450	42,950
	(d)	Curtailment Cost/(Credit)	-	-
	(e)	Settlement Cost/(Credit)	-	-
	(f)	Plan Amendments	-	-
	(g)	Acquisitions	-	-
	(h)	Actuarial (Gains)/Losses	676,840	281,780
	(i)	Benefits Paid	(700,821)	(294,810)
	(j)	Liability no longer required	–	–
	(k)	Present Value of DBO as at 31st March 2013	849,849	766,985
IV		**Changes in Fair Value of Assets during the year ended 31st March, 2013**		
	(a)	Plan Assets as at 31st March, 2012	-	-
	(b)	Acquisition Adjustment	-	-
	(c)	Actuarial Return on Plan Assets	-	-
	(d)	Actuarial Gains/(Losses)	-	-
	(e)	Actual Company Contribution	700,821	294,810
	(f)	Benefits Paid	(700,821)	(294,810)
	(g)	Plan Assets as at 31st March, 2013	-	-

Notes to the Account — *Contd.*

V	**Investment Details**		
	Invested with LIC Group Gratuity Scheme	-	-
VI	**Actuarial Assumptions**		
	(a) Discounting Rate (%)	8.25%	8.75%
	(b) Expected rate of return	-	-
	(c) Salary Escalation (%)	5.50%	5.50%
	(d) Mortality	Indian assured lives mortality (1994-96) (modified) Ultimate	

VII		**Net Aaset/(Liability) recognised in Balance Sheet (including experience adjustment impact)**	**Year ended 31st March 2013**	**Year ended 31st March 2012**	**Year ended 31st March 2011**	**Year ended 31st March 2010**
	(a)	Present Value of Defined Benefit Obligation	849,849	766,985	661,780	433,459
	(b)	Fair Value of Plan Assets	–	–	–	–
	(c)	Status [Surplus/(Defecit)]	(849,849)	(766,985)	(661,780)	(433,459)
	(d)	Experience Adjustments on Plan Liabilities Loss/(gains)	594,738	349,566	454,947	(359,023)
	(e)	Experience adjustments on plan assets gain/(Loss)	–	–	–	–
	(f)	Actuarial (gain)/loss on plan liabilities due to change of assumptions	82,102	(67,786)	(14,349)	(23,878)

Notes to the Account — *Contd.*

	Year ended 31st March 2013 Rupees	2012 Rupees
23		
FINANCE COSTS		
Interest on borrowing		
– From Banks	**92,473**	7,238,639
– From others	**1,766,972**	320,657
	1,859,445	7,559,296
24		
OTHER EXPENSES		
A. UPKEEP & SERVICE COST		
Linen, Uniform Washing & Laundry Expenses	**616,617**	594,005
Expenses on Apartment & Board	**9,139,181**	7,230,887
Power & Fuel	**29,032,121**	24,800,399
Renewals & Replacements	**3,478,418**	2,858,313
Repair & Maintenance - Building	**7,557,216**	14,531,706
- Plant & Machinery	**4,692,179**	4,331,133
- Others	**4,054,047**	3,773,176
	58,569,779	58,119,619
B. ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Expenses for contractual services	**6,351,288**	5,106,132
Rent	**1,332,070**	1,199,115
Advertisement, Publicity & Other Promotional Expenses	**3,162,688**	3,338,210
Printing & Stationery	**987,966**	840,482
Insurance	**675,529**	782,570
Passage & Travelling	**5,517,569**	4,138,759
Postage, Telephone & Telex	**982,544**	962,407
Subscriptions	**657,647**	717,249
Water Charges	**7,294,772**	5,865,297
Commission to Travel Agents and others	**8,465,748**	5,736,213
Auditor's Remuneration		
– Audit Fees	**21,000**	21,000
– For taxation matters	**15,000**	15,000
– For reimbursement of expenses	**–**	13,972
Loss on exchange (Net)	**51**	73
Legal & Professional	**3,156,381**	763,088
Donation	**10,000**	–
Rates & Taxes	**2,324,321**	1,871,084
Musical, Banquet & Kitchen Expenses	**1,725,724**	1,672,170
Other Expenses	**2,821,723**	2,129,239
	45,502,021	35,172,060
Grand Total (A+B)	**104,071,800**	93,291,679

Notes to the Account — *Contd.*

25
NOTES TO THE ACCOUNT

a) i) Advances received from EIH Limited, its holding Company, amounting to ₹ 1,361,925,454 (2012 - ₹ 1,361,925,454) have been shown as "Advance towards Shares" as the Company intends to issue shares against the said advances without allotment, pending settlement of inter se legal issues between Government of Himachal Pradesh and EIH Limited in relation to the Company.

ii) The paid up share capital of the Company has been eroded against its accumulated losses of the past period. However, keeping in view of the improved business outlook, sustained profitability over the last couple of years and infusion of funds as "Advance towards Shares", the accounts of the Company have been continued to be prepared on the basis of going concern.

b) Contingent Liabilities and Commitments :

i) Contingent Liabilities – Claims against the Company not acknowledged as debts – ₹ 5,163,974 (2012 - ₹ 5,163,974) in respect of a service tax case which is pending before Customs, Excise & Service Tax Appellate Tribunal and ₹ 2,278,158 in respect of a sales tax case pending before Additional Excise & Taxation Commissioner (2012 - ₹ 3,547,522)

ii) Capital Commitments - The estimated amount of contracts remaining to be executed on Capital account and not provided for ₹ 2,64,922 (2012 - ₹ 1,263,086).

c) **Leases**

i) Motor Vehicles acquired on Finance Lease amounting to ₹ 2,928,889 (2012 - ₹ 1,978,889), being the assets acquired between 1st April, 2003 to 31st March, 2013. This includes an amount of ₹ 950,000 (2012 - ₹ 1,140,000) being the assets acquired during the year under finance lease and capitalised in line with the requirements of Accounting Standard (AS-19) on "Accounting for Leases" notified pursuant to the Companies (Accounting Standards) Rules, 2006. Depreciation for the year includes an amount of ₹ 553,284 (2012 - ₹ 521,652) being depreciation charged on the assets.

The year-wise break up of outstanding lease obligations as on 31.03.2013 in respect of these Assets capitalised during the year are as under:-

	(Rupees)
Vehicles taken on Lease	
Total Minimum Lease Payments as at 31.03.2013	**2,725,648** (2,067,738)
Present value of Minimum Lease Payments as at 31.03.2013	**1,870,530** (1,428,016)
Not later than one year	
Minimum Lease Payments	**867,046** (668,211)
Present value as on 31.03.2013	**545,616** (421,420)
Later than one year but not later than 5 years	
Minimum Lease Payments	**1,858,602** (1,399,527)
Present value as on 31.03.2013	**1,324,914** (1,006,596)
Later than 5 Years	
Minimum Lease Payments	**Nil**
Present value as on 31.03.2013	**Nil**
Contingent Rent recognised as expenses in the Statement of Profit and Loss for the period	**Nil**
The total future minimum sublease payments expected to be received under non-cancellable sublease at the Balance Sheet	**Nil**

(Figures in brackets represent figures for 2012)

Notes to the Account — *Contd.*

ii) Disclosures in respect of Company's Operating lease arrangements entered on or after 1st April, 2001 under Accounting Standard (AS-19) on leases:

(1) General description of the Company's operating lease arrangements:

The Company has entered into operating lease arrangements primarily for hiring office equipments and residential premises for its employees. Some of the significant terms and conditions of the arrangements are:

– Lease agreements are not non-cancellable in nature and may generally be terminated by either party by serving a notice other than for the arrangements as mentioned below;

– The lease agreements are generally renewable by mutual consent on mutually agreeable terms.

(2) Rent in respect of the above is charged/credited to the Statement of Profit and Loss.

Office Equipments taken on Operating Lease	**Rupees**
Not Later than one year	
Minimum Lease payments	42,000
	(Nil)
Later than one year but not later than 5 years	
Minimum Lease payments	35,000
	(Nil)
Later than 5 Year	
Minimum Lease payments	Nil
Lease payments recognised as expenses in the statement of profit & loss for the period	7,000
Contingent Rent recognised as expenses in the statement of profit & loss for the period	8,413
The total future minimum sublease payments expected to be received under non-cancellable sub lease at the Balance Sheet	Nil

(Figures in brckets represents figure for 2012)

d) The Company was incorporated consequent upon a Joint Venture Agreement between EIH Limited and the Government of Himachal Pradesh. Disputes inter se between the two Joint Venture Partners as well as between the Company and the Government of Himachal Pradesh were referred by the High Court of Himachal Pradesh by an Order dated 17th December, 2003 to an Arbitral Tribunal consisting of a single Arbitrator.

The Arbitrator's Award dated 23rd July, 2005 has been challenged, both by the Company and EIH Limited, amongst others, before the High Court of Himachal Pradesh. The operation of the Award stands stayed pending substantive hearing and disposal of the Application by the High Court. As a result, the status of the matter stood restored to the same position as it was on 17th December, 2003, when the disputes were referred by the High Court to arbitration. The Company's hotel unit, Wildflower Hall continues to be operated accordingly.

In view of the foregoing, the effect of the Award has not been recognised in these accounts. However, pending the final outcome of the above proceedings, the Company continues to keep 30% of the Room Revenue in respect of the balance 57 Rooms, being operated as per the directions of the High Court, deposited with a Nationalised Bank, in accordance with the 17th December, 2003 Order above referred to.

Appropriate intimation of such deposit has been given to the Himachal Pradesh Government. This deposit has been disclosed in these accounts under "Cash and Bank Balances" (Refer note 15(B) (iii)).

e) As there is no Company Secretary, the Accounts could not be authenticated under Section 215 of the Companies Act, 1956 read with Section 383A of the Companies Act, 1956.

Notes to the Account — *Contd.*

f) The details of transactions entered into with Related Parties during the year are as follows:

A. Name of the Related Parties

(I) Holding Company - EIH Limited

(II) Fellow Subsidiary Companies

1. Mercury Car Rentals Limited
2. Mumtaz Hotels Limited
3. EIH International Limited
4. Oberoi Kerala Hotels & Resorts Limited
5. EIH Flight Services Limited, Mauritius

(III) Enterprises in which Key Management Personnel have significant influence:

1. Oberoi Hotels Private Limited
2. Oberoi Properties Private Limited
3. Oberoi Holdings Private Limited
4. Oberoi Investments Private Limited
5. Oberoi Buildings and Investments Private Limited
6. Oberoi Plaza Private Limited
7. Bombay Plaza Private Limited
8. Oberoi Leasing & Finance Company Private Limited
9. Aravali Polymers LLP
10. Golden Jubilee Hotels Limited

(IV) Key Management Personnel

1. Mr. Arjun Oberoi

B. Transactions with Related Parties during the financial year and outstanding balances as on 31.03.2013:

	Holding Company	**Fellow Subsidiary Companies**	**Enterprises in Which Key Management Personnel have significant influence**	**Key Management Personnel**
Purchases	**Rupees**	**Rupees**	**Rupees**	**Rupees**
Goods & Services	4,349,258 (3,995,971)	949,449 (704,231)	Nil (Nil)	Nil (Nil)
Fixed Assets	Nil (4,500)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Expenses				
Rent & Service Charges	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Sales				
Goods & Services	993,766 (796,416)	567,054 (62,595)	Nil (Nil)	Nil (Nil)
Fixed Assets	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Finance				
Advance against equity shares application received (net)	Nil (68,900,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Loan Received	17,000,000 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Repayment of Loan	17,000,000 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

Notes to the Account — *Contd.*

Interest Paid/Provided (Net)	592,904 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Outstanding balances				
Payables				
For Goods & Services	208,856 (1,157,294)	307,026 (Nil)	Nil (Nil)	Nil (Nil)
Receivables				
For Goods & Services	2,093,286 (695,286)	184,629 (95,285)	Nil (Nil)	Nil (Nil)
Others				
Loans Payable (including interest accrued & due)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Advance towards Equity Shares	1,361,925,454 (1,361,925,454)	Nil (Nil)	Nil (Nil)	Nil (Nil)

(Figures in brackets represent figures for 2012)

g) Expenditure in Foreign Currency:

	Year ended 31st March	
	2013	2012
	Rupees	Rupees
Other matters	**1,826,874**	1,025,375

h) Earnings in Foreign Currencies on Sales:

As per return submitted to DGFT	**51,521,463**	31,524,736

i) CIF Value of Imports:

a. Value of Imports calculated on C.I.F. basis in respect of:

Capital Goods	**2,319,889**	3,185,913
Components & Spares	**1,456,200**	925,610
Provisions, Stores & Wines	**1,815,186**	1,331,523

b. Total value of Consumption of Provisions, Smokes & Wines:

	Year ended 31st March			
	2013		2012	
	Rupees	Percentage	Rupees	Percentage
Imported	1,518,913	7.58%	1,673,778	10.53%
Indigenous	18,507,986	92.42%	14,228,316	89.47%
Total	20,026,899	100.00%	15,902,094	100.00%

j) Foreign currency exposure not hedged by any derivative instrument or otherwise:

Currency	As a 31st March, 2013			As at 31st March, 2012		
	Receivable ₹	Payable ₹	Net ₹	Receivable ₹	Payable ₹	Net ₹
US Dollar	–	338,307	(338,307)	90,386	116,586	(26,200)
GBP	–	333,018	(333,018)	–	–	–
EURO	–	–	–	–	49,734	(49,734)

k) Based on the guiding principles given in Accounting Standard (AS-17) 'Segment Reporting', the Company's primary business is hoteliering. The business incorporates related activities such as revenue from rooms, restaurants, banquets, health club, etc., which mainly have similar risks and returns. As such there is nothing to report on segment results.

Notes to the Account — *Contd.*

		As at 31st March	
		2013 **Rupees**	2012 Rupees
l)	Earnings per Equity Share :		
	Computation of both Basic and Diluted Earnings per share of ₹ 10		
	Profit/(Loss) as per the Profit and Loss Account	**191,441,896**	32,628,736
	No. of Equity Shares	**33,000,000**	33,000,000
	Basic Earnings per share	**5.80**	0.99

m) As mentioned in the earlier Accounts also, the Accounts of the Company were not approved by the Nominee Directors of the Himachal Pradesh Government – the Joint Venture Partner. As such the Accounts were approved by the Audit Committee and the Board of Directors by majority.

n) The figures for the previous year have been regrouped/recast as far as practicable to make them comparable to those of the current year, to comply with the disclosure requirements of Revised Schedule VI to the Companies Act, 1956.

Shimla
17th May, 2013

ARJUN OBEROI *Managing Director*
T.K. SIBAL *Director*

OBEROI KERALA HOTELS AND RESORTS LIMITED

BOARD

Mr. P. R. S. Oberoi
Mr. S. S. Mukherji
Mr. T. K. Sibal

Nominees of EIH Limited

Mr. Rajesh Kumar Sinha
Mr. Anil Kumar Sivaraman Nair
Mr. Prasanth Nambron

Nominees of the Government of Kerala

AUDITORS

Ray & Ray, Chartered Accountants
205, Ansal Bhawan, 2nd Floor
16, Kasturba Gandhi Marg
New Delhi 110 001

REGISTERED OFFICE

C-46-452 (H)
Bristow Road
Willingdon Island
Cochin 682 003
Kerala

DIRECTORS' REPORT

To the Members,

The Board presents the Nineteenth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2013, together with the Auditor's Report thereon.

The Company incurred a loss of ₹ 75,018 during the Financial Year 2012-13 as against ₹ 95,602 during the previous year. The accumulated losses as on 31st March, 2013 amounted to ₹ 8,546,263. This is being carried forward.

Mr. Rajesh Kumar Sinha, Mr. Anil Kumar S and Mr. Prasanth N, nominees of Kerala Government were appointed by the Board in the casual vacancies caused due to the vacation by Mr. Sanjay Garg, Mr. K.G. Mohanlal and Mr. T.K. Manoj Kumar. They shall hold office upto the date the vacated directors would have held had they not vacated. The Board wishes to place on record its appreciation for the valuable services rendered by Mr. Sanjay Garg, Mr. K.G. Mohanlal and Mr. T.K. Manoj Kumar.

Mr. S.S. Mukherji, Director of the Company, retires by rotation at the forthcoming Nineteenth Annual General Meeting and is eligible for re-appointment.

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, the Board states that :

a) in preparing the Annual Accounts, applicable Accounting Standards have been followed and that there are no material departures;

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at the end of the Financial Year and of the loss of the Company for the year;

c) the Directors have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act and for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the Annual Accounts of the Company on a "going concern" basis.

As regards the Auditor's observations, Note 14 of the Accounts is self-explanatory.

Measures for energy conservation will be taken when the project commences commercial operations.

There were no employees who were in receipt of remuneration in excess of the amount prescribed in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

There has been no foreign exchange earnings and outgo during the year required to be reported under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, as the Company is yet to commence operations.

The Auditors, Ray & Ray, Chartered Accountants, retire and are eligible for re-appointment. The Board recommends that they be re-appointed as Auditors of the Company for the year 2013-14, until conclusion of the next Annual General Meeting.

The Board places on record the valuable support and co-operation of all those concerned in carrying on the affairs of the Company.

For and on behalf of the Board

New Delhi
20th May, 2013

RAJESH KUMAR SINHA
T. K. SIBAL
Directors

COMPLIANCE CERTIFICATE

[See Rule 3 of The Companies (Compliance Certificate) Rules, 2001]

Registration No.	: 09-007951 of 1994
CIN	: U55101KL1994PLC007951
Nominal capital	: ₹ 10 Crores

The Members,
M/s OBEROI KERALA HOTELS AND RESORTS LIMITED
C-46-452 (H), Bristow Road, W. Island
Cochin, Ernakulam
Kerala-682 003

I have examined the registers, records, books and papers of M/s Oberoi Kerala Hotels and Resorts Limited, (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2013. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in *Annexure 'A'* to this certificate, as per the provisions in the Act and the rules made thereunder and all entries therein have been duly recorded.

2. The Company has duly filed the forms and returns as stated in *Annexure 'B'* to this certificate, with the Registrar of Companies, Kerala, within/after the time prescribed under the Act and the rules made thereunder.

3. The Company, being a Public Company limited by shares has more than the minimum prescribed Paid-up Capital of ₹ 5 Lakh during the year.

4. The Board of Directors duly met 4 (Four) times on 16.05.2012, 27.09.2012, 05.12.2012, 25.03.2013 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed, including the circular resolutions passed, in the Minutes Book maintained for the purpose.

5. The Company was not required to close its Register of Members. It has no Debenture holders.

6. The 18th Annual General Meeting for the financial year ended on 31.03.2012 was held on 23.07.2012 and was adjourned to 30.7.2012 for want of quorum after giving due notice to the Members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.

7. No Extra-Ordinary General Meeting was held.

8. The Company has not advanced any loan to its Directors or Persons or Firms or Companies referred to under Section 295 of the Act.

9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.

10. The Company was not required to make any entry in the Register maintained under Section 301 of the Act.

11. The Company was not required to obtain any approval from the Board of Directors, Members or previous approval of the Central Government pursuant to Section 314 of the Act.

12. The Company has not issued any duplicate share certificate.

13. The Company has:

    i) no allotment/transmission of securities during the financial year and delivered the share certificate after effecting share transfer on 27.09.2012.

    ii) not deposited any amount in a separate bank account as no dividend was declared;

    iii) not paid/posted warrants for dividend to any Member of the Company as no dividend was declared;

    iv) not transferred any amount from the unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon to Investor Education and Protection Fund, as there were no balances in those accounts for such transfer;

    v) duly complied with the requirements of Section 217 of the Act.

14. The Board of Directors of the Company is duly constituted. The appointment of Director and Casual Director has been duly made. There was no appointment of Alternate Director.

15. The Company has no Managing Director/Whole Time Director/Manager during the financial year.

16. The Company has not appointed any sole-selling agent.

17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.

18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

19. The Company has not issued any share/debenture/other securities.

20. The Company has not bought back any share.

21. The Company has no preference shares/debentures to be redeemed.

22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, right shares and bonus shares pending registration of transfer of shares.

23. The Company has not invited or accepted any deposits under Sections 58A and 58AA of the Act and the rules made thereunder.

24. The Company has not borrowed any amount from Directors, Members, Public, Financial Institutions, Banks and others.

25. The Company has not made loans and investments, or given guarantees or provided securities to other bodies corporate.

26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's Registered Office from one state to another.

27. The Company has not altered the provisions of the Memorandum with respect to the Objects of the Company.

28. The Company has not altered the provisions of the Memorandum with respect to Name of the Company.

29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company.

30. The Company has not altered its Articles of Association.

31. There was no prosecution initiated against or show cause notice received by the Company for alleged offences under the Act and also no fines and penalties or any other punishment is seen imposed on the Company.

32. The Company has not received any amount as security from its employees.

33. No Provident Fund scheme is implemented for the employees as there are no employee on the roll of the Company.

G. RAMAN PILLAI
Company Secretary
C.P. No. 1596 (FCS 2421)

Trivandrum
20th May, 2013

Encls: Annexures 'A' & 'B'

Annexure 'A'

Registers as maintained by the Company

1. Register of Members u/s. 150.
2. Minutes Book of Board Meetings u/s. 193
3. Minutes Book of General Meetings u/s. 193
4. Books of Account u/s. 209.
5. Register of Directors, Managing Directors cvu/s. 303.
6. Register of Fixed Assets.
7. Register of Directors' Attendance.
8. Register of Shareholders' Attendance.
9. Register of Directors' Shareholding u/s. 307.
10. Register of Transfers.
11. Register of Application and Allotment.
12. Register of Companies/firms in which Directors are interested.

Annexure 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Kerala, during the financial year ended on 31st March, 2013

1. Form No. 66, Secretarial Compliance Certificate dated 16.05.2012 u/s 383A of the Companies Act, 1956, on 17.08.2012, paid ₹ 500 vide Challan No. P88491527
2. Form No. 20B, Annual Return of the Company made upto 30.07.2012, the date of the 18th Annual General Meeting, filed on 04.09.2012, paid ₹ 500 vide Challan No. P88726757.
3. Form 32, Appointment and Cessation of Directors, filed on 03.10.2012, paid ₹ 500 vide Challan No. B58724022.

   Appointment of:

   Mr. Anil Kumar Sivaraman Nair, Nominee Director, representing the Government of Kerala/Tourist Resorts (Kerala) Ltd.

   Mr. Prasanth Nambron, Nominee Director, representing the Government of Kerala/ Tourist Resorts (Kerala) Ltd.

   Mr. Rajesh Kumar Sinha, Nominee Director, representing the Government of Kerala/Tourist Resorts (Kerala) Ltd.

   Cessation of:

   Cessation of Mr. K.G. Mohanlal, Nominee Director, representing Government of Kerala

   Mr. T.K. Manoj Kumar, Nominee Director, representing Government of Kerala

   Mr. Sanjay Garg, Nominee Direcor, representing Government of Kerala.
4. Form No. 23ACXBRL and Form No. 23ACAXBRL, Annual Accounts of the Company for the year ended 31.03.2012 as adopted at the 18th Annual General Meeting held on 30.07.2012 filed on 17.12.2012 paid ₹ 500 vide Challan No. Q04475653.

G. Raman Pillai
Company Secretary
C.P. No. 1596 (FCS 2421)

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Oberoi Kerala Hotels and Resorts Limited

Report on the Financial Statements

We have audited the accompanying Financial Statements of Oberoi Kerala Hotel & Resorts Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 (the 'Act'). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's 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 auditor considers 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 14 as regards freehold land at Thekkady having a cost of Rs. 17,179,831 is held by the Company for disposal and the Company has not commenced any construction/operations of the Hotel.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013 and;

(b) in the case of the Statement of Profit and Loss Statement, of the loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. in our opinion books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956;

   e. on the basis of written representations received from the directors as on 31st March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause(g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For RAY & RAY
Chartered Accountants
Firm Registration No. 301072E

A. K. SHARMA
Partner
Membership No. 80085

New Delhi
20th May, 2013

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

(Referred to Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements of our report of even date)

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   b) The Fixed Assets of the Company have been physically verified by the Management during the year, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

   c) During the year no substantial part of the fixed assets have been disposed off by the Company. As substantial part of the assets is expecting disposal, the continuance of the Company as a going concern may be affected.

2. The Company did not have any inventory during the year. In view of this, clauses (ii)(a), (ii)(b) and (ii)(c) of paragraph 4 of the aforesaid Order are not applicable.

3. a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore, clauses (iii)(a) to (d) of paragraph 4 of the aforesaid Order are not applicable.

   b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Therefore, clauses (iii)(e) to (g) of paragraph 4 of the aforesaid Order are not applicable.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of fixed assets and purchase/sale of services. There was no purchase of inventory and sale of goods. Further during the course of our audit, we have neither come across nor have been informed of any instance of major weaknesses in the aforesaid internal control system which would require corrective action.

5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the Register maintained under Section 301 have been so entered.

   b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Act have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.

6. The Company has not accepted any deposits from the public. As such requirement of clause 4(vi) of paragraph 4 of the aforesaid Order is not applicable.

7. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.

8. The Central Government has not prescribed the maintenance of cost records by the Company under Section 209(1)(d) of the Companies Act, 1956.

9. a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of

income tax, wealth tax, sales tax, customs duty, service tax, excise duty and cess were outstanding as at 31.03.2013, for a period of more than six months from the date they became payable.

b) According to the records of the Company, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.

10. The Company's accumulated losses at the end of the financial year are not more than fifty percent of its net worth. The Company has incurred cash losses during the financial period covered by our report and also incurred cash losses in the immediately preceding financial period.

11. The Company has not taken any loans from financial institution or bank or debenture holders. As such requirements of clause (xi) and (xvi) of paragraph 4 of the aforesaid Order are not applicable to the Company.

12. The Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the aforesaid Order are not applicable to the Company.

14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause (xiv) of paragraph 4 of the aforesaid Order are not applicable to the Company.

15. The Company has not given any guarantee for loans taken by others from bank or financial institutions.

16. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.

17. The Company has not raised any money by issue of shares during the year. Therefore, the provisions of clause (xviii) of paragraph 4 of the aforesaid Order are not applicable to the Company.

18. The Company has not issued any debentures during the year under audit. Accordingly, the provisions of clause (xix) of paragraph 4 of the aforesaid Order are not applicable to the Company.

19. The Company has not raised any money by way of public issue during the year. Therefore, the provisions of clause (xx) of paragraph 4 of the aforesaid Order are not applicable to the Company.

20. During the course of our examination of the books of account carried out in accordance with Generally Accepted Auditing Practices, we have neither come across any instance of fraud on or by the Company nor have we been informed of any such case by the Management.

For RAY & RAY
Chartered Accountants
Firm Registration No. 301072E

A. K. SHARMA
Partner
Membership No. 80085

New Delhi
20th May, 2013

Balance Sheet
as at 31st March, 2013

	Note	Rupees	As at 31st March 2013 Rupees	2012 Rupees
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
SHARE CAPITAL	2	**27,200,070**		27,200,070
RESERVES AND SURPLUS	3	**(8,546,263)**		(8,471,245)
			18,653,807	18,728,825
SHARE APPLICATION MONEY AGAINST ISSUE OF EQUITY SHARES PENDING ALLOTMENT	4		**1,600,000**	1,600,000
CURRENT LIABILITIES				
TRADE PAYABLES	5	**231,033**		192,043
SHORT TERM PROVISIONS	6	**33,908**		11,187
			264,941	203,230
			20,518,748	20,532,055
ASSETS				
NON-CURRENT ASSETS				
FIXED ASSETS				
TANGIBLE ASSETS	7	**20,331,258**		20,331,258
LONG TERM LOANS & LOANS AND ADVANCES	8	**181,350**		181,350
			20,512,608	20,512,608
CURRENT ASSETS				
CASH AND CASH EQUIVALENTS	9		**6,140**	19,447
			20,518,748	20,532,055

NOTES TO THE ACCOUNTS
form an integral part of the Balance Sheet

This is the Balance Sheet referred
to in our report of even date.

FOR RAY & RAY
Chartered Accountants

A. K. SHARMA
Partner
Membership No. 80085
Firm Registration No. 301072E

New Delhi
20th May, 2013

For and on behalf of the Board

RAJESH KUMAR SINHA
PRASANTH NAMBRON
T.K. SIBAL
Directors

Statement of Profit and Loss for the year ended 31st March, 2013

	Note	Year ended 31st March 2013 Rupees	2012 Rupees
INCOME			
REVENUE FROM OPERATIONS		–	–
OTHER INCOME	10	**391,542**	367,989
		391,542	367,989
EXPENSES			
DEPRECIATION AND AMORTISATION EXPENSE		–	–
OTHER EXPENSES	11	**376,950**	373,981
		376,950	373,981
PROFIT / (LOSS) BEFORE TAX		**14,592**	(5,992)
CURRENT TAX	12	**89,610**	89,610
DEFERRED TAX		–	–
LOSS FOR THE PERIOD		**(75,018)**	(95,602)
BASIC AND DILUTED EARNINGS PER SHARE (in Rupees) Face Value ₹ 10	16	**(0.028)**	(0.035)

NOTES TO THE ACCOUNTS

form an integral part of the Statement of Profit & Loss

This is the Statement of Profit and Loss referred to in our report of even date.

For RAY & RAY
Chartered Accountants

A. K. SHARMA
Partner
Membership No. 80085
Firm Registration No. 301072E

New Delhi
20th May, 2013

For and on behalf of the Board

RAJESH KUMAR SINHA
PRASANTH NAMBRON
T.K. SIBAL
Directors

Cash Flow Statement
for the year ended 31st March, 2013

		Year ended 31st March 2013 Rupees	2012 Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	PROFIT/(LOSS) BEFORE TAX	**14,592**	(5,992)
	Adjustments for:		
	Rent Received	**(391,542)**	(367,643)
		(376,950)	(373,635)
	Operating Profit before Working Capital Changes		
	Adjustments for:		
	Trade & Other Receivables	**–**	75,000
	Trade Payables & others	**38,990**	(40,237)
	Cash Generated from Operations	**(337,960)**	(338,872)
	Direct Taxes (Net)	**(66,889)**	(168,865)
	Net Cash from Operating Activities	**(404,849)**	(507,737)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	**–**	–
	Rent Received	**391,542**	367,643
	Cash from Investing Activities	**391,542**	367,643
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Net Cash used in Financing Activities	**–**	–
	Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	**(13,307)**	(140,094)
	Cash and Cash Equivalents at the beginning of period	**19,447**	159,541
	Cash and Cash Equivalents at the end of period	**6,140**	19,447

Notes :

1. The Cash Flow Statement has been prepared in indirect method except for purchase of fixed assets and Capital Work-in-Progress. Rent received is treated as a part of Investing Activities.

2. Cash and Cash Equivalents represent Cash and Bank Balances.

This is the Cash Flow Statement referred
to in our report of even date.

For RAY & RAY
Chartered Accountants

A. K. SHARMA
Partner
Membership No. 80085
Firm Registration No. 301072E

New Delhi
20th May, 2013

For and on behalf of the Board

RAJESH KUMAR SINHA
PRASANTH NAMBRON
T.K. SIBAL
Directors

Notes to Accounts

1
SIGNIFICANT ACCOUNTING POLICIES

a) The Financial Statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these Financial Statements to comply in all material aspects with the Accounting Standards notified under the Companies Accounting Standard Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The Financial Statements have been prepared on accrual basis and under the historical cost convention.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year, except for the change in accounting policy explained below.

b) Any asset/liability is classified as current if it satisfies any of the following conditions:

(i) it is expected to be realized/settled in the Company's normal operating cycle; or

(ii) it is expected to be realized/settled within 12 months after the reporting date; or

(iii) In the case of an asset,

a) it is held primarily for the purpose of being traded; or

b) it is cash or cash equivalent unless it is restricted from being exchanged or utilized to settle a liability for atleast 12 months after the reporting date.

(iv) in case of a liability, the Company does not have an unconditional right to defer settlement of liability for atleast 12 months after the reporting date.

All other assets/liabilities are classified as non-current.

c) The preparation of the Financial Statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reporting balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reporting amounts of income and expenditure during the year. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from such estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

d) Fixed Assets are stated at cost less depreciation. The cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working conditions. Interest during construction period to finance fixed assets would be capitalised.

e) The carrying value of Fixed Assets which are in excess of the higher of its value in use or net realisable value is recognised as an impairment loss.

f) Depreciation on fixed assets is provided on "Straight Line Method" at the rates which are in conformity with the requirements of the Companies Act, 1956. Freehold land is not amortised.

g) Payments made in foreign currency are converted at applicable rates prevailing on the date of remittance. Current Assets and Liabilities at the year end are converted at the rates prevailing at the close of the year.

h) Preliminary Expenses are written off.

i) Current tax is determined on the amount of tax payable in respect of taxable income for the year. Fringe Benefit tax is determined on the Fringe Benefits provided or deemed to have been provided in accordance with the provisions of the Income Tax Act, 1961.

The deferred tax is provided and recognised on timing differences between taxable income and accounting income subject to prudential consideration. Deferred tax assets on unabsorbed depreciation and carry forward of losses is not recognised unless there is virtual certainty about availability of future taxable income to realise such assets.

j) Prior period adjustments, extraordinary items and changes in accounting policies having material impact on the financial affairs of the Company are disclosed.

k) Provisions are recognised when there is a present legal or statutory obligation as a result of past events and where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognised only when there is a possible obligation arising from past events due to occurrence or non-occurence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the oblication cannot

Notes to Accounts

be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow or resources are provided for.

Contingent Assets are not recognised in the Financial Statements.

l) Provisions are recognised when there is a present legal or statutory obligation as a result of past events and where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

Contingent Liabilities are recognised only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made. obligations are assessed on an ongoing basis and only those having a largely probable outflow or resources are provided for.

Contingent Assets are not recognised in the Financial Statements.

Notes to Accounts — *Contd.*

	As at 31st March **2013** **Rupees**	2012 Rupees
2		
SHARE CAPITAL		
AUTHORISED		
10,000,000 (2012 - 10,000,000) Equity Shares of ₹ 10 each	**100,000,000**	100,000,000
	100,000,000	100,000,000
SUBSCRIBED		
2,920,007 (2012 - 2,920,007) Equity Shares of ₹ 10 each	**29,200,070**	29,200,070
	29,200,070	29,200,070
ISSUED & PAID UP		
2,720,007 (2012 - 2,720,000) Equity Shares of ₹ 10 each	**27,200,070**	27,200,070
	27,200,070	27,200,070

Notes:

a) Reconciliation of number of shares

	As at 31st March **2013** **Number of shares**	2012 Number of shares
Balance of the beginning of the year	2,720,007	2,720,007
Movement during the year	–	–
Balance at the end of the year	2,720,007	2,720,007

b) Details of Shares held by Shareholders holding more than 5 percent of the aggregate shares in the Company

	As at 31st March **2013**		2012	
	Number of Shares	**% holding**	Number of Shares	% holding
(1) EIH Limited	**2,176,000**	**80**	2,176,000	80
(2) Tourist Resorts (Kerala) Limited	**544,000**	**20**	544,000	20

c) Shares held by the Holding-Company

	As at 31st March **2013** **Number of shares**	2012 Number of shares
EIH Limited	**2,176,000**	2,176,000

d) The Company has one class of equity shares having a par value of Rs. 10 each. Each Shareholder is eligible for one vote per share held and such dividend as proposed by the Board of Director, subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

Notes to Accounts — *Contd.*

		As at 31st March	
		2013	2012
	Rupees	**Rupees**	Rupees
3			
RESERVES AND SURPLUS			
DEBIT BALANCE IN STATEMENT OF PROFIT & LOSS			
Balance at the beginning of the year	**(8,471,245)**		(8,375,643)
Add: Profit/(Loss) after tax as per Statement of Profit & Loss	**(75,018)**		(95,602)
		(8,546,263)	(8,471,245)
		(8,546,263)	(8,471,245)
4			
Share Application Money against issue of shares pending allotment		**1,600,000**	1,600,000
		1,600,000	1,600,000

200,000 Equity Shares were to be alloted at per value by the Company in 2003. The allotment of shares is pending as one of the Joint Venture partner viz Tourist resorts (Kerala) Limited is yet to make payment of the application money.

5			
TRADE PAYABLES - CURRENT			
Total Outstanding dues of Micro Enterprises and Small Enterprises (Note 13)	**–**		–
Total Outstanding dues of Creditors other than Micro & Small Enterprises	**231,033**	**231,033**	192,043
		231,033	192,043
6			
SHORT TERM PROVISIONS			
Taxation (Net of advances)		**33,908**	11,187
		33,908	11,187

Notes to Accounts — *Contd.*

7
FIXED ASSETS

	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Original Cost as at 31st March, 2012 ₹	Additions ₹	Original Cost as at 31st March 2013 ₹	As at 31st March, 2012 ₹	For the year ₹	As at 31st March, 2013 ₹	**As at 31st March, 2013 ₹**	As at 31st March, 2012 ₹
I) TANGIBLE ASSETS								
Freehold Land	3,151,427	–	3,151,427	–	–	–	3,151,427	3,151,427
Freehold Land (held for disposal) Note 14	17,179,831		17,179,831	–	–	–	17,179,831	17,179,831
Total	20,331,258	–	20,331,258	–	–	–	20,331,258	20,331,258
Previous Year	20,331,258	–	20,331,258	–	–		20,331,258	

	As at 31st March **2013 Rupees**	2012 Rupees
8		
LONG TERM LOANS AND ADVANCES (Unsecured)		
Security Deposits	**181,350**	181,350
	181,350	181,350
9		
CASH AND CASH EQUIVALENTS		
Balances with Banks in Current Account	**6,140**	19,447
	6,140	19,447

	Year ended 31st March **2013 Rupees**	2012 Rupees
10		
OTHER INCOME		
Rental Income	**391,542**	367,643
Liabilities Written Back	–	346
	391,542	367,989

Notes to Accounts — *Contd.*

		As at 31st March	
		2013	2012
	Rupees	**Rupees**	Rupees
11			
OTHER EXPENSES			
Electricity & Water		**960**	728
Lease Rental		**101,542**	77,543
Rates & Taxes		**1,082**	831
Legal & Professional		**59,433**	63,000
Security Charges		**174,744**	190,307
Bank Charges		**589**	308
Travelling & Conveyance		**4,843**	3,639
Telephone & Postage		**1,496**	2,628
Auditors' Remuneration			
Audit Fees	**17,000**		17,000
Service Tax	**2,101**		2,101
		19,101	19,101
Repairs and Maintenance		**5,830**	–
Miscellaneous Expenses (Including Filing Fees)		**7,330**	15,796
		376,950	373,981
12			
CURRENT TAX			
Income Tax		**89,610**	89,610
		89,610	89,610

13. The Company has not received from parties any information/memorandum as required to be filed by suppliers/vendors with notified authority under Micro, Small & Medium Enterprises Act (2006) claiming their status as Micro, Small & Medium Enterprises. As such, the Company does not owe any dues on account of principal amount together with interest and accordingly no addtional disclosures are made. This has been relied upon by the Auditors.

14. Freehold land at Thekkady, having a cost of ₹ 17,179,831, is held by the Company for disposal. Necessary approvals are still awaited. The Company has not commenced any construction/operations of the Hotel.

15. Earnings per share :

Particulars	As at 31st March	
	2013 Rupees	2012 Rupees
Loss computation for both Basic and Diluted earnings per share of ₹ 10 each		
Loss available for Equity Shareholders	**75,018**	95,602
Weighted average number of Equity Shares outstanding	**2,720,007**	2,720,007
Basic & Diluted earnings per Equity Share in Rupees of face value of ₹ 10	**(0.028)**	(0.035)

16. The Company is yet to commence commercial operations. As such there is nothing to report on segment results as required by Accounting Standard (AS-17) "Segment Report".

Notes to Accounts — *Contd.*

17. Consequent to the adoption of the provisions of Accounting Standard (AS-22) "Accounting for Taxes on Income", the Company would have a net deferred tax asset, primarily consisting of accumulated losses. However, as the Management is not virtually certain of subsequent realisation of the asset, no deferred tax asset has been computed or recognised in the accounts.

18. Disclosures in respect of Company's operating lease arrangements, entered on or after 1st April, 2001, under Accounting Standard (AS-19) on Leases:

a) General description of the Company's operating lease arrangements:

The Company has entered into operating lease arrangement primarily for the Jetty site. Some of the significant terms and conditions of the arrangements are:

- agreements may generally be terminated by either party by serving a notice;
- the lease arrangements are generally renewable on the expiry of the lease period subject to mutual agreement;
- the Company shall not sublet, assign or part with the possession of the premises without prior written consent of the lessor.

b) Lease rent in respect of the above are charged to the Statement Profit and Loss.

c) The year-wise future minimum lease payments in respect of above is as under:

	Rupees
Total future minimum lease payment as at 31st March, 2013	**116,445** (99,810)
Not later than 1 year	**116,445** (99,810)

(Figures in bracket represent figures for 2012)

19. a) The Company has entered into operating lease relating to land. Lease rent has been recognised in the Statement of Profit and Loss.

b) Future minimum lease payments recoverable by the Company in respect of above are as follows:

	Rupees
Not later than one year	**310,300** (290,000)
Later than one year but not later than five years	**1,684,867** (1,574,642)
Later than five years	**1,646,273** (2,356,798)

(Figures in bracket represent figures for 2012)

Notes to Accounts — *Contd.*

20. The details of transactions entered into with Related Parties during the year are as follows :

A. 1. Holding Company

EIH Limited

2. Fellow Subsidiaries

i) Mashobra Resort Limited
ii) Mumtaz Hotels Limited
iii) Mercury Car Rentals Limited
iv) EIH Flight Services Limited, Mauritius
v) EIH International Ltd.
vi) EIH Holdings Ltd.
vii) EIH Marrakech Ltd.
viii) J&W Hongkong Ltd.
ix) EIHH Corporation Ltd.
x) EIH Investments NV
xi) EIH Management Services BV
xii) PT Widja Putra Karya
xiii) PT Waka Oberoi Indonesia
xiv) PT Astina Graha Ubud

3. Enterprises in which Key Management Personnel have significant influence

i) Oberoi Hotels Private Limited
ii) Oberoi Properties Private Limited
iii) Oberoi Holdings Private Limited
iv) Oberoi Investments Private Limited
v) Oberoi Buildings and Investments Private Limited
vi) Oberoi Plaza Private Limited
vii) Bombay Plaza Private Limited
viii) Oberoi Leasing & Finance Company Private Limited
ix) Aravali Polymers LLP
x) EIH Associated Hotels Limited

4. Key Management Personnel

i) Mr. P.R.S. Oberoi
ii) Mr. S.S. Mukherji

B. **Transactions with Related Parties during the financial year and outstanding balances as on 31.3.2013.**

Nature of transactions	Holding Company	Enterprise in which Key Management Personnel have significant influence Associates*	Key Management Personnel
	Rupees	Rupees	Rupees
Purchases			
Goods & Services	126,870 (111,870)	185,860 (196,091)	– (-)
Sale			
Rental Income	391,542 (367,643)	– (-)	– (-)
Outstanding balances			
Payable for Goods & Services	2,520 (5,860)	113,050 (83,244)	– (-)
Receivables for Goods & Services	Nil (Nil)		

(Figures in brackets indicate figures for 2012)

*EIH Associated Limited

21. The figures for the previous year have been regrouped/recast as far as practicable to make them comparable to the current year presentation.

For and on behalf of the Board

RAJESH KUMAR SINHA
PRASANTH NAMBRON *Directors*
T.K. SIBAL

New Delhi
20th May, 2013

EIH FLIGHT SERVICES LIMITED

BOARD

Mr. P. R. S. Oberoi, Chairperson
Mr. S.S. Mukherji
Mr. Zafar Siamwala
Mrs. Véronique Magny-Antoine

SECRETARY

Abax Corporate Administrators Ltd.
6th Floor, Tower A
Cybercity
Ebène
Mauritius

AUDITORS

PricewaterhouseCoopers
18, Cyber City
Ebène
Mauritius

REGISTERED OFFICE

The Oberoi Mauritius
Baie aux Tortues
Pointe aux Piments
Mauritius

All figures in Mauritian Rupees unless otherwise stated.

Annual Report

The Directors present their report and the audited Financial Statements of the Company for the year ended 31 March 2013.

PRINCIPAL ACTIVITY

The principal activity of the Company is that of catering services to airlines.

REVIEW OF THE BUSINESS

The Company's loss for the year is Rs. 151,627,115 (2012 - Rs. 112,080,007).
The Directors do not recommend the payment of a dividend for the year under review.

FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The Financial Statements of the Company for the year ended 31 March 2013 are set out on pages 125 to 148. The Independent Auditor's Report on these Financial Statements is on pages 123 and 124.

DIRECTORS

The following Directors held office during the year ended 31 March 2013 and at the date of this report:

Mr. Prithvi Raj Singh Oberoi
Mr. Shib Sankar Mukherji
Mr. Zafar Siamwala
Mrs. Véronique Magny-Antoine

No remuneration and benefits were paid to full time Directors during the year ended 31 March 2013 (2012 - Rs. Nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare Financial Statements for each financial year which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FEES PAYABLE TO AUDITOR

The fees payable to the Auditor, PricewaterhouseCoopers, for audit and other services were:

	2013	2012
	Rs.	Rs.
Audit	**183,750**	175,000
Other services	**38,115**	36,300
	221,865	211,300

AUDITOR

The Auditor, PricewaterhouseCoopers, has indicated its willingness to continue in office and will be automatically reappointed at the Annual General Meeting.

Authorised by the Board of Directors on 27 May 2013

and signed on its behalf by:

Zafar Siamwala
Véronique Magny-Antoine
Directors

Secretary's Certificate

OF EIH FLIGHT SERVICES LTD ('the Company')
AS PER SECTION 166(d) OF THE COMPANIES ACT 2001

We confirm, as secretary of the abovenamed company that, based on the records and information made available to us by the Directors and Shareholders of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 March 2013, all such returns as are required of the Company under the Companies Act 2001.

Martine Cundasawmy
For Abax Corporate Administrators Ltd
Corporate Secretary

27 May 2013

Independent Auditor's Report

To the Shareholders of
EIH Flight Services Limited

Report on the Financial Statements

We have audited the Financial Statements of EIH Flight Services Limited (the "Company") which comprise the statement of financial position at 31 March 2013 and the statements of comprehensive income, changes in equity and 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 Company's 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 Mauritian Companies Act 2001, and for such internal control as the directors determine necessary to enable the presentation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 Auditor considers internal control relevant to the entity'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 entity'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 give a true and fair view of the financial position of the Company at 31 March 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

Independent Auditor's Report *(Continued)*

Report on Other Legal and Regulatory Requirements

The Mauritian Companies Act 2001 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

(a) we have no relationship with or interests in the Company other than in our capacity as auditor and tax advisor;

(b) we have obtained all the information and explanations we have required; and

(c) in our opinion, proper accounting records have been kept by the Company as far as appears from our examination of those records.

Other Matters

This report, including the opinion, has been prepared for and only for the Company's shareholder in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers

Mohammad Issa Taiyoo, licensed by FRC 27 May 2013

Statement of Comprehensive Income for the year ended 31 March 2013

	2013 Rupees	2012 Rupees
Revenue	**172,454,627**	179,806,195
Cost of Sales	**(86,550,258)**	(98,412,173)
Gross Profit	**85,904,369**	81,394,022
Other Income	**70,644**	–
Management expenses (Note 5)	**(5,173,637)**	(7,811,935)
Administrative expenses	**(144,912,973)**	(149,334,747)
Operating Loss (Note 6)	**(64,111,597)**	(75,752,660)
Finance costs - Net (Note 8)	**(87,515,518)**	(36,327,347)
Loss before Income Tax	**(151,627,115)**	(112,080,007)
Income Tax Expense (Note 9)	**–**	–
Total Comprehensive Loss for the year	**(151,627,115)**	(112,080,007)

The notes to the Financial Statements are an integral part of these Financial Statements.

Statement of Financial Position - 31 March 2013

	2013 Rupees	2012 Rupees
ASSETS		
Non Current Assets		
Property, plant and equipment (Note 10)	**529,473,201**	600,489,917
Current Assets		
Inventories (Note 11)	**3,958,546**	4,382,551
Trade and other receivables (Note 12)	**41,735,155**	26,309,749
Cash and cash equivalents (Note 13)	**14,818,823**	2,069,663
	60,512,524	32,761,963
Total Assets	**589,985,725**	633,251,880
EQUITY AND LIABILITIES		
Equity attributable to owners		
Share Capital (Note 14)	**353,380,066**	160,147,215
Accumulated losses	**(404,018,413)**	(252,391,298)
Total Equity	**(50,638,347)**	(92,244,083)
Liabilities		
Non-current Liabilities		
Borrowings (Note 16)	**598,120,000**	613,461,465
Current Liabilities		
Trade and other payables (Note 15)	**42,504,072**	34,951,102
Borrowings (Note 16)	**–**	77,083,396
	42,504,072	112,034,498
Total Liabilities	**640,624,072**	725,495,963
Total Equity and Liabilities	**589,985,725**	633,251,880

Authorised for issue by the Board of Directors on 27 May 2013
and signed on its behalf by:

Zafar Siamwala
Véronique Magny-Antoine — *Directors*

The notes to the Financial Statements are an integral part of these Financial Statements.

Statement of Changes in Equity for the year ended 31 March 2013

	Share Capital Rupees	**Retained Earnings Rupees**	**Total Rupees**
At 01 April 2011	160,147,215	(140,311,291)	19,835,924
Profit and total comprehensive income for the year	–	(112,080,007)	(112,080,007)
At 31 March 2012	160,147,215	(252,391,298)	(92,244,083)
Profit and total comprehensive income for the year	–	(151,627,115)	(151,627,115)
Transaction with owner:			
Issue of shares	193,232,850	–	193,232,850
At 31 March 2013	353,380,065	(404,018,413)	(50,638,348)

The notes to the Financial Statements are an integral part of these Financial Statements.

Cash Flow Statement
for the year ended 31 March 2013

	2013 Rupees	2012 Rupees
Cash flow from operating activities		
Loss before income tax	**(151,627,115)**	(112,080,007)
Adjustments for:		
Depreciation on property, plant and equipment (Note 10)	**70,895,360**	70,848,975
Unrealised exchange loss/(gain)	**17,558,611**	(9,570,983)
Profit on disposal of property, plant and equipment	**(70,644)**	–
Interest expense (Note 8)	**37,500,211**	45,877,254
Operating loss before working capital changes	**(25,743,577)**	(4,924,761)
Decrease/(increase) in inventories	**424,005**	(113,927)
(Increase)/decrease in trade and other receivables	**(15,425,406)**	9,230,194
Increase/(decrease) in trade and other payables	**4,822,959**	(8,595,469)
Cash used in operations	**(35,922,019)**	(4,403,963)
Interest paid	**(34,770,200)**	(45,877,254)
Net cash used in operating activities	**(70,692,219)**	(50,281,217)
Cash flow from Investing activities		
Payments for purchases of property, plant and equipment	**(53,000)**	(330,863)
Proceeds from sale of property, plant and equipment	**245,000**	–
Net cash generated from/(used in) investing activities	**192,000**	(330,863)
Cash flow from financing activities		
Payments for capital element on finance lease	**(270,567)**	(93,864)
Loan from immediate parent (note 19)	**(12,363,550)**	133,290,826
Proceeds from new bank loans	**582,540,000**	–
Repayment of bank loans	**(480,454,688)**	(84,802,710)
Net cash generated from financing activities	**89,451,195**	48,394,252
Net increase/(decrease) in cash and cash equivalents	**18,950,976**	(2,217,828)
Unrealised exchange (loss)/gain on cash and cash equivalents	**(1,978,611)**	782,660
Cash and cash equivalents at beginning of year	**(2,153,542)**	(718,374)
Cash and cash equivalents at end of year (Note 13)	**14,818,823**	(2,153,542)

The notes to the Financial Statements are an integral part of these Financial Statements.

Notes to the Financial Statements
31 March 2013

1. GENERAL INFORMATION

EIH Flight Services Limited is a private Company incorporated and domiciled in Mauritius. The address of its office and principal place of business is Opposite Airport Police Station, Plaine Magnien, Mauritius.

The principal activity of the Company is that of offering catering service to airlines.

These Financial Statements will be submitted for consideration and approval at the forthcoming Annual Meeting of the shareholders of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied 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.

Basis of preparation

The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). The Financial Statements are prepared under the historical cost convention.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgements in the process of applying the Company's accounting policies. 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 2.

Going concern

The Financial Statements have been prepared on the going concern basis which assumes that the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of the parent company. The directors are of the opinion that this support will be forthcoming over the next twelve months. They therefore believe that it is appropriate for the Financial Statements to be prepared on the going concern basis.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Company

There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 01 April 2012 that would be expected to have a material impact on the Company.

(b) New standards and interpretations that are not yet effective and have not been early adopted.

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2012 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

Amendment to IAS 1, 'Presentation of Financial Statements' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The application of this amendment will mainly impact the presentation of the primary statements.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The application of IFRS 13 may enhance fair value disclosures in certain circumstances.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. Issued in November 2009 and October 2011, it replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The directors are yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The directors will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

There are no other IFRSS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Critical accounting estimates and judgements in applying accounting policies

The Company 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:

Depreciation rates

The Company depreciates its assets over their estimated useful lives. The estimation of useful lives is based on historical performance and expectation about future use and requires significant degree of judgement.

Foreign currency translation

(a) Functional and presentation currency

Items included in the Financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Statements are presented in Mauritian rupees, which is the Company's functional currency.

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

(b) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at 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.

Foreign exchange gains and losses are presented in profit and loss within 'finance income or cost'.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's 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 Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Profit or Loss in the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis at annual rates estimated to write off the cost of the assets less their estimated residual values over their expected useful lives. The annual rates used are:

Buildings on leasehold land	3.33%
Furniture, fittings and kitchen equipment	15.00%
Office equipment	33.00%
Motor vehicles	20.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end date.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in operating profit.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the First-in-First-out ("FIFO") method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

Financial Assets

(i) Classification

All financial assets of the Company are classified as loans and receivables, based on the purpose for which the financial assets were acquired. The directors determine the classification of the financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Company commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(iv) Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

Financial Assets *(Contd.)*

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtors, probability that the debtor will enter into bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivables is impaired. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amount previously written off are credited to profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Share Capital

Ordinary shares are classified as 'share capital' in equity.

Current and deferred income tax

The tax expense for the year comprises of current, deferred income tax and corporate social responsibility fund. Tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liabilities 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 (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on depreciation on property, plant and equipment, provision for retirement benefits and tax losses carried forward.

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor 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.

Borrowings

Borrowings are recognised initially a fair value, net of transaction cost incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in Profit or Loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the period in which they are incurred. The interest costs capitalised are then depreciated in accordance with the Company’s depreciation policy for property, plant and equipment.

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Contd.)*

Financial instruments

Financial instruments carried on the statement of financial position include trade and other receivables, cash and cash equivalents, borrowings and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures about financial instruments to which the Company is a party are provided in Note 3.

Revenue recognition

Revenue is recognised on delivery of food, net of value added tax and discount.

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks, namely, market risk (including foreign exchange risk, and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. The Company does not hedge any of its risk exposures. Risk management is carried out by the Company under policies approved by senior management.

- *Interest rate risk*

  The Company's interest rate risk arises from loan due to bank.

  The loan due to the bank bears interest of 3 months LIBOR plus 5% per annum. Based on simulations performed, the impact on post tax loss of a 1% shift in interest rates would be an increase/(decrease) of Rs. 5,981,200 (2012 - Rs. 4,804,547).

- *Credit risk*

  Credit risk arises from cash and cash equivalents and credit exposures from trade and other receivables.

  For banks, the Company transacts only with highly reputable financial institutions. The credit quality of this financial asset can be assessed by the historical information about the financial strengths of the financial institutions the Company is dealing with. In the opinion of the Company there is no associated risk as these are reputable institutions in the Industry.

  For trade receivables, the Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history. Credit facilities are based on the recommendations of the sales offices of the Oberoi Group abroad, after performing a credit worthiness check on these customers.

- *Foreign exchange risk*

  The Company has assets and liabilities denominated in foreign currencies. Consequently, the Company is exposed to the risk that the exchange rate of the Mauritian rupee relative to the foreign currencies may change in a manner which has a material effect on the reported values of the Company's assets and liabilities which are denominated in foreign currencies.

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

3. FINANCIAL RISK MANAGEMENT *(Contd.)*

As at 31 March 2013, if the USD had weakened/strengthened by 10% against the Mauritian rupee, the financial assets would have been higher by Rs. Nil (2012 - Rs. 211,489) and financial liabilities would have been higher by Rs. 59,818,107 (2012 - Rs. 32,718,234).

- *Currency profile*

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

	Financial Assets 2013 Rs.	**Financial Liabilities 2013 Rs.**	Financial Assets 2012 Rs.	Financial Liabilities 2012 Rs.
US dollar	**–**	**598,181,073**	1,928,100	121,585,938
Euro	**–**	**–**	186,787	–
Indian rupee	**–**	**–**	–	205,596,401
Mauritian rupee	**56,482,209**	**42,442,999**	25,711,117	398,313,624
	56,482,209	**640,624,072**	27,826,004	725,495,963

Prepayments of Rs. 71,769 (2012 - Rs. 553,408) have not been included in financial assets.

- *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

3. FINANCIAL RISK MANAGEMENT *(Contd.)*

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year Rs.	Between 1 to 2 years Rs.	Between 2 to 5 years Rs.	Over 5 years Rs.
At 31 March 2013				
Trade and other payables	42,504,072	–	–	–
Bank Loans	32,035,423	32,035,126	425,452,397	251,552,998
	74,539,495	32,035,126	425,452,397	251,552,998
At 31 March 2012				
Trade and other payables	34,951,102	–	–	–
Bank Loans	109,617,910	103,680,577	354,686,510	45,122,671
Finance lease liabilities	126,683	126,683	53,219	–
Bank overdraft	4,223,205	–	–	–
Loan from immediate parent	–	–	–	205,596,401
	148,918,900	103,807,260	354,739,729	250,719,072

- *Fair values*

  The carrying amounts of trade and other receivables, cash and cash equivalents, borrowings and trade and other payables approximate their fair values.

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

3. FINANCIAL RISK MANAGEMENT *(Contd.)*

- Financial instruments by category

	2013 Loans and receivables Rs.	2012 Loans and receivables Rs.
31 March 2013		
Assets as per the statement of financial position		
Cash and cash equivalents	**14,818,065**	2,069,663
Trade and other receivables	**40,267,974**	23,746,240
	55,086,039	25,815,903
Liabilities as per statement of financial position	**At amortised cost Rs.**	At amortised cost Rs.
Financial Liabilities		
Borrowings	**598,120,000**	690,544,861
Trade and other payables	**42,504,071**	34,951,102
	640,624,071	725,495,963

- *Capital risk management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optional structure to reduce cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors its capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' shown in the statement of financial position plus net debt. The gearing ratios at 31 March 2013 and 2012 were as follows:

	2013 Rs.	2012 Rs.
Total borrowings	**598,120,000**	690,544,861
Less: Cash and cash equivalents	**(14,818,823)**	(2,069,663)
Net debt	**583,301,177**	688,475,198
Total Equity	**(50,638,346)**	(92,244,083)
Total Capital	**532,662,831**	596,231,115
Gearing ratio	**110%**	115%

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

4 REVENUE

Turnover is based on the invoiced value net of Value Added Tax and discounts.

5 MANAGEMENT EXPENSES

	2013 Rs.	2012 Rs.
Management and licence fees		
Basic management fees	**5,173,637**	5,394,186
Inventive fees	**–**	619,687
Licence fees	**–**	1,798,062
Total management expenses	**5,173,637**	7,811,935

Management and Licence Agreement (the "Agreement") was entered into between the Company and EIH Limited ("EIH") and Oberoi Hotels Private Limited ("OHP") respectively, both are related parties. Under the terms of the Agreement, the Company has agreed to pay EIH and OHP the following fees:

a) *Management fees to EIH*
- Basic management fee – 3% of the Company's turnover; and
- Incentive management fee – 5% of the Company's net operating profit.

b) *Licence fees to OHP*
- Licence fee – 1% of the Company's turnover.

c) *Reserve for replacement of equipment and for bad and doubtful debts*

In addition to the above, the Company has agreed to set up a Reserve Account in its books and allocate to such reserve a percentage of the Company's turnover as follows:

Reserve for replacement of equipment:
– 2% for the first two years of operations;
– 3% for the next three years of operations; and
– 4% as from the sixth year of operations

Reserve for bad and doubtful debt:

– 0.25% for each fiscal year.

No Licence fee to OHP has been recognised for the year ended 31 March 2013 as the agreement was effectively terminated by OHP on 31 March 2012.

The reserve of Rs. 5,173,639 (2012 - Rs. 3,596,124) and Rs. 431,137 (2012 - Rs. 449,515) will be appropriated out of retained earnings to cover the cost of replacements of equipment and for bad and doubtful debt respectively.

The Company will make such replacements of equipment as deems necessary, up to the balance of the Reserve Account. At the end of the term of the Agreement, any balance remaining in this Reserve Account shall be that of EIH Limited.

Any surplus in the provision for bad and doubtful debt can be utilised for any shortfall in working capital. At the end of the agreement, any surplus shall be repaid to the Company.

Appropriation for the above reserves has not been made in the Financial Statements as the Company had negative retained earnings as at 31 March 2013.

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

6. OPERATING LOSS

	2013 Rs.	2012 Rs.
The following items have been charged in arriving at the operating loss:		
Depreciation of property, plant and equipment (Note 10)		
– Owned assets	**70,796,998**	70,736,075
– Leased assets	**98,362**	112,900
Auditor's remuneration	**183,750**	175,000
Lease rental	**5,534,779**	5,248,496
Cost of inventories expensed	**66,202,460**	70,936,141
Staff costs (Note 7)	**44,967,801**	47,977,903

7. STAFF COSTS

Wages and Salaries	**43,717,163**	46,799,361
Social security costs	**1,250,638**	1,178,542
	44,967,801	47,977,903
	Number	Number
Average number of employees	**127**	134

8. FINANCE INCOME AND COSTS

	2013 Rs.	2012 Rs.
(i) *Finance Income:*		
Foreign exchange gains	**842,173**	9,549,907
(ii) *Finance costs:*		
Interest expense - bank loans	**(37,500,211)**	(45,393,588)
Interest expense - bank overdraft	**–**	(483,666)
Foreign exchange losses	**(50,857,480)**	–
	(88,357,691)	(45,877,254)
Net finance costs	**(87,515,518)**	(36,327,347)

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

9. INCOME TAX EXPENSE

The Company is liable to income tax at 17% (2012 - 15%) on its chargeable income. At 31 March 2013, the Company had accumulated tax losses of Rs. 163,454,745 (2012 – Rs. 133,903,340) and was therefore not liable to income tax.

In accordance with the Company's accounting policy, deferred tax asset has not been recognised as there is uncertainty that future taxable profits will be available to utilise these accumulated tax losses. The unrecognised deferred tax asset at 31 March 2013, which is attributable to tax losses, exchange differences and accelerated capital allowances amounted to Rs. 61,784,988 (2012 - Rs. 39,001,029).

The unrecognised deferred tax is attributable to the following items:

	2013 Rs.	2012 Rs.
Tax loss unutilised	**27,787,307**	20,085,501
Exchange differences	**336,364**	(125,177)
Excess of depreciation over capital allowance	**33,661,317**	19,040,705
	61,784,988	39,001,029

A reconciliation between the actual tax charge of the Company and the theoretical amount that would arise using the applicable income tax rate of 17% (2012 - 15%) follows:

	2013 Rs.	2012 Rs.
Loss before income tax	**(151,627,113)**	(112,080,007)
Tax at 17% (2012 - 15%)	**(25,776,609)**	(16,812,001)
Impact of:		
Unrecognised deferred tax asset	**17,542,122**	18,080,689
Other permanent differences	**–**	40,640
Non allowable expenses	**8,377,609**	–
Income not subject to tax	**(143,122)**	(1,309,328)
Actual tax credit	**–**	–

The expiry dates for the accumulated tax losses of the Company are as follows:

	Tax losses Rs.
31 March 2014	19,890,426
31 March 2015	11,711,976
31 March 2016	51,777,463
31 March 2017	50,523,474
31 March 2018	29,551,406
Total	163,454,745

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings on leasehold land Rs.	Furniture, fittings & Other Equipment Rs.	Office Equipment Rs.	Motor Vehicles Rs.	Asset work-in-Progress Rs.	Total Rs.
Cost:						
At 01 April 2011	344,313,887	335,836,373	4,134,364	33,446,628	4,682,918	722,414,170
Transfer from WIP	–	–	62,500	4,620,418	(4,682,918)	–
Additions	–	21,680	23,550	285,633	–	330,863
At 31 March 2012	344,313,887	335,858,053	4,220,414	38,352,679	–	722,745,033
Transfer from WIP	–	–	–	–	–	–
Additions	–	53,000	–	–	–	53,000
Disposals	–	–	–	(564,500)	–	(564,500)
At 31 March 2013	344,313,887	335,911,053	4,220,414	37,788,179	–	722,233,533
Accumulated depreciation:						
At 01 April 2011	(8,607,037)	(37,784,712)	(1,009,836)	(4,004,556)	–	(51,406,141)
Charge for the year	(11,465,652)	(50,378,339)	(1,386,841)	(7,618,143)	–	(70,848,975)
At 31 March 2012	(20,072,689)	(88,163,051)	(2,396,677)	(11,622,699)	–	(122,255,116)
Charge for the year	(11,465,652)	(50,380,973)	(1,392,737)	(7,655,998)	–	(70,895,360)
Disposals	–	–	–	390,144	–	390,144
At 31 March 2013	(31,538,341)	(138,544,024)	(3,789,414)	(18,888,553)	–	(192,760,332)
Net book value:						
At 31 March 2013	312,775,546	197,367,029	431,000	18,899,626	–	529,473,201
At 31 March 2012	324,241,198	247,695,002	1,823,737	26,729,980	–	600,489,917

The net book values of property, plant and equipment held under finance leases were as follows:

	2013 Rs.	2012 Rs.
Motor vehicles	–	272,718

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

11. INVENTORIES

	2013 Rs.	2012 Rs.
Food and beverage, at cost	**2,172,969**	2,948,203
Other consumables, at cost	**1,785,577**	1,434,348
	3,958,546	4,382,551

Cost of inventories recognised as expense and included in cost of sales amounted to Rs. 66,202,460 (2012 - Rs. 70,936,141)

12. TRADE AND OTHER RECEIVABLES

	2013 Rs.	2012 Rs.
Trade receivables	**37,692,365**	21,206,693
Other receivables	**4,042,790**	5,103,056
	41,735,155	26,309,749

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

Trade receivables that are less than three months past due are not considered impaired. As of 31 March, 2013, trade receivables of Rs. Nil (2012 - Rs. 21,206,693) were past due but not impaired. These relate to a airline operators for whom there is no recent history of default. The ageing analysis of these trade receivables are as follows:

	2013 Rs.	2012 Rs.
Up to 3 months	**37,692,365**	21,017,392
3 to 6 months	**–**	149,253
Over 6 months	**–**	40,048
	37,692,365	21,206,693

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2013 Rs.	2012 Rs.
Currency		
Mauritian rupee	**37,692,365**	26,122,962
Euro	**–**	186,787
	37,692,365	26,309,749

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

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

13 CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following statement of financial position amounts:

	2013 Rs.	2012 Rs.
Cash at bank and in hand	**14,818,823**	2,069,663
Bank Overdraft (Note 16)	**–**	(4,223,205)
	14,818,823	(2,153,542)

14 SHARE CAPITAL

	31 March 2013 Number	31 March 2012 Number	**31 March 2013 Rs.**	31 March 2012 Rs.
Issued:				
Ordinary shares at Rs 10 each	**35,338,006**	16,014,721	**353,360,065**	160,147,215

15 TRADE AND OTHER PAYABLES

	2013 Rs.	2012 Rs.
Trade payables	**17,321,554**	16,868,804
Amount payable to related party (Note 19(b))	**10,567,949**	5,926,987
Other payables	**14,614,569**	12,155,311
	42,504,072	34,951,102

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

16 BORROWINGS

	2013	2012
	Rs.	Rs.
Current:		
Bank overdraft (Note 13)	**–**	4,223,205
Bank borrowings (Note 16(a))	**–**	72,756,250
Finance lease liabilities (Note 16(b))	**–**	103,941
	–	77,083,396
Non-current:		
Bank borrowings (Note 16(a))	**598,120,000**	407,698,438
Finance lease liabilities (Note 16(b))	**–**	166,626
Loan from immediate parent (Note 19(b))	**–**	205,596,401
	598,120,000	613,461,465
Total borrowings	**598,120,000**	690,544,861

(a) Bank borrowings

Amounts falling due:		
Less than 1 year	**–**	72,756,250
Later than 1 year and no later than 5 years	**358,872,000**	363,781,250
Later than 5 years	**239,248,000**	43,917,188
	598,120,000	407,698,438
	598,120,000	480,454,688

The principal amount of bank borrowings will be repayable in quarterly instalments of USD 950,000 starting from April 2015 and ending January 2020.

The carrying amount of the bank borrowings approximates to the fair value, as the impact of discounting is not significant.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2013	2012
	Rs.	Rs.
US dollar	**598,120,000**	121,585,938
Indian rupee	**–**	205,596,401
Mauritian rupee	**–**	363,362,522
	598,120,000	690,544,861

EIH Limited, the immediate parent, has given a bank guarantee of up to the carrying amount of the bank borrowings in respect of subsequent repayments.

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

(b) Finance lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

	2013	2012
	Rs	Rs
Gross finance lease liabilities – minimum lease payment		
Less than 1 year	–	126,863
Later than 1 year and no later than 5 years	–	179,722
	–	306,585
Future finance charges on finance lease	–	(36,018)
Present value of finance lease liabilities	–	270,567

The present value of finance lease liabilities are broken down as follows:

Less than 1 year	–	103,941
Later than 1 year and no later than 5 years	–	166,626
	–	270,567

17 CONTINGENT LIABILITIES

Bank guarantees

At 31 March 2013, there were contingent liabilities in respect of guarantees given in the ordinary course of business from which it is anticipated that no material liabilities will arise. At 31 March 2013, Expatriate Guarantee and Custom Guarantee amounted to Rs. 345,000 (2012 - Rs. 230,000) and Rs. 4,000,000 (2012 - Rs. 4,000,000) respectively.

18 INCORPORATION, REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The Company is incorporated in Mauritius under the Mauritian Companies Act 2001 as a Private Company with Limited Liability. The Company's registered office is at The Oberoi Mauritius, Baie aux Tortues, Pointe aux Piments, Mauritius. Its main business operations are Opposite Airport Police Station, Plaine Magnen, Mauritius.

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

19 RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of EIH Limited, a Company incorporated in India. Oberoi Hotels Private Limited is a Company in which key management personnel of immediate parent have significant influence.

The following transactions were carried out with related parties:

(a) Purchases of services

		2013	2012
		Rs.	Rs.
	Immediate parent (management fees) (Note 5)	**5,173,637**	6,013,873
	Oberoi Hotels Private Limited (licence fees) (Note 5)	**–**	1,789,062
		5,173,637	7,811,935
	Immediate parent (reimbursed expenses)	**–**	841,205
	Total	**5,173,637**	8,653,140
(b)	Payable to immediate parent		
	Amount due to immediate parent	**10,567,949**	5,926,987
(c)	Loans from related party		
	Immediate parent		
	At 1 April	**205,596,401**	80,902,014
	Loans advanced during year	**90,589,407**	124,694,387
	Loans repaid during the year	**(102,952,950)**	–
	Loan converted into equity	**(193,232,858)**	–
	At 31 March (Note 16)	**–**	205,596,401

The loan due to its immediate parent is unsecured, interest free and repayable on demand.

20 IMMEDIATE AND ULTIMATE PARENT

The Directors consider EIH Limited, a Company incorporated in India, as its immediate and ultimate parent, respectively.

Notes to the Financial Statements - 31 March 2013 *(Contd.)*

21 COMMITMENTS

Operating lease commitments

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

	2013	2012
	Rs.	Rs.
Not later than 1 year	**3,578,520**	5,248,496
Later than 1 year and not later than 5 years	**15,781,273**	24,248,052
Later than 5 years	**77,829,066**	120,174,296
	97,188,859	149,670,844

Operating lease commitments relate to the leasing of the land area where the operations of the Company are carried out. The Lease agreement covers a period of 20 years and may be renewed for two additional periods of ten years, subject to terms and conditions which may be agreed between the Lessor and the Lessee. The rent charge at the start of the lease in April 2011 was Rs. 27.11 per square metre per month, over a total surface of 10,000 square metres, and is subject to an increase of 10% every 2 years. The lease is non-cancellable from the standpoint of the lessee.

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 and its controlled entities (the 'Group') as at 31 March 2013, 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 Group during the course of the year was investment and management. There were no significant changes in activities of the Group during the year.

RESULTS

The net profit for the year was $938,237 (2012 : $349,891) for the Group and a pofit of $1,197,310 (2012 : $103,288) for the Company, after provision for income tax expense of $790,822 (2012 : $646,144) for the Group and $Nil (2012 : $Nil) for the Company.

EVENTS AFTER THE BALANCE SHEET 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 Group'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 $1,000,000 (2012 : $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 Group or a related body corporate, by reason of a contract made by the Group 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.

DEEPAK MADHOK
14 May, 2013 *Director*

Statement of Comprehensive Income for the year ended 31 March 2013

(Expressed in United States dollars)

		Consolidated		Standalone	
	Note	**31 March 2013 $**	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Continuing Operaions					
Turnover	3	**17,379,088**	17,636,522	**1,273,422**	257,960
Cost of Sales		**(1,560,626)**	(1,688,220)	**–**	–
Gross Profit		**15,818,462**	15,948,302	**1,273,422**	257,960
Operating Expenses					
Other operating expenses		**2,080,239**	2,113,389	**–**	–
Payroll and related expenses		**2,580,770**	2,455,605	**–**	–
Administration and General Expenses		**2,592,940**	2,975,157	**73,631**	154,127
Marketing expenses		**802,552**	853,124	**–**	–
Upkeep and service cost		**2,740,594**	2,806,803	**–**	–
Project development expenses		**107,663**	411,971	**–**	–
Provision for furniture, fixture and equipment		**361,548**	375,294	**–**	–
Other Expenses		**98,925**	142,088	**2,481**	545
Depreciation and amortisation		**1,829,474**	1,866,500	**–**	–
Total Operating Expenses		**13,194,705**	13,999,931	**76,112**	154,672
Other Income/(Expense)					
Interest expense		**(250,098)**	(292,427)	–	–
Gain/(loss) on disposal of fixed assets		**–**	9,495	–	–
Other Income/(expense)		**(644,600)**	(669,404)	–	–
Total Other Income/(Expense)		**(894,698)**	(952,336)	–	–
Profit before taxation		**1,729,059**	996,035	**1,197,310**	103,288
Taxation	5	**(790,822)**	(646,144)	–	–
Profit after taxation		**938,237**	349,891	**1,197,310**	103,288
Profit/(Loss) for the year is attributable to:					
Owners of the parents		**481,876**	(82,111)	**1,197,310**	103,288
Non-controlling Interest		**456,361**	432,002	–	–
		938,237	349,891	**1,197,310**	103,288

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

Statement of Financial Position as at 31 March 2013

(Expressed in United States dollars)

		Consolidated		Standalone	
	Note	**31 March 2013 $**	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Non-Current Assets					
Amount due from related parties	10	**4,600,309**	4,263,527	**4,827,891**	4,554,614
Investments	7	**10,809,536**	7,620,536	**81,675,314**	77,675,314
Property, plant and equipment	8	**14,646,141**	15,225,791	–	–
Intangibles assets	9	**71,257,117**	72,174,451	–	–
Deferred tax assets		**275,832**	292,953	–	–
Other assets		**658,721**	701,815	–	–
Total Non-Current Assets		**102,247,656**	100,279,073	**86,503,205**	82,229,928
Current Assets					
Cash and cash equivalents	11	**12,984,261**	11,970,195	**938,084**	1,031,451
Receivable	12	**1,065,502**	1,127,838	**–**	–
Inventories		**1,083,206**	1,231,823	**–**	–
Other assets		**420,364**	377,110	**–**	–
Total Current Assets		**15,553,333**	14,706,966	**938,084**	1,031,451
Total Assets		**117,800,989**	114,986,039	**87,441,289**	83,261,379
Current Liabilities					
Trade and other payables	13	**2,599,449**	2,924,656	**70,000**	87,400
Long-term loan - current portion	14	**271,870**	773,591	–	–
Provision for taxation		**192,256**	265,510	–	–
Total Current Liabilities		**3,063,575**	3,963,757	**70,000**	87,400
Non-Current Liabilities					
Amounts due to related parties	15	**7,046,901**	7,128,880	**181,087**	181,087
Long term bank loan	14	**–**	269,672	–	–
Deferred tax liabilities		**402,645**	445,331	–	–
Employee benefits liabilities		**695,315**	691,063	–	–
Total Non-Current Liabilities		**8,144,861**	8,534,946	**181,087**	181,087
Total Liabilities		**11,208,436**	12,498,703	**251,087**	268,487
Net Assets		**106,592,553**	102,487,336	**87,190,202**	82,992,892
Equity					
Share Capital	16	**93,607,800**	89,607,800	**93,607,800**	89,607,800
Retained Earnings		**12,586,780**	13,104,904	**(6,417,598)**	(6,614,908)
Translation reserve		**(821,476)**	(1,044,441)	**–**	–
Minority Interest	17	**1,219,449**	819,073	**–**	–
Total Equity		**106,592,553**	102,487,336	**87,190,202**	82,992,892

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 2013

(Expressed in United States dollars)

		Consolidated				
	Note	Share Capital $	Translation Reserve $	Retained earnings $	Non-Controlling Interest $	Total Equity $
As at 1 April 2012	16	89,607,800	(1,044,441)	13,104,904	819,073	102,487,336
Issued during the year		4,000,000	–	–	–	4,000,000
Translation reserve		–	222,965	–	(55,985)	166,980
Profit for year		–	–	481,876	456,361	938,237
Other Comprehensive Income		–	–	–	–	–
Dividend paid		–	–	(1,000,000)	–	(1,000,000)
As at 31 March 2013	16	**93,607,800**	**(821,476)**	**12,586,780**	**1,219,449**	**106,592,553**
As at 1 April 2011	16	89,607,800	(1,528,919)	13,187,015	442,254	101,708,150
Issued during the year		–	–	–	–	–
Translation reserve		–	484,478	–	(55,183)	429,295
Profit for year		–	–	(82,111)	432,002	349,891
Other Comprehensive Income		–	–	–	–	–
Dividend paid		–	–	–	–	–
As at 31 March 2012	16	**89,607,800**	**(1,044,441)**	**13,104,904**	**819,073**	**102,487,336**

Statement of Changes in Equity – *(Contd.)* for the year ended 31 March 2013

(Expressed in United States dollars)

		Standalone		
	Note	**Share Capital $**	**Retained Earnings $**	**Total Equity $**
As at 1 April 2012	16	89,607,800	(6,614,908)	82,992,892
Issued during the year		4,000,000	–	4,000,000
Profit for year		–	1,197,310	1,197,310
Other Comprehensive Income		–	–	–
Dividend paid		–	(1,000,000)	(1,000,000)
As at 31 March 2013	16	**93,607,800**	**(6,417,598)**	**87,190,202**
As at 1 April 2011	16	89,607,800	(6,718,196)	82,889,604
Issued during the year		–	–	–
Profit for year		–	103,288	103,288
Other Comprehensive Income		–	–	–
Dividend paid		–	–	–
As at 31 March 2012	16	**89,607,800**	**(6,614,908)**	**82,992,892**

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 2013

(Expressed in United States dollars)

	Consolidated		Standalone	
	31 March 2013 $	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Cash Flows from Operating Activities				
Profit before taxation	**1,729,059**	996,035	**1,197,310**	103,288
Adjustment for:				
Depreciation	**1,829,474**	1,866,500	**–**	–
Interest income	**(256,886)**	(250,934)	**(273,422)**	(257,960)
Dividend received	**–**	–	**(1,000,000)**	–
Interest expense	**250,098**	292,427	**–**	–
Loss on disposal of fixed assets	**–**	(9,495)	**–**	–
Impact on foreign currency translation	**703,748**	684,079	**–**	–
(Increase)/Decrease in assets:				
Decrease in receivables	**49,632**	58,861	**–**	–
Decrease in Inventories	**114,544**	178,589	**–**	–
Decrease/(Increase) in prepayments	**(3,596)**	105,546	**–**	–
(Decrease)/Increase in Liabilities:				
(Decrease)/Increase in payables	**(319,774)**	(346,263)	**(17,400)**	12,400
Increase in provision	**273,667**	294,009	**–**	–
Cash generated from/(used by) operations	**4,369,966**	3,869,354	**(93,512)**	(142,272)
Interest paid	**(43,103)**	(97,149)	**–**	–
Taxes paid	**(889,709)**	(876,186)	**–**	–
Net Cash Flows (used by)/from operating activities	**3,437,154**	2,896,019	**(93,512)**	(142,272)
Cash Flows from Investing Activities				
Dividend received	**–**	–	**1,000,000**	–
Acquisition of fixed assets	**(884,821)**	(772,218)	**–**	–
Purchase of furniture, fixtures and equipment from provision for furniture, fixtures and equipment	**(354,927)**	(287,737)	**–**	–
Proceeds from sale of property, plant and equipments	**–**	15,419	**–**	–
Payment for acquisition of investments	**(3,189,000)**	–	**(4,000,000)**	–
Interest received	**463,656**	26,020	**145**	152
Dividend paid	**(1,000,000)**	–	**(1,000,000)**	–
Net Cash Flows (used by)/from investing activities	**(4,965,092)**	(1,018,516)	**(3,999,855)**	152
Cash Flows from financing activities				
Proceeds from issuance of shares	**4,000,000**	–	**4,000,000**	–
Proceeds from related party borrowings	**(686,603)**	93,140	**–**	585,547
Repayment of bank loans	**(771,393)**	(720,023)	**–**	–
Net Cash Flows from financing activities	**2,542,004**	(626,883)	**4,000,000**	585,547
Net increase/(decrease) in cash and cash equivalents	**1,014,066**	1,250,620	**(93,367)**	443,427
Cash and cash equivalents at beginning of year	**11,970,195**	10,719,575	**1,031,451**	588,024
Cash and cash equivalents at end of year (Note 11)	**12,984,261**	11,970,195	**938,084**	1,031,451

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 2013

1. Corporate Information

The financial report of EIH International Ltd and its controlled entities (the "Group") for the year ended 31 March 2013 was authorised for issue on 14th May 2013.

EIH International Ltd and its controlled entities is a company limited by shares and incorporated in British Virgin Island. The principal activity of the Group 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) Basis of consolidation

The consolidated financial statements comprise the financial statements of EIH International Ltd (the "Company") and its controlled entities as at 31 March 2013 (the "Group"). The financial information of the controlled entities is prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries are stated at cost less provisions for any permanent diminution in value, with income from subsidiaries being recognised to the extent of dividends received and receivable.

(e) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

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

2. Summary of Significant Accounting Policies (Contd…)

(f) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team. The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

(g) 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.

On consolidation, exchange differences arising from the translation of the net investment in subsidiaries are taken to the foreign currency translation reserve.

(h) 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.

(i) 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.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(k) Investments

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

(l) Investments in associates

The Group's investment in its associates is accounted for using the equity method of accounting in the

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

2. Summary of Significant Accounting Policies (Contd…)

consolidated financial statements and at cost in the parent. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems they have significant influence if they have over 20% of the voting rights. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's statement of comprehensive income as a component of other income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associates and the Group are identical and the associates' accounting policies to those used by the Group for like transactions and events in similar circumstances.

(m) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

– Land - not depreciated
– Buildings - over 20 years
– Plant and equipment - over 5 to 15 years
– Leased equipment - over 8 to 10 years
– Motor vehicles - over 4 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Revaluations of land and buildings

Any revaluation increment is credited to the asset revaluation reserve included in equity, except to the extent that it reverses a revaluation decrement for the same asset previously recognised in profit or loss, in which case the increment is recognised in profit or loss.

Any revaluation decrement is recognised in profit or loss, except to the extent that it offsets a previous revaluation increment for the same asset, in which case the decrement is debited directly to the asset revaluation reserve to the extent of the credit balance existing in the revaluation reserve for that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

Upon disposal or derecognition, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

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

2. Summary of Significant Accounting Policies (Contd…)

Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(n) Intangible assets

Goodwill
Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates.

Management contracts
Management contracts are measured at cost. After initial recognition, management contracts are measured at cost less any accumulated amortisation and impairment losses.

Amortisation of the various management contracts commenced from 1 April 2011 and was calculated based on the remaining terms of the respective contracts.

(o) 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 Group prior to the end of the financial year that are unpaid and arise when the Group 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.

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

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.

(q) 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 income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

2. Summary of Significant Accounting Policies (Contd…)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(k) Contributed Equity
Ordinary shares 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 Group 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) *Sale of Goods*
Revenue is recognised when the significant risk and rewards of ownership have passed to the buyer, the amount can be reliably measured and collectibility of the related receivables is reasonably assured. Risks and rewards are considered passed to the buyer at the time of despatch or at the time of delivery of the goods to the customer.

(iii) *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 hotel operations 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)

	Consolidated		Standalone	
	31 March 2013 $	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Hotel revenues	**16,587,565**	16,821,309	**–**	–
Hotel management fees	**290,567**	303,335	**–**	–
Sales & Marketing	**223,481**	223,415	**–**	–
Royalty	**20,589**	37,529	**–**	–
Dividends	**–**	–	**1,000,000**	–
Interest	**256,886**	250,934	**273,422**	257,960
	17,379,088	17,636,522	**1,273,422**	257,960

4. Profit Before Taxation

Profit before taxation is arrived at after charging and crediting :

After charging:	Consolidated		Standalone	
	31 March 2013 $	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Audit remuneration:				
– audit of financial report	**139,753**	213,814	**38,643**	71,588
– accounting advice	**–**	–	**–**	–
	139,753	213,814	**38,643**	71,588

5. Taxation

A reconciliation of the tax expense applicable to the profit before tax using the statutory rate to the tax expense at the effective tax rate is as follows:

	Consolidated		Standalone	
	31 March 2013 $	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Profit before tax	**1,729,059**	996,035	**1,197,310**	103,288
Tax at the statutory tax rate of Nil% (2012 : Nil%)	–	–	**–**	–
Tax rate differential in foreign countries	**(790,822)**	(646,144)	**–**	–
Tax expense	**(790,822)**	(646,144)	**–**	–

6. Directors' Remuneration

	Consolidated		Standalone	
	31 March 2013 $	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Fees	**–**	–	**–**	–
Other emoluments	–	–	**–**	–
	–	–	**–**	–

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

7. Investments

Investments in Subsidiaries

	Consolidated		Standalone	
	31 March 2013 $	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Unlisted shares, at cost	**–**	–	76,043,814	55,243,814

Other Investments

	Consolidated		Standalone	
	31 March 2013 $	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Other investments	**10,809,536**	7,260,536	5,631,500	22,431,500

Other investments represent investments in Oberoi Mauritius Limited and Tourism Investment Company at Sahl Hasheesh.

	Consolidated		Standalone	
	31 March 2013 $	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Total Investments	**10,809,536**	7,620,536	81,675,314	77,675,314

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

Details of the subsidiaries are as follows:

Name	Place of Incorporation	Percentage of equity attributable to the Company Directly	Percentage of equity attributable to the Principal Indirectly	Activities	Directors
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 ownership	I Wayan Pasek I Ketut Siandana Kamal K. Kaul (resigned 19 May 2012) Mr. Deepak Madhok (appointed 5 July 2012)
PT Waka Oberoi Indonesia	Indonesia	26.20	57.13	Hotel ownership	I Wayan Pasek I Ketut Siandana Kamal K. Kaul (resigned 19 May 2012) Mr. Deepak Madhok (appointed 5 July 2012)
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	In Liquidation	Mrs. P. Koenig Ms. Veronique Magny-Antoine
PT Astina Graha Ubud	Indonesia	–	60	Hotel Development	I Wayan Pasek Tjokorda Raka Kerthayasa Kamal K. Kaul (resigned 19 May 2012) Mr. Deepak Madhok (appointed 5 July 2012)

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

8. Property, Plant and Equipment

	Consolidated		Standalone	
	31 March 2013 $	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Freehold Land				
At Cost	**5,644,193**	5,677,814	**–**	–
Accumulated depreciation	**–**	–	**–**	–
	5,644,193	5,677,814	**–**	–
Freehold Buildings				
At Cost	**13,832,694**	14,517,044	**–**	–
Accumulated depreciation	**(7,389,605)**	(7,309,326)	**–**	–
	6,443,089	7,207,718	**–**	–
Plant and Equipment				
At Cost	**4,251,948**	4,405,556	**–**	–
Accumulated depreciation	**(3,829,250)**	(3,956,620)	**–**	–
	422,698	448,936	**–**	–
Furniture & Fittings				
At Cost	**5,117,364**	5,128,031	**–**	–
Accumulated depreciation	**(4,542,063)**	(4,532,230)	**–**	–
	575,301	595,801	**–**	–
Motor Vehicles				
At Cost	**180,769**	191,487	**–**	–
Accumulated depreciation	**(171,650)**	(166,656)	**–**	–
	9,119	24,831	**–**	–
Project Expenses	**1,551,741**	1,270,691	**–**	–
Total property, plant and equipment, net	**14,646,141**	15,225,791	**–**	–
At cost	**30,578,709**	31,190,623	**–**	–
Accumulated depreciation	**(15,932,568)**	(15,964,832)	**–**	–
Written Down Value	**14,646,141**	15,225,791	**–**	–

9. Intangible Assets

	Consolidated		Standalone	
	31 March 2013 $	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Goodwill	**36,677,177**	36,684,451	**–**	–
Management contracts	**36,400,000**	36,400,000	**–**	–
Less: Accumulated Amortisation	**(1,820,000)**	(910,000)	**–**	–
Management contracts, net	**34,580,000**	35,490,000	**–**	–
	71,257,117	72,174,451	**–**	–

10. Amounts Due from Related Parties

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

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

11. Cash and Cash Equivalents

	Consolidated		Standalone	
	31 March 2013 $	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Cash at Bank	**12,964,778**	11,951,728	**938,084**	1,031,451
Cash on hand	**19,483**	18,467	**–**	–
	12,984,261	11,970,195	**938,084**	1,031,451

12. Receivables

	Consolidated		Standalone	
	31 March 2013 $	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Trade receivables	**958,705**	1,025,674	**–**	–
Other receivables	**106,797**	102,164	**–**	–
	1,065,502	1,127,838	**–**	–

13. Payables

	Consolidated		Standalone	
	31 March 2013 $	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Third parties	**2,599,449**	2,924,656	**70,000**	87,400
Related parties	**–**	–	**–**	–
	2,599,449	2,924,656	**70,000**	87,400

14. Long-Term Bank Loans

	Consolidated		Standalone	
	31 March 2013 $	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Current portion	**271,870**	773,591	**–**	–
Non-current portion	**–**	269,672	**–**	–
	271,870	1,043,263	**–**	–

On 6 April 2010, the Company entered into a credit agreement with PT Bank International Indonesia Tbk with a maximum credit of $2,380,000. The proceeds of the loan were used for the early repayment of the long-term loan payable to PT Bank CIMB Niaga TbK amounting to $2,383,957 which bore interest at annual rates ranging from 7.01% to 7.11% in 2010.

The terms of the loan agreement with PT Bank International Indonesia Tbk are as follows:

- Amount of facility : $2,380,000
- Final maturity date : 6 July 2013
- Interest : 7% per annum, based on one-month SIBOR plus 6.7574% per annum (reviewed every 3 months)
- Repayment : The loan will be repaid in 39 monthly instalments starting May 2010 until July 2013
- Collateral : Land and buildings in the form of hotel located at Jl. Kayu Aya, Seminyak, Kuta, Bali.

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

15. Amounts Due to Related Parties

The amounts due to the related parties are unsecured and without predetermined repayment terms.

16. Contributed Equity

Share Capital

	Consolidated		Standalone	
	31 March 2013 $	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Issued and fully paid: 93,607,800 (2012 : 89,607,800) ordinary shares	**93,607,800**	89,607,800	93,607,800	89,607,800

	Consolidated		Standalone	
	Number of Shares	**$**	**Number of Shares**	**$**
As at 31 March 2011	**89,607,800**	89,607,800	**89,607,800**	89,607,800
Shares Issued	**–**	–	**–**	–
As at 31 March 2012	**89,607,800**	89,607,800	**89,607,800**	89,607,800
Share Issued	**4,000,000**	4,000,000	**4,000,000**	4,000,000
As at 31 March 2013	**93,607,800**	93,607,800	**93.607,800**	93,607,800

17. Non-controlling Interest

	Consolidated		Standalone	
	31 March 2013 $	31 March 2012 $	**31 March 2013 $**	31 March 2012 $
Contributed equity	**3,158,046**	3,158,046	**–**	–
Translation reserve	**(478,678)**	(422,693)	**–**	–
Retained earnings	**(1,916,280)**	(2,348,282)	**–**	–
Current year profit	**456,361**	432,002	**–**	–
	1,219,449	819,073	**–**	–

18. Events After Statement of Financial Position Date

No material subsequent events or transactions have been identified.

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

19. Commitments and Contingencies

EIH Holdings Ltd (subsidiary company)

In Mauritius, the Mauritius Revenue Authority (MRA) in its tax assessment determined the Basic Management Fee as Royalty derived by EIH Holdings Ltd to be taxable without any deductions and 50% of the Incentive Management Fee taxable, after allowance for an expense deduction of 65% of the Incentive Management Fee. The applicable tax rate is 15%. As at 31 March 2013, the assessed tax for the years ended 30 June 2001 to 30 June 2008 is US$542,298 and penalties of US$351,938.

Based on the advice received from Pricewaterhouse Coopers, the Company has claimed that only 20% of both the Basic and Incentive Management fees should be taxed and 80% of such taxable income should be allowed as an expense deduction. The Company does not accept the treatment adopted by the MRA. The total tax payable under the Company's formula from 30 June 2001 to 31 March 2013 is US$35,963. The company has paid $32,025 as at 31 March 2013.

The MRA does not agree with the Company and the matter is under review with the Assessment Review Committee (ARC). The Company has made an on-account payment of US$269,289 until the date for the matter to be reviewed by the ARC.

If successful, the amount of US$269,289 will be refunded. If not, the liability of the Company will be the US$542,298 and US$351,938 already assessed by the MRA as at 31 March 2013, plus US$224,031 (applying the same basis of calculation for the years ended 30 June 2009 to 31 March 2012) and any applicable penalties. The total tax liability will therefore be US$1,118,266, plus penalties on tax for the years ended 30 June 2009 to 31 March 2013.

Oberoi Mauritius Ltd (jointly controlled entity)

In Mauritius, the Mauritius Revenue Authority (MRA) assessed the Company for payment of tax on interest income commencing from the year ended 30 June 2003 to 30 June 2010. MRA in its tax assessments determined the interest on the loan receivable from Island Resort Limited as taxable, without deducting interest payable on the loan from shareholders. The assessed tax and penalty as per the MRA is US$1,282,926 and US$730,935 respectively for the years ended 30 June 2003 to 30 June 2010.

The Company has claimed that the interest on shareholders loans should be allowed as an expense deduction. The Company does not accept the method of taxation of interest income without deduction of interest expense. The Company has paid tax of US$30,660 up to the year ended 31 March 2011 on this basis.

The matter went for review by the Assessment Review Committee (ARC) and the Company made on-account payment of US$635,614 as part of the review process. In addition, the Company has paid the balance of tax as claimed by MRA amounting to US$323,045 for the years 2007-08 to 2010-11 without prejudice to its right of appeal, to avoid payment of interest. ARC in April 2012 decided that the interest expense is not allowable as deduction but it is still reviewing whether MRA used its discretion properly in determining that the deduction of interest expense was disallowable. Notwithstanding, the Company has decided to lodge an appeal with ARC as it believes that interest expense should be allowed as deduction.

If the appeal is unsuccessful, then the Company has to pay the US$1,282,926 and US$730,935 as above, less the US$635,614, US$30,660 and US$323,045 already paid for the years ended 30 June 2003 to 30 June 2010 i.e. US$1,024,542. Further, the estimated tax liability for the years ended 30 June 2011 to 31 March 2013 is US$320,153 plus applicable penalty on this amount.

In all, the outstanding tax liability will be US$1,344,695 plus penalties for years ended 30 June 2011 to 31 March 2013.

There are no other 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 Group for the year ended 31 March 2013;

(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 Group at 31 March 2013; and

(c) at the date of this statement, there are reasonable grounds to believe that the Group 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
14 May 2013

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 and its controlled entities, which comprises the Balance Sheet as at 31 March 2013, 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 and the consolidated entity as on 31 March 2013 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
14 May 2013

DAVID SANDERS
Partner

EIH HOLDINGS LTD

BOARD

Mr. P. R. S. Oberoi
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 Holdings Ltd (the 'Company') as at 31 March 2013, 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

Deepak Madhok

PRINCIPAL ACTIVITY

The principal activity of the Company during the course of the year was investment and management.

RESULT

The net profit for the year was $1,373,574 (2012: $954,829) after provision for income tax expense of $63,603 (2012: $111,022).

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 of $1,000,000 was declared and paid (2012: No dividends were declared or 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.

AUDITOR 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

DEEPAK MADHOK

14 May, 2013

Director

Statement of Comprehensive Income for the year ended 31 March 2013

(Expressed in United States dollars)

	Note	**31 March 2013**	31 March 2012
		$	$
Continuing Operaions			
Turnover	3	**1,644,654**	1,649,274
Cost of Sales		**–**	–
Gross Profit		**1,644,654**	1,649,274
Operating Expenses			
Administration and General Expenses		**99,610**	172,738
Project Development Expenses		**107,663**	411,971
Total Operating Expenses		**207,273**	584,709
Other Income/(Expense)			
Other Income/(Expense)		**(204)**	1,286
Total Other Income/(Expense)		**(204)**	1,286
Profit before taxation	4	**1,437,177**	1,065,851
Taxation	5	**(63,603)**	(111,022))
Profit after taxation		**1,373,574**	954,829
Other Comprehensive Income			
Other Comprehensive Income		**–**	–
Total Comprehensive Income		**1,373,574**	954,829

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

Statement of Financial Position as at 31 March 2013

(Expressed in United States dollars)

	Note	**31 March 2013** $	31 March 2012 $
Non-Current Assets			
Investments	7	**11,672,539**	8,484,270
Amount due from related parties	8	**19,395,013**	19,037,622
		31,067,552	27,521,892
Current Assets			
Cash and cash equivalents	9	**8,870,759**	8,262,402
Receivables	10	**638,367**	741,570
Total Current Assets		**9,509,126**	9,003,972
Total Assets		**40,576,678**	36,525,864
Current Liabilities			
Payables	11	**100,577**	422,606
Total Current Liabilities		**100,577**	422,606
Non-Current Liabilities			
Amounts due to related parties	12	**13**	744
Total Non-Current Liabilities		**13**	744
Total Liabilities		**100,590**	423,350
Total Net Assets		**40,476,088**	36,102,514
Equity			
Share Capital	13	**34,085,714**	30,085,714
Retained Earnings		**6,390,374**	6,016,800
Total Equity		**40,476,088**	36,102,514

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 2013

(Expressed in United States dollars)

	Note	Share Capital $	Retained Earnings $	Total Equity $
As at 1 April 2012	13	30,085,714	6,016,800	36,102,514
Profit for year		–	1,373,574	1,373,574
Other Comprehensive Income		–	–	–
Issue of capital		4,000,000	–	4,000,000
Dividend paid		–	(1,000,000)	(1,000,000)
As at 31 March 2013	13	34,085,714	6,390,374	40,476,088
As at 1 April 2011	13	30,085,714	5,061,971	35,147,685
Profit for year		–	954,829	954,829
Other Comprehensive Income		–	–	–
Dividend paid		–	–	–
As at 31 March 2012	13	30,085,714	6,016,800	36,102,514

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 2013

(Expressed in United States dollars)

	31 March 2013 **$**	31 March 2012 $
Cash Flows from Operating Activities		
Profit before taxation	**1,437,177**	1,065,851
Adjustment for:		
Interest income	**(140,712)**	(133,587)
Dividend received	**–**	–
Other	**204**	(1,286)
(Increase)/Decrease in assets:		
Decrease/(Increase) in receivables	**103,203**	803,346
(Decrease)/Increase in Liabilities:		
(Decrease)/Increase in payables	**(322,029)**	(287,517)
Cash generated from operations	**1,077,843**	1,446,807
Tax paid	**(63,603)**	(111,931)
Net Cash Flows from operating activities	**1,014,240**	1,334,876
Cash Flows from Investing Activities		
Dividend paid	**(1,000,000)**	–
Issue of share capital	**4,000,000**	–
Purchase of investments	**(3,188,269)**	–
Interest received	**576**	840
Net Cash Flows from/(used by) investing activities	**(187,693)**	840
Cash Flows from financing activities		
Payments on loans provided to related parties	**(266,977)**	(27,293)
Proceeds from related party borrowings	**49,422**	301,646
Net Cash Flows used by financing activities	**(217,555)**	274,353
Net increase in cash and cash equivalents	**608,992**	1,610,069
Cash and cash equivalents at beginning of year	**8,262,402**	6,652,333
Effect of exchange rate changes on cash balances	**(635)**	–
Cash and cash equivalents at end of year (Note 9)	**8,870,759**	8,262,402

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 2013

(Expressed in United States dollars)

1. Corporate Information

The financial report of EIH Holdings Ltd (the "Company") for the year ended 31 March 2013 was authorised for issue on 14th May 2013.

EIH Holdings 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 Preparation
The financial report has been prepared in accordance with the requirements of International Financial Reporting Standards ('IFRS'), except as outlined below.

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, with the following exceptions:

- IFRS 27 "Consolidated and Separate Financial Statements", as consolidated financial statements have not been prepared.

(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.

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

(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.

(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 shares 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. Revenue

Revenue 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 2013	31 March 2012
	$	$
Hotel Management Fees	**803,488**	794,743
Sales and Marketing	**679,289**	683,415
Royalty	**20,589**	37,529
Dividends	**–**	–
Interest	**141,288**	133,587
	1,644,654	1,649,274

4. Profit Before Taxation

Profit before taxation is arrived at after charging and crediting :

	31 March 2013	31 March 2012
	$	$
Interest Income (Note 3)	**141,288**	133,587
Auditor remuneration:		
– audit of financial report	**18,643**	61,615
– accounting advice	**–**	–
	18,643	61,615

5. Taxation

A reconciliation of the tax expense applicable to the profit before tax using the statutory rate to the tax expense at the effective tax rate is as follows :

	31 March 2013	31 March 2012
	$	$
Profit before tax	**1,437,177**	1,065,851
Tax at the statutory tax rate of Nil % (2012 : Nil %)	–	–
Tax rate differential in Foreign Countries	**63,603**	111,022
Tax Expense	**63,603**	111,022

6. Directors' Remuneration	**31 March 2013**	31 March 2012
	$	$
Fees	**–**	–
Other emoluments	**–**	–
	–	–

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

7. Investments

Investments in Subsidiaries	**31 March 2013**	31 March 2012
	$	$
Unlisted shares, at cost	**1,566,013**	1,566,744

Details of the subsidiaries are as follows:

Name	Place of Incorporation	Percentage of equity attributable to the Company		Principal Activities	Directors
		Directly	Indirectly		
PT Widja Putra Karya Graha Ubud	Indonesia	–	48.89	Hotel ownership	Mr. I Wayan Pasek Mr. I Ketut Siandana Mr. Kamal K. Kaul (resigned 19 May 2012) Mr. Deepak Madhok (appointed 5 July 2012)
PT Waka Oberoi Indonesia	Indonesia	–	57.13	Hotel ownership	Mr. I Ketut Siandana Mr. I Wayan Pasek Mr. Kamal K. Kaul (resigned 19 May 2012) Mr. Deepak Madhok (appointed 5 July 2012)
PT Astina Graha Ubud	Indonesia	60	–	Hotel development	Mr. I Wayan Pasek Mr. Tjokorda Raka Kerthayasa Mr. Kamal K. Kaul (resigned 19 May 2012) Mr. Deepak Madhok (appointed 5 July 2012)
EIH Investment N.V.	Netherlands Antilles	100	–	Investment and Management	ATC Trustees (Curacao) NV
EIH Management Services B.V.	Netherlands	–	100	Hotel Management and Investment	TMF Management B.V.
EIHH Corporation Limited	Hongkong	100	–	Investment	Mr. P.R.S. Oberoi Mr. Deepak Madhok
Oberoi Turtle Bay	Mauritius	100	–	In liquidation	Mrs. P. Koenig Ms. Veronique Magny-Antoine

Other Investments	**31 March 2013**	31 March 2012
	$	$
Other Investment at cost	**10,106,526**	6,917,526
	10,106,526	6,917,526

Other investments represent interests in joint ventures and are carried at cost, less provision for any permanent diminution in value.

	31 March 2013	31 March 2012
	$	$
Total Investments	**11,672,539**	8,484,270

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

8. Amount Due from Related Companies

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

9. Cash and Cash Equivalents

	31 March 2013	31 March 2012
	$	$
Cash at Bank	**8,870,759**	8,262,402

10. Receivables

Trade receivables	**638,367**	741,570
	638,367	741,570

11. Payables

Third parties	**100,577**	422,606
	100,577	422,606

12. Amounts Due to Related Parties

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

13. Share Capital

	31 March 2013	31 March 2012
	$	$
Issued and fully paid :		
34,085,714 ordinary shares	**34,085,714**	30,085,714

	Number of Shares	$
As at 31 March 2011	30,085,714	30,085,714
Shares issued	–	–
As at 31 March 2012	30,085,714	30,085,714
Shares issued	4,000,000	4,000,000
As at 31 March 2013	34,085,714	34,085,714

14. Events After Statement of Financial Position Date

No material subsequent events or transactions have been identified.

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

15. Commitments and Contingencies

In Mauritius, the Mauritius Revenue Authority (MRA) in its tax assessment determined the Basic Management Fee as Royalty derived by EIH Holdings Ltd to be taxable without any deductions and 50% of the Incentive Management Fee taxable, after allowance for an expense deduction of 65% of the Incentive Management Fee. The applicable tax rate is 15%. as at 31 March 2013, the assessed tax for the years ended 30 June 2001 to 30 June 2008 is US$542,298 and penalties of US$351,938.

Based on the advice received from Pricewaterhouse Coopers, the company has claimed that only 20% of both the Basic and Incentive Management fees should be taxed and 80% of such taxable income should be allowed as an expense deduction. The company does not accept the treatment adopted by the MRA. The total tax payable under the company's formula from 30 June 2001 to 31 March 2013 is US$35,963. The company has paid $32,025 as at 31 March 2013.

The MRA does not agree with the company and the matter is under review with the Assessment Review Committee (ARC). The company has made an on account payment of US$269,289 until the date for the matter to be reviewed by the ARC.

If successful this amount of US$269,289 will be refunded. If not, the liability of the Company will be the US$542,298 and US$351,938 already assessed by the MRA as at 31 March 2013, plus US$224,031 (applying the same basis of calculation for the years ended 30 June 2009 to 31 March 2012) and any applicable penalties. The total tax liability will therefore be US$1,118,266, plus penalties on tax for the years ended 30 June 2009 to 31 March 2013.

There are no other 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 result of the Company for the year ended 31 March 2013;

(b) the Balance Sheet is drawn up so as to give a true and fair view of the state of affairs of the Company at 31 March 2013; 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.

DEEPAK MADHOK
Director

14 May 2013

Independent Auditor's Report

To the Members of
EIH Holdings Ltd

We have audited the accompanying financial report of EIH Holdings Ltd, which comprises the statement of financial position as at 31 March 2013, 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.

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.

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

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of EIH Holdings Ltd as on 31 March 2013 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
14 May 2013

DAVID SANDERS
Partner

EIH MARRAKECH 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 present their report on the Company for the year ended 31 March 2013.

The name of the Company's Directors in office during the year and until the date of this report are as follows.

P R S Oberoi
S S Mukherji
Deepak Madhok

The Directors were in office for the entire year unless otherwise stated.

PRINCIPAL ACTIVITIES

The Company's principal activity during the year was investment.

OPERATING AND FINANCIAL REVIEW

The net profit of the Company for the year was $Nil (2012: $Nil) after providing for income tax of $Nil (2012: $Nil).

No significant change in the nature of these activities occurred during the year.

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.

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

No dividends have been paid, declared or recommended during the preceding year ended 31 March 2013.

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.

Signed in accordance with a resolution of the Director:

DEEPAK MADHOK
Director

14 May, 2013

Statement of Comprehensive Income for the year ended 31 March 2013

(Expressed in United States dollars)

	Note	**31 March 2013** $	31 March 2012 $
Turnover	3	–	–
Profit before taxation	4	–	–
Taxation expense	5	–	–
Profit after taxation		–	–
Other Comprehensive Income			
Total Comprehensive Income		–	–

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

Statement of Financial Position as at 31 March 2013

(Expressed in United States dollars)

	Note	31 March 2013 $	31 March 2012 $
Current Assets			
Cash and cash equivalents		**100**	100
Total Current Assets		**100**	100
Total Assets		**100**	100
Current Liabilities			
Amount due to related parties		**–**	–
Total Current Liabilities		**–**	–
Non-Current Liabilities			
Amount due to shareholder		**–**	–
Total Non-Current Liabilities		**–**	–
Total Liabilities		**–**	–
Net Assets		**100**	100
Equity			
Share Capital	7	**100**	100
Retained Earnings		**–**	–
Total Equity		**100**	100

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 2013

(Expressed in United States dollars)

	Share Capital $	Retained earnings $	Total Equity $
As at 1 April 2012	100	–	100
Profit for year	–	–	–
Other Comprehensive Income	–	–	–
As at 31 March 2013	100	–	100
As at 1 April 2011	100	–	100
Profit for year	–	–	–
Other Comprehensive Income	–	–	–
As at 31 March 2012	100	–	100

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

Notes to the Financial Statements for the year ended 31 March 2013

1. Corporate Information

The financial report of EIH Marrakech Ltd. (the "Company") for the year ended 31 March 2013 was authorised for issue on 14th May 2013.

EIH Marrakech Ltd. is a company limited by shares and incorporated in the British Virgin Islands. The nature of the operations and principal activity of the Company is described in the Directors' report.

2. Significant Accounting Policies

(a) Basis of Preparation
The financial report has been prepared in accordance with the requirements of 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.

A statement of cash flows has not been prepared given that there were no cash transactions during the current year.

(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 which are subject to an insignificant risk of changes in value.

(f) Deferred Taxation
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.

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

(g) Contributed Equity

Ordinary shares 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.

3. Turnover

Turnover represents dividends from investments.

4. Profit Before Taxation

Profit before taxation is arrived at after charging and crediting :

After charging :	**31 March 2013**	31 March 2012
	$	$
Auditors' remuneration	–	–

The audit fee has been met by a related company.

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 2013	31 March 2012
	$	$
Fees	–	–
Other emoluments	–	–
	–	–

7. Share Capital

	31 March 2013	31 March 2012
	$	$
Issued and fully paid :		
100 ordinary shares of $1.00 each	**100**	100

8. Events After Statement of Financial Position Date

No material subsequent events or transactions have been identified.

9. 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 2013;

(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 2013; 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.

DEEPAK MADHOK

14 May 2013 *Director*

Independent Auditor's Report

To the Members of
EIH Marrakech Ltd

We have audited the accompanying financial report of EIH Marrakech Ltd, which comprises the balance sheet as at 31 March 2013, the statement of comprehensive income and statement of changes in equity 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

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

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.

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 Marrakech Ltd as of 31 March 2013 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
14 May 2013

DAVID SANDERS
Partner

J&W HONG KONG LIMITED

BOARD

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

AUDITORS

Ernst & Young
22/F, CITIC Tower
Tim Mei Avenue, Central
Hong Kong

REGISTERED OFFICE

16-19F, Prince's Building
10, Chater Road Central
Hongkong

Report of the Directors

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2013.

PRINCIPAL ACTIVITY
The Company's principal activity is investments holding.

RESULTS
The Company's result for the year ended 31 March 2013 and its state of affairs at 31 March 2013 are set out in the financial statements on pages 200 to 207.

An interim dividend of US$0.06433 per ordinary share totalling US$64,330 was paid during the year.

RESERVES

Details of movements in the Company's reserves during the year are set out in the statement of changes in equity.

DIRECTORS
The Directors of the Company during the period were:

Mr. Prithvi Raj Singh Oberoi
Mr. Deepak Madhok

There being no provision in the Company's articles of association for the retirement of Directors by rotation, all existing Directors will continue in office.

DIRECTORS' INTERESTS
At no time during the year was the Company or any of its holding company and fellow subsidiaries a party to any arrangement to enable the Company's Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, nor were any such rights exercised by them.

DIRECTORS' INTEREST IN CONTRACTS
No Director had a material interest, whether directly or indirectly, in any contract of significance to the business of the Company to which the Company, or any of its holding company and fellow subsidiaries was a party during the year.

AUDITORS
Ernst & Young were appointed by the Directors as the auditors of the Company. Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

DEEPAK MADHOK
Director

14th May 2013

Independent Auditors' Report

To the shareholders of J&W Hong Kong Limited
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of J&W Hong Kong Limited which comprise the balance sheet as at 31 March 2013, the statement of comprehensive income and the statement of changes in equity for the year 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 of financial statement that gives a view true and fair in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the Hong Kong Companies Ordinance and for such internal controls as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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' judgment, 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 entity's preparation of financial statement that gives a true and fair view 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Director, 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 give a true and fair view of the state of affairs of the Company as at 31 March 2013 and of the results for the year ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Hong Kong
14 May 2013

Ernst & Young
Certified Public Accountants

Statement of Comprehensive Income year ended 31 March 2013

(Expressed in United States dollars)

	Note	31 March 2013 $	31 March 2012 $
Revenue	3	**64,330**	–
Profit before tax		**64,330**	–
Tax	6	**–**	–
Profit for the year		**64,330**	–
Other Comprehensive Income		–	–
Total Comprehensive Income for the year		**64,330**	–

Balance Sheet
31 March 2013

(Expressed in United States dollars)

	Note	31 March 2013 $	31 March 2012 $
Non-Current Assets			
Available-for-sale financial assets	7	**10,000,000**	10,000,000
Net Assets		**10,000,000**	10,000,000
Equity			
Issued Capital	8	**10,000,000**	10,000,000
Retained Profit		**–**	–
Total Equity		**10,000,000**	10,000,000

P.R.S. OBEROI *Director*

14 May 2013 DEEPAK MADHOK *Director*

Statement of Changes in Equity
year ended 31 March 2013

(Expressed in United States dollars)

	Issued Capital $	Retained profit $	Total $
At 1 April 2011	10,000,000	–	10,000,000
Profit for the year	–	–	–
Other Comprehensive Income	–	–	–
Dividend paid	–	–	–
At 31 March 2012	10,000,000	–	10,000,000
Profit for the year	–	64,330	64,330
Other Comprehensive Income	–	–	–
Dividend paid	–	(64,330)	(64,330)
At 31 March 2013	10,000,000	–	10,000,000

Notes to the Financial Statements
31 March 2013

1. CORPORATE INFORMATION

J&W Hong Kong Limited is a limited liability company incorporated in Hong Kong. Its registered office is located at 16-19/F, Prince's Building, 10 Chater Road Central, Hong Kong.

During the year the Company was involved in investments holding. In the opinion of Directors, the Company's ultimate holding Company is EIH International Ltd. Its registered office is Romasco Place, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, British Virgin Islands.

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

2.2. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, and these financial statements are presented in United States dollars ("US$"). A cash flow statement has not been presented as the Company dose not operate a bank or cash account or hold any cash equivalents and has no cash transitions during the year. Accordingly, in the opinion of Directors, the presentation of a cash flow statement would provide no additional useful information to the users of the financial statements.

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

For the year ended 31 March 2013, the Company adopted, for the first time, the following new and revised HKFRSs:

HKAS 12 Amendments	Amendments to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets

Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised HKFRSs has had no material effect on the financial position or performance of the Company.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early applied any of the new and revised HKFRSs that have been issued but are not yet effective in these financial statements. Among the new and revised HKFRSs, the following are expected to be relevant to the Company's financial statements upon becoming effective:

HKFRS 9	*Financial Instruments*[2]
HKFRS 13	*Fai Value Measurement*[1]

1 Effective for annual periods beginning on or after 1 January 2013
2 Effective for annual periods beginning on or after 1 January 2015

The Company is in the process of making an assessment of the impact of these amendments upon initial application. So far, it has concluded that these amendments are unlikely to have a significant impact on the financial position or performance of the Company.

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Company; (ii) has an interest in the Company that gives it significant influence over the Company; or (iii) has joint control over the Company;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Company or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

Financial instruments

The Company classifies its financial instruments into the following category at inception, depending on the purpose for which the assets were acquired. Purchases and sales of the financial assets are recognised using trade date accounting.

Available-for-sale financial investments
Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

Available-for-sale financial investments are initially measured at fair value plus directly attributable transaction costs. Subsequently, they are remeasured at fair value with changes in fair value recognised as other comprehensive income in the available-for-sale investment valuation reserve until the securities are either sold or impaired. On disposal of available-for-sale securities, cumulative gains or losses are recognised in the income statement and removed from the available-for-sale investment valuation reserve.

If an available-for-sale financial asset measured at fair value is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair values after impairment are recognised directly in other comprehensive income. Impairment losses on debt instruments are reversed through the income statement, if the increase in the fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

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

When the fair value of unquoted equity securities cannot be reliably measured because (i) the variability in the range of reasonable fair value estimates is significant for that investment or (ii) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating the fair value, such securities are stated at cost less any impairment losses.

If there is objective evidence that an impairment loss has been incurred on such unquoted equity securities, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis, and other valuation models.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained. Financial liabilities are derecognised when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current period is measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are provided in full for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount to deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Dividend income is recognised when the right to receive payment has been established.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements apart from those involving estimations which have the most significant effect on the amounts recognised in the financial statements.

(a) Impairment of available-for-sale financial investments
For available-for-sale financial investments, a significant or prolonged decline in fair value below cost is considered to be an objective evidence of impairment. Significant judgement is required when determining whether a decline in fair value has been significant or prolonged. In making this judgement, the historical data on market volatility as well as the price of the specific investment are taken into account. The Company also considers other factors, such as industry and sector performance and financial information regarding the investee. The directors consider that at the reporting date there was no evidence that the available-for-sale financial investments were impaired.

(b) Income taxes
Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

3. REVENUE

The Company recorded dividend revenue during the year of $64,330 (2012: $Nil).

4. AUDITORS' REMUNERATION

Auditors' remuneration for the period was borne by a related company.

5. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the period (2012: Nil).

6. TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the period (2012: Nil).

There was no unprovided deferred tax in respect of the period and as at the balance sheet date (2012: Nil).

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

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2013	2012
	US$	US$
Unlisted equity investment, at cost	**10,000,000**	10,000,000
Impairment	**–**	–
	10,000,000	10,000,000

The investment represents 1,935,500 shares in EIH Holdings Limited, a Company incorporated in the British Virgin Islands.

8. SHARE CAPITAL

	2013	2012
	US$	US$
Authorised, issued and fully paid:		
10,000 ordinary shares of $HK 1.00 each	**10,000,000**	10,000,000

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risk arising from the Company's financial instruments is credit risk. The credit risk of the Company's financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

10. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements are approved and authorised for issue by the board of directors on 14 May 2013.

EIHH CORPORATION LIMITED

BOARD

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

AUDITORS

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

REGISTERED OFFICE

Level 28, Three Pacific Place
1 Queens Road East
Hongkong

Report of the Directors

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2013.

PRINCIPAL ACTIVITY
Since the date of incorporation, the Company's principal activity is investments holding and was dormant during the year.

RESULTS
The Company's result for the year ended 31 March 2013 and its state of affairs at 31 March 2013 are set out in the financial statements on pages 212 to 219.

DIRECTORS
The directors of the Company during the period were:

Mr. Prithvi Raj Singh Oberoi

Mr. Deepak Madhok

There being no provision in the Company's articles of association for the retirement of directors by rotation, all existing directors will continue in office.

DIRECTORS' INTERESTS
At no time during the period was the Company or any of its holding company and fellow subsidiaries a party to any arrangement to enable the Company's directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, nor were any such rights exercised by them.

DIRECTORS' INTEREST IN CONTRACTS
No director had a material interest, whether directly or indirectly, in any contract of significance to the business of the Company to which the Company, or any of its holding company and fellow subsidiaries was a party during the period.

AUDITORS
Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

DEEPAK MADHOK
Director

14th May 2013

Independent Auditors' Report

To the shareholder of EIHH Corporation Limited
(Incorporated in Hong Kong with limited liability)

We have audited the financial statements of EIHH Corporation Limited which comprise the balance sheet as at 31 March 2013 and the statement of comprehensive income and the statement of changes in equity for the year 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 of financial statement that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the Hong Kong Companies Ordinance and for such internal controls as the directors is necessary to enable the preparation of 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. Our report is made solely to you, as a body, in accordance with Section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 entity's preparation of financial statement that gives a true and fair view 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, 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 give a true and fair view of the state of affairs of the Company as at 31 March 2013 and of the results for the year ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Hong Kong
14 May 2013

Ernst & Young
Certified Public Accountants

Statement of Comprehensive Income
year ended 31 March 2013

(Expressed in United States dollars)

	Note	**31 March 2013** **$**	31 March 2012 $
Revenue	3	**–**	–
Profit before tax		**–**	–
Tax	6	**–**	–
Profit for the year		**–**	–
Other Comprehensive Income		–	–
Total Comprehensive Income for the year		**–**	–

Balance Sheet
31 March 2013

(Expressed in United States dollars)

	Note	**31 March 2013** $	31 March 2012 $
Non-Current Asset			
Due from a Shareholder	7	**13**	13
Current Liabilities			
Amount due to related parties		**–**	–
Net Asset		**13**	13
Equity			
Issued Capital	8	**13**	13
Retained Profit		**–**	–
Total Equity		**13**	13

P.R.S. OBEROI *Director*

14 May 2013 DEEPAK MADHOK *Director*

Statement of Changes in Equity year ended 31 March 2013

(Expressed in United States dollars)

	Issued Capital $	Retained Profit $	Total $
At 1 April 2011	13	–	13
Profit for the year	–	–	–
Other Comprehensive Income	–	–	–
As at 31 March 2012	13	–	13
Profit for the year	–	–	–
Other Comprehensive Income	–	–	–
Dividend paid	–	–	–
As at 31 March 2013	13	–	13

Notes to the Financial Statements
31 March 2013

1. CORPORATE INFORMATION

EIHH Corporation Limited is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong.

The Company was incorporated on 19 January 2007.

During the year ended 31 March 2013, the Company was dormant.

The Company is a wholly-owned subsidiary of EIH Holdings Limited, a company incorporated in the British Virgin Islands.

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

2.2. BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, and these financial statements are presented in United States dollars ("US$"). A cash flow statement has not been presented as the Company does not operate a bank or cash account or hold any cash equivalents and has no cash transactions during the year. Accordingly, in the opinion of directors, the presentation of a cash flow statement would provide no additional useful information to the users of the financial statements.

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

For the year ended 31 March 2013, the Company adopted, for the first time, the following new and revised HKFRSs:

HKAS 12 Amendments	Amendments to HKAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets

Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised HKFRSs has had no material effect on the financial position or performance of the Company.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Company has not early applied any of the new and revised HKFRSs that have been issued but are not yet effective, in these financial statements. Among the new and revised HKFRSs, the following are expected to be relevant to the Company's financial statements upon becoming effective:

HKFRS 9	*Financial Instruments*[2]
HKFRS 13	*Fair Value Measurement*[1]

[1] Effective for annual periods beginning on or after 1 January 2013
[2] Effective for annual periods beginning on or after 1 January 2015

The Company is in the process of making an assessment of the impact of these amendments upon initial application. So far, it has concluded that these amendments are unlikely to have a significant impact on the financial position or performance of the Company.

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Related parties

A party is considered to be related to the Company if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Company; (ii) has an interest in the Company that gives it significant influence over the Company; or (iii) has joint control over the Company;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Company or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

Financial instruments

The Company classifies its financial instruments into the following categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred. Purchases and sales of the financial assets are recognised using trade date accounting.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment allowances.

The Company recognises losses for impaired loans promptly where there is objective evidence that impairment of a loan or a portfolio of loans has occurred. Impairment allowances are assessed either individually for individually significant loans or collectively for loan portfolios with similar credit risk characteristics including those individually assessed balances for which no impairment provision is made on an individual basis.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis, and other valuation models.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired; or where the Company has transferred its contractual rights to receive the cash flows of the financial assets and has transferred substantially all the risks and rewards of ownership; or where control is not retained. Financial liabilities are derecognised when they are extinguished, i.e., when the obligation is discharged or cancelled, or expires.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current period is measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are provided in full for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised.

The carrying amount to deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of returns and discounts..

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Exchange differences arising from the settlement of such transactions and from the retranslation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

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

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments apart from those involving estimations which have the most significant effect on the amounts recognised in the financial statements.

(a) Income taxes
Significant judgments on the future tax treatment of certain transactions are required in determining income tax provisions. The Company carefully evaluates tax implications of transactions and tax provisions are recorded accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

3. REVENUE

The Company had no revenue during the year.

4. AUDITORS' REMUNERATION

Auditors' remuneration for the period was borne by a related party.

5. DIRECTORS' REMUNERATION

None of the directors received any fees or emoluments in respect of their services rendered to the Company during the year.

6. TAX

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the period.

There was no unprovided deferred tax in respect of the period and as at the balance sheet date.

7. DUE FROM A SHAREHOLDER

The amount is unsecured, interest-free, and not repayable within the next twelve months.

8. SHARE CAPITAL

	2013	2012
	US$	US$
Authorised, issued and fully paid:		
100 ordinary shares of $HK 1.00 each	**13**	13

On incorporation, the Company's authorised share capital was HK$10,000 divided into 10,000 ordinary shares of HK$1 each and one ordinary share was issued at par as a subscriber's share. Pursuant to ordinary resolutions passed on 19 January 2007, ninety-nine ordinary shares of HK$1 each (equivalent to US$13) were issued at par to an existing shareholder of the Company.

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

9. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments of the Company as at the balance sheet date are as follows:

Financial assets

	2013	2012
	US$	US$
Due from a shareholder	**13**	13

10. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risk arising from the Company's financial instruments is credit risk. The credit risk of the Company's financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Capital management
The Company's primary objective for its own capital management is to safeguard its ability to continue as a going concern, and the Company may adjust dividend payment or issue new shares to maintain or adjust its capital structure.

The Company is not subject to any externally imposed capital requirements and there were no changes in the objectives, policies or processes during the period. Capital of the Company comprises all components of shareholder's equity.

11. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements are approved and authorised for issue by the board of directors on 14 May 2013.

EIH INVESTMENT N.V.

BOARD

ATC Corporate Services (Curacao) N.V.

AUDITORS

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

REGISTERED OFFICE

Chuchubiweg 17,
Curacao
Netherlands Antilles

DIRECTOR'S REPORT

DIRECTORS

The Director presents their report on the Company for the year ended 31 March 2013.

The name of the Company's Director in office during the year and until the date of this report is as follows:

ATC Corporate Services (Curaçao) N.V.
Schottegatweg Oost 10, Unit 1A1
Curaçao

The Director was in office for the entire year unless otherwise stated.

PRINCIPAL ACTIVITIES

The Company's principal activities are to act as a holding and finance company. It is expected that the activities of the Company will remain unchanged.

OPERATING AND FINANCIAL REVIEW

The net profit of the Company for the year was $11,641 (2012: $9,446) after providing for income tax of $4,692 (2012: $4,660).

No significant change in the nature of these activities occurred during the year.

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.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There are no significant changes in state of affairs.

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

DIVIDENDS

The Director does not recommend the payment of a final dividend for the year ended 31 March 2013.

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.

Signed in accordance with a resolution of the Director.

Curaçao
7 May, 2013

ATC Corporate Services (Curaçao) N.V.
Managing *Director*

Statement of Comprehensive Income for the year ended 31 March 2013

(Expressed in United States dollars)

	31 March 2013	31 March 2012
	$	$
Revenue		
Royalty Income	**353,911**	371,893
Expenses		
Royalty Expenses	**329,137**	345,860
Administration and general expenses	**8,441**	11,927
Total Expenses	**337,578**	357,787
Other Income/(Expense)		
Other Income	**–**	–
Total Other Income	**–**	–
Profit before taxation	**16,333**	14,106
Taxation (expense)/benefit	**(4,692)**	(4,660)
Profit after taxation	**11,641**	9,446
Other Comprehensive Income	**–**	–
Total Comprehensive Income	**11,641**	9,446

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

Statement of Financial Position as at 31 March 2013

(Expressed in United States dollars)

	Note	**31 March 2013** $	31 March 2012 $
Non-Current Assets			
Investment in subsidiary	3	**408,612**	408,612
Amount due from related Company	4	**15,749,365**	15,749,365
Total Non-Current Assets		**16,157,977**	16,157,977
Current Assets			
Amount due from related Company		**452,000**	490,657
Total Current Assets		**452,000**	490,657
Total Assets		**16,609,977**	16,648,634
Current Liabilities			
Amount due to shareholder		**317,931**	368,229
Total Current Liabilities		**317,931**	368,229
Non-Current Liabilities			
Amount due to shareholder	5	**16,157,977**	16,157,977
Total Non-Current Liabilities		**16,157,977**	16,157,977
Total Liabilities		**16,475,908**	16,526,206
Net Assets		**134,069**	122,428
Shareholders' Equity			
Share Capital	1	**6,000**	6,000
Retained Earnings		**128,069**	116,428
		134,069	122,428

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 2013

(Expressed in United States dollars)

	Note	Share Capital $	Retained Earnings $	Total Equity $
As at 1 April 2012	1	6,000	116,428	122,428
Profit for year		–	11,641	11,641
Other Comprehensive Income		–	–	–
As at 31 March 2013	1	6,000	128,069	134,069
As at 1 April 2011	1	6,000	106,982	112,982
Profit for year		–	9,446	9,446
Other Comprehensive Income		–	–	–
As at 31 March 2012	1	6,000	116,428	122,428

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

Notes to the Financial Statements for the year ended 31 March 2013

(Expressed in United States dollars)

1. Corporate Information

The financial report of EIH Investment N.V. (the "Company") for the year ended 31 March 2013 was authorised for issue on May 7, 2013.

EIH Investment N.V. is a company limited by shares and was incorporated in the Netherlands Antilles on 22 May 1997. The authorised share capital of the Company consists of 30,000 common shares with a par value of USD 1 each (US$30,000). At Statement of Financial Position date, 6,000 shares were issued and fully paid.

The nature of the operations and principal activity of the Company is described in the Director's report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report has been prepared in accordance with the requirements of International Financial Reporting Standards ('IFRS'), with the following exceptions:

- IFRS 27 "Consolidated and Separate Financial Statements", as consolidated financial statements have not been prepared.
- IFRS 28 "Investments in Associates", as investments in associates held by the company are recorded at cost.

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.

The Director has opted not to prepare consolidated financial statements.

A statement of cash flows has not been prepared given that there were no cash transactions during the year.

(b) Compliance with IFRS

The financial report complies with International Financial Reporting Standards as issued by the International Accounting Standards Board, to the extent outlined above.

(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.

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

(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.

Investments and financial assets are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

(g) Investments
Investment in subsidiaries are recorded at cost, less provision for any permanent diminution in value.

(h) Deferred Taxation
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.

(i) Contributed Equity
Ordinary shares 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.

(j) 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.

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

3. Investment in Subsidiary

Represents a 100% investment in EIH Management Services B.V. Participation is accounted for on a cost basis.

4. Amount Due From Related Company

The amount represents US$15,749,365 in loans granted to EIH Management Services BV which are unsecured. The loan of US$10,866,542 bears interest at a rate of 5% per annum and the loan of US$4,882,823 bears interest at LIBOR + 2% per annum. The interest on these loans for the year 2012/13 was waived.

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

5. Amount Due to Shareholder

The Company received loans amounting to US$16,157,977 from EIH Holdings Ltd which are unsecured. The loan of US$11,275,154 bears interest at a rate of 5% per annum and the loan of US$4,882,823 bears interest at LIBOR + 2% per annum. The interest on these loans for the year 2012/13 was waived.

6. Events After Statement of Financial Position Date

No material subsequent events or transactions have been identified.

7. Commitments and Contingencies

There are no outstanding commitments and contingencies at year end.

8. Auditor's Remuneration

	31 March 2013	31 March 2012
	$	$
Amounts received or due and receivable for:		
– an audit or review of the financial report of the Company and any other entity in the Company	–	–
– other services in relation to the Company and any other entity in the Company	–	–
	–	–

Directors' Statement

In the opinion of the Director:

(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 2013;

(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 2013; 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 the Director.

Curaçao
May 7, 2013

ATC Corporate Services (Curaçao) N.V.
Managing Director

Independent Auditor's Report

To the Members of
EIH Investment N.V.

We have audited the accompanying financial report of EIH Investment N.V., which comprises the statement of financial position as at 31 March 2013, the statement of comprehensive income and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the director's statement.

Director's Responsibility for the Financial Report

The director of the company is responsible for the preparation and fair presentation of the financial report and has 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

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

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.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the director's 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 Investment N.V. as of 31 March 2013 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
14 May 2013

DAVID SANDERS
Partner

EIH MANAGEMENT SERVICES B.V.

BOARD

TMF Management B.V.

AUDITORS

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

REGISTERED OFFICE

Locatellikade 1
Parnassustoren
1076 AZ Amsterdam
The Netherlands

DIRECTOR'S REPORT

DIRECTORS

The Director presents their report on the Company for the year ended 31 March 2013.

The name of the Company's Director in office during the year and until the date of this report is as follows.

TMF Management BV
Herikerbergweg 238
Luna Arena
1101 CM Amsterdam
The Netherlands

The Director was in office for the entire year unless otherwise stated.

PRINCIPAL ACTIVITIES

The Company's principal activity during the year was investment and management.

OPERATING AND FINANCIAL REVIEW

The net loss of the Company for the year was €338,172 (2012: loss of €487,395) after providing for income tax of €Nil (2012: €Nil).

No significant change in the nature of these activities occurred during the year.

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.

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 Director, been affected by any item, transaction or event of a material or unusual nature.

RISK MANAGEMENT

The Company takes a proactive approach to risk management. The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the board.

DIVIDENDS

No dividends have been paid, declared or recommended during the preceding year ended 31 March 2013.

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.

DIRECTOR'S STATEMENT

In the opinion of the Director:

(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 2013;

(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 2013; 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.

Amsterdam TMF Management B.V.

2 May, 2013

Statement of Comprehensive Income for the year ended 31 March 2013

(Expressed in Euros)

	Note	**31 March 2013** €	31 March 2012 €
Turnover	3	**363,095**	356,420
Interest Income		**383**	304
Total Income		**363,478**	356,724
Expenses			
Management fee expenses		**274,754**	269,703
Administration and other expenses		**69,757**	99,999
Unrealised foreign exchange loss		**357,139**	474,417
Total Expenses		**701,650**	844,119
(Loss) before taxation		**(338,172)**	(487,395)
Taxation expense		**–**	–
(Loss) after taxation		**(338,172)**	(487,395)
Other Comprehensive Income		**–**	–
Total Comprehensive Income/(Loss)		**(338,172)**	(487,395)

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

Statement of Financial Position as at 31 March 2013

(Expressed in Euros)

	Note	**31 March 2013** €	31 March 2012 €
Non-Current Assets			
Investment in subsidiary	4	**2,549,683**	2,549,683
Investment in associate	4	**7,632,706**	7,632,706
Amount due from related parties	5	**3,541,836**	3,403,350
Total Non-Current Assets		**13,724,225**	13,585,739
Current Assets			
Cash and cash equivalents		**11,928**	12,058
Other receivables and prepayments		**15,062**	20,013
Total Current Assets		**26,990**	32,071
Total Assets		**13,751,215**	13,617,810
Current Liabilities			
Accruals		**24,480**	18,185
Amount due to related parties	6	**352,676**	367,869
Total Current Liabilities		**377,156**	386,054
Non-Current Liabilities			
Amount due to shareholder	6	**12,288,543**	11,808,068
Total Non-Current Liabilities		**12,288,543**	11,808,068
Total Liabilities		**12,665,699**	12,194,122
Net Assets		**1,085,516**	1,423,688
Equity			
Issued Share Capital		**18,200**	18,200
Share Premium		**375,000**	375,000
Retained Earnings		**692,316**	1,030,488
Total Equity		**1,085,516**	1,423,688

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 2013

(Expressed in Euros)

	Share Capital €	Retained earnings €	Total Equity €
As at 1 April 2011	393,200	1,517,883	1,911,083
Profit for year	–	(487,395)	(487,395)
Other Comprehensive Income	–	–	–
As at 31 March 2012	393,200	1,030,488	1,423,688
As at 1 April 2012	393,200	1,030,488	1,423,688
Profit for year	–	(338,172)	(338,172)
Other Comprehensive Income	–	–	–
As at 31 March 2013	393,200	692,316	1,085,516

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 2013

(Expressed in Euros)

	31 March 2013 €	31 March 2012 €
Cash Flows from Operating Activities		
(Loss)/Profit before taxation	**(338,172)**	(487,395)
Adjustment for:		
Interest income	**(383)**	(304)
Unrealised foreign currency (gain)/loss	**357,139**	474,417
(Increase)/Decrease in assets:		
Decrease in receivables and prepayments	**4,951**	9,852
(Decrease)/Increase in Liabilities:		
Increase/(Decrease) in accruals	**6,295**	3,994
Increase/(Decrease) in related party payables	**(30,343)**	11,101
Cash generated from operations	**(513)**	11,665
Interest paid	**–**	–
Net Cash Flows generated/(used) in operating activities	**(513)**	11,665
Cash Flows from Investing Activities		
Interest received	**383**	304
Net cash flows from investing activities	**383**	304
Cash flows from financing activities	**–**	–
Net increase/(decrease) in cash and cash equivalents	**(130)**	11,969
Cash and cash equivalents at beginning of year	**12,058**	89
Cash and cash equivalents at end of year	**11,928**	12,058

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 2013
(Expressed in Euro)

1. Corporate Information

The financial report of EIH Management Services B.V. (the "Company") for the year ended 31 March 2013 was authorised for issue in May, 2013.

The Company was incorporated on 11 September 1997.

The authorised share capital of the Company consists of 1,820 shares with a par value of Euros 50 each (Euros 91,000). At 31 March 2013, 364 shares were issued and fully paid.

The nature of the operations and principal activity of the Company is described in the Director's report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation
These Financial Statements are prepared in accordance with Title 9 of Book 2 of the Netherlands Civil Code and are prepared solely for management purposes enabling consolidation with the (ultimate) parent company.

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

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

The financial statements are not consolidated with those of its subsidiary, as a result of Article 407 exemption.

(b) Fair Value
The fair value of the financial assets and liabilities are not disclosed as management is of the opinion that the carrying amount of these financial assets and liabilities approximate the fair value.

(c) Financial risk management
Risk is an inherent part of the Company's business activity. The Company seeks to identify, assess, monitor and manage each of the various types of risk involved in its activities, in accordance with defined policies and procedures.

(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 Euros 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.

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

(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
Investments in subsidiaries and associates are recorded at cost, less provision for any permanent diminution in value.

(h) Deferred Taxation
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.

(i) Contributed Equity
Ordinary shares 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.

(j) 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.

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

3. Management Fee Income

Turnover represents management fee income.

4. Investments

Investments represent equity interests and advances to related companies. Investments are as follows:

Name	Place of Incorporation	Percentage of equity attributable to the Company	€
PT Waka Oberoi Indonesia	Indonesia	57.03%	2,549,683
PT Widja Putra Karya	Indonesia	48.89%	7,632,706

5. Amount Due from Related Party

The amount due from related party is comprised an amount due from PT Waka Oberoi Indonesia amount of Euros 3,541,836 (US$ 4,539,323).

The above amount represents loan to PT Waka Oberoi Indonesia for a nominal amount of US$26,016,500 and is non-interest bearing. The terms of the loan as per Settlement Agreement dated 1 May 2009 (amended March 30, 2013) grants the Company the right to convert the Loan into the capital of PT Waka Oberoi Indonesia and it is the Company's intention to convert the Loan into the capital of PT Waka Oberoi Indonesia. The terms of the Settlement Agreement also states that the loan will bear interest of 11.5% per annum starting April 1 2014.

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

6. Amount Due To Related Party

The amounts represent US$15,749,365 loans due to EIH Investments NV are unsecured. The loans of US$10,866,542 bear an interest of 5% per annum and loans of US$4,882,823 bear interest at LIBOR + 2% per annum. The interest on these loans for the year 2012/13 is waived.

7. Staff numbers and employment costs

During the year under review, the Company did not employ any personnel and, consequently, no payments for wages, salaries or social security were made. The Board of Directors consisted of one member, who served without remuneration. The Company does not have a Supervisory Board of Directors.

8. Appropriation of results

Management proposes to accumulate the net result for the year to the retained earnings.

9. Events after Statement of Financial Position Date

No material subsequent events or transactions have been identified.

10. Commitments and Contingencies

There are no other outstanding commitments and contingencies at year end.

11. Auditor's Remuneration

	31 March 2013	31 March 2012
	€	**€**
Amounts received or due and receivable for:		
– an audit or review of the financial report of the Company and any other entity in the Company	–	–
– other services in relation to the Company and any other entity in the Company	–	–
	–	–

Auditors' remuneration for the year was borne by a related party

Independent Auditor's Report

To the Members of
EIH Management Services B.V.

We have audited the accompanying financial report of EIH Management Services B.V., which comprises the statement of financial position as at 31 March 2013, 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 director's statement.

Director's Responsibility for the Financial Report

The director of the company is responsible for the preparation and fair presentation of the financial report and has 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.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the director's 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.

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

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 Management Services B.V. as of 31 March 2013 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
Chartered Accountants

Adelaide
14 May 2013

DAVID SANDERS
Partner

PT WIDJA PUTRA KARYA

BOARD

Mr. I Wayan Pasek
Mr. Deepak Madhok
Mr. I Ketut Siandana

AUDITORS

Purwantono, Suherman & Surja
A member firm of Ernst & Young Global Limited
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Tower 2, 7th Floor,
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Jakarta 12190,
Indonesia

REGISTERED OFFICE

Jl. Kayu Aya – Seminyak Beach,
Kuta , Denpasar 80033,
Bali,
Indonesia

Independent Auditor's Report

Report No. RPC-3996/PSS/2013

The Stockholders, and the Boards of Commissioners and Directors
PT Widja Putra Karya

We have audited the accompanying statements of financial position of PT Widja Putra Karya (the "Company") as of March 31, 2013 and 2012, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended, all expressed in Indonesian rupiah. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PT Widja Putra Karya as of March 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with Indonesian Financial Accounting Standards.

Our audits were conducted for the purpose of forming an opinion on the basic Indonesian rupiah financial statements taken as a whole. The translations of the Indonesian rupiah amounts into United States dollars have been made on the basis set forth in Note 21 and are presented for purposes of additional analysis only and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and, accordingly, we do not express an opinion thereon.

Purwantono, Suherman & Surja

Drs. Hari Purwantono
Public Accountant Registration No. AP.0684

April 26, 2013

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdiction other than Indonesia. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Indonesia.

Statement of Financial Position
March 31, 2013 and 2012

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	Notes	2013	2012	2013	2012
ASSETS					
CURRENT ASSETS					
Cash on hand and in banks	2m,4,17	5,464,563,171	5,856,042,608	562,256	637,913
Trade receivables	2m,5,17	4,144,838,353	3,200,744,787	426,468	348,665
Other receivables	17	3,199,999	87,126,317	329	9,491
Inventories - net	2c,7	3,518,561,251	4,611,137,071	362,029	502,303
Prepayments and advances	2d,8	1,985,929,467	1,748,456,696	204,335	190,464
Other current financial assets	2m,17	279,742,448	315,223,203	28,783	34,338
TOTAL CURRENT ASSETS		**15,396,834,689**	**15,818,730,682**	**1,584,200**	**1,723,174**
NON-CURRENT ASSETS					
Due from related parties	2b,2m,6a,17	5,330,735,759	5,363,351,097	548,486	584,243
Deferred tax assets - net	2k,12e	1,076,619,118	1,221,696,047	110,775	133,082
Fixed assets - net of accumulated depreciation	2e,9,15	12,239,004,338	11,231,868,406	1,259,286	1,223,515
Other non-current financial assets	2m,17	80,283,464	73,649,117	8,260	8,023
Other non-current assets	2d	6,195,206,155	6,242,401,415	637.433	680,000
TOTAL NON-CURRENT ASSETS		**24,921,848,834**	**24,132,966,082**	**2,564,240**	**2,628,863**
TOTAL ASSETS		**40,318,683,523**	**39,951,696,764**	**4,148,440**	**4,352,037**

The accompanying notes form an integral part of these Financial Staments.

Statement of Financial Position *(Contd...)*
March 31, 2013 and 2012

(Expressed in Rupiah, with Translations into United States Dollars)

	Notes	Indonesian Rupiah 2013	Indonesian Rupiah 2012	Translations into U.S. Dollars (Note 2l) 2013	Translations into U.S. Dollars (Note 2l) 2012
LIABILITIES AND CAPITAL DEFICIENCY					
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	2m,10,17	2,075,288,204	2,385,905,016	213,529	259,903
Other payables	2m,11,17	1,668,147,903	1,144,709,324	171,638	124,696
Taxes payable	2k,12	1,537,821,716	2,268,178,607	158,228	247,078
Accrued expenses	2m,17	2,414,011,487	1,954,150,152	248,381	212,870
Due to Hotel operator	2m,13,17	1,337,424,509	593,646,975	137,609	64,667
Due to related parties	2b,2m,6b,17	–	6,262,182,900	–	682,155
Reserve for replacement of furniture, fixtures and equipment	2g,14	286,537,822	373,318,804	29,482	40,667
Current portion of long-term bank loan	2m,15,17	2,642,301,323	7,101,561,039	271,870	773,591
Other current financial liabilities	2m,17	1,497,635,373	1,972,662,802	154,094	214,887
TOTAL CURRENT LIABILITIES		13,459,168,337	24,056,315,619	1,384,831	2,620,514
NON-CURRENT LIABILITIES					
Long-term bank loan - net of current portion	2m,15,17	–	2,475,586,782	–	269,672
Employee benefits liability	2h,16	4,332,924,896	4,404,189,107	445,820	479,759
TOTAL NON-CURRENT LIABILITIES		4,332,924,896	6,879,775,889	445,820	749,431
TOTAL LIABILITIES		17,792,093,233	30,936,091,508	1,830,651	3,369,945
EQUITY					
Capital stock - Rp100,000 par value per share Authorized, issued and fully paid - 11,070 shares	18	1,107,000,000	1,107,000,000	659,603	659,603
Translation adjustment	2l	–	–	(1,812,226)	(1,657,856)
Retained earnings (Deficit)		21,419,590,290	7,908,605,256	3,470,412	1,980,345
NET EQUITY		22,526,590,290	9,015,605,256	2,317,789	982,092
TOTAL LIABILITIES AND EQUITY		40,318,683,523	39,951,696,764	4,148,440	4,352,037

The accompanying notes form an integral part of these Financial Staments.

Statement of Comprehensive Income years ended March 31, 2013 and 2012

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	Notes	2013	2012	2013	2012
DEPARTMENTAL REVENUES	2i				
Rooms	19	57,996,442,857	54,375,590,928	6,115,475	6,222,443
Food and beverages	20	19,748,071,477	20,010,993,076	2,083,185	2,290,237
Other operating departments	21	3,944,190,691	4,018,957,680	415,702	459,418
Others		391,094,043	531,332,878	41,204	60,635
Total Departmental Revenue		82,079,799,068	78,936,874,562	8,655,566	9,032,733
DEPARTMENTAL COSTS AND EXPENSES	2i				
Cost of sales					
Food and beverages	20	5,616,936,908	5,798,638,815	592,473	663,537
Other operating departments	21	1,270,400,694	1,296,358,010	134,000	148,259
Total Cost of Sales		6,887,337,602	7,094,996,825	726,473	811,796
Payroll and related expenses	19,20,21	9,460,134,518	8,141,549,807	996,075	929,074
Others	19,20,21	10,008,277,938	9,971,131,684	1,054,374	1,138,493
Total Departmental Costs and Expenses		26,355,750,058	25,207,678,316	2,776,922	2,879,363
DEPARTMENTAL PROFIT		55,724,049,010	53,729,196,246	5,878,644	6,153,370
HOTEL OPERATING EXPENSES	2i,22				
Property operations, maintenance and energy		10,793,426,305	9,849,799,933	1,135,715	1,124,138
General and administrative		6,096,910,041	5,796,357,081	642,806	659,713
Marketing		3,671,927,992	3,610,050,131	386,900	411,720
Provision for replacement of furniture, fixtures and equipment	2g,14,22	2,462,393,972	2,368,106,237	259,667	270,982
Marketing and sales promotion expenses	22,24	2,462,393,972	2,368,106,237	259,667	270,982
Insurance		239,596,250	258,805,053	25,278	29,560
Total Hotel Operating Expenses		25,726,648,532	24,251,224,672	2,710,033	2,767,095
HOTEL GROSS OPERATING PROFIT		29,997,400,478	29,477,971,574	3,168,611	3,386,275

The accompanying notes form an integral part of these Financial Staments.

Statement of Comprehensive Income *(Contd...)* years ended March 31, 2013 and 2012

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	Notes	2013	2012	2013	2012
OWNER'S OPERATING INCOME (EXPENSES)	2i				
General and administrative	23	(3,865,536,269)	(3,865,974,949)	(405,284)	(441,377)
Operating fees	13,23	(3,749,675,058)	(3,684,746,447)	(396.076)	(423,285)
Depreciation and amortization	2e,2f,9	(2,803,700,411)	(2,677,865,863)	(292,782)	(300,448)
Finance costs		(418,716,337)	(861,742,559)	(43,919)	(97,982)
Finance income		7,947,298	7,341,145	830	833
Other operating expenses		(777,272,679)	(1,337,470,881)	(39,259)	(91,847)
Other operating income		-	-	-	-
INCOME BEFORE INCOME TAX		18,390,447,022	17,057,512,020	1,992,121	2,032,169
Income Tax Expense - Net	12b	(4,879,461,988)	(4,561,245,676)	(502,054)	(496,867)
INCOME FOR THE YEAR		13,510,985,034	12,496,266,344	1,490,067	1,535,302
Other comprehensive Income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		13,510,985,034	12,496,266,344	1,490,067	1,535,302

The accompanying notes form an integral part of these Financial Staments.

Statement of Changes in Equity years ended March 31, 2013 and 2012

(Expressed in Rupiah, with Translations into United States Dollars)

	Indonesian Rupiah		
	Capital Stock	**Retained Earnings (Deficit)**	**Net Equity**
Balance as of March 31, 2011	1,107,000,000	(4,587,661,088)	(3,480,661,088)
Comprehensive income for the year	–	12,496,266,344	12,496,266,344
Balance as of March 31, 2012	1,107,000,000	7,908,605,256	9,015,605,256
Comprehensive income for the year	–	13,510,985,034	13,510,985,034
Balance as of March 31, 2013	1,107,000,000	21,419,590,290	22,526,590,290

	Translations Into U.S. Dollars - (Note 2l)			
	Capital Stock	**Translation Adjustment**	**Retained Earning Deficit**	**Net Equity**
Balance as of March 31, 2011	659,603	(1,504,309)	445,043	(399,663)
Comprehensive income for the year	-	-	1,535,302	1,535,302
Translation adjustment	-	(153,547)	-	(153,547)
Balance as of March 31, 2012	659,603	(1,657,856)	1,980,345	982,092
Comprehensive income for the year	-	-	1,490,067	1,490,067
Translation adjustment	-	(154,370)	-	(154,370)
Balance as of March 31, 2013	659,603	(1,812,226)	3,470,412	2,317,789

The accompanying notes form an integral part of these Financial Staments.

Statements of Cash Flows
years ended March 31, 2013 and 2012

(Expressed in Rupiah, with Translations into United States Dollars)

	Notes	Indonesian Rupiah 2013	Indonesian Rupiah 2012	Translations into U.S. Dollars (Note 2l) 2013	Translations into U.S. Dollars (Note 2l) 2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Comprehensive income		13,510,985,034	12,496,266,344	1,490,067	1,535,302
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	23	2,803,700,411	2,677,865,863	292,782	300,448
Provision for replacement of furniture, fixtures and equipment	14,22	2,462,393,972	2,368,106,237	259,667	270,982
Provision for employee benefits	16	815,798,197	978,049,044	85,577	110,764
Deferred income tax expense (benefit) - net	12	145,076,929	(23,975,074)	14,927	(2,612)
Unrealized loss (gain) on foreign exchange		(6,643,347)	681,055,218	-	-
Translation adjustment		-	-	(93,902)	(115,063)
Changes in operating assets and liabilities:					
Trade receivables		(944,093,566)	(889,336,178)	(77,803)	(83,261)
Other receivables		83,926,318	126,718,676	9,162	16,995
Inventories		1,092,575,820	1,174,187,380	140,274	161,990
Prepayments and advances		(237,472,771)	65,153,003	(13,871)	17,781
Other current financial assets		35,480,755	(116,160,674)	5,555	(13,412)
Due from related parties		32,615,338	1,902,836,441	35,757	250,088
Other non-current financial assets		-	2,000,000	-	663
Other non-current assets		9,666,663	9,666,665	38,645	36,393
Trade payables		(310,616,812)	761,015,373	(46,374)	73,327
Other payables		523,438,579	65,324,018	46,942	757
Taxes payable		(730,356,891)	(2,091,089,663)	(88,850)	(253,470)
Accrued expenses		459,861,335	(189,164,561)	35,511	(33,233)
Due to Hotel operator		743,777,534	(1,816,014,502)	72,942	(212,019)
Other current financial liabilities		(475,027,429)	291,864,053	(60,793)	21,891
Payments of employee benefits liability	16	(887,053,408)	(942,018,907)	(93,052)	(106,684)
Net Cash Provided by Operating Activities		19,128,032,661	17,532,348,756	2,053,163	1,977,627

The accompanying notes form an integral part of these Financial Staments.

Statements of Cash Flows *(Contd...)* years ended March 31, 2013 and 2012

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	Notes	2013	2012	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of fixed assets	9	(3,773,307,746)	(4,985,386,037)	(405,838)	(563,397)
Utilization of reserve for replacement of furniture, fixtures and equipment	14	(2,549,174,954)	(2,241,589,541)	(269,434)	(250,316)
Net Cash Used in Investing Activities		(6,322,482,700)	(7,226,975,578)	(675,272)	(813,713)
CASH FLOWS FROM FINANCING ACTIVITY					
Payment of long-term bank loan		(6,934,846,498)	(6,332,174,940)	(771,393)	(720,023)
Payment of due to related parties		(6,262,182,900)	(4,161,390,000)	(682,155)	(500,000)
Net Cash Used in Financing Activities		(13,197,029,398)	(10,493,564,940)	(1,453,548)	(1,220,023)
NET DECREASE IN CASH ON HAND AND IN BANKS		(391,479,437)	(188,191,762)	(75,657)	(56,109)
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	4	5,856,042,608	6,044,234,370	637,913	694,022
CASH ON HAND AND IN BANKS AT END OF YEAR	4	5,464,563,171	5,856,042,608	562,256	637,913
Supplemental cash flow information					
Cash paid during the year for:					
Income taxes		5,464,741,950	6,676,310,413	575,977	752,949
Interest		461,817,751	896,931,440	48,703	102,363

The accompanying notes form an integral part of these Financial Staments.

Notes to the Financial Statements years ended March 31, 2013 and 2012

1. GENERAL

PT Widja Putra Karya (the "Company") was established based on notarial deed No. 42 dated April 20, 1977 of Amir Sjarifuddin, S.H. The deed of establishment was approved by the Ministry of Justice in its decision letter No. Y.A.5/413/2 dated October 5, 1977. The Company subsequently changed its status to become a foreign capital investment company under the framework of the Foreign Capital Investment Law No. 1 of 1967 as amended by Law No. 11 of 1970 based on approval letter No. 64/V/PMA/1995 dated December 4, 1995 of the State Minister for Mobilization of Investment Fund/the Chairman of the Capital investment Coordinating Board.

The Company's Articles of Association has been amended several times, the latest amendment was covered by notarial deed No. 2 dated August 3, 2012 of Irwan Azwir Tanjung, S.H., regarding the changes in the composition of the Company's Boards of Commissioners and Directors. The latest amendment was reported to the Ministry of Law and Human Rights of the Republic of Indonesia and was acknowledged in its letter No. AHU-AH.01. 10-34461 dated September 24, 2012.

According to Article 3 of the Company's articles of association, the Company shall engage in activities related to the tourism industry. Currently, the Company is the owner of The Oberoi Bali (the Hotel), located at Jalan Kayu Aya, Seminyak Beach, Bali. The Hotel is managed and operated by EIH Management Services, B.V. (the Operator) upto 2032 with option to extend for 10 or 20 years (Note-24).

The composition of the Company's Boards of Commissioners and Directors is as follows:

		2013	2012
Board of Commissioners			
President Commissioner	:	I Made Sutarjana	I Made Sutarjana
Commissioner	:	Sudarshan Rao	Deepak Madhok
		I.B. Yudana	
Board of Directors			
President Director	:	I Wayan Pasek	I Wayan Pasek
Directors	:	Deepak Madhok	Kamal K. Kaul
		I Ketut Siandana	I Ketut Siandana

In their Annual General Meeting (AGMS) held on July 5, 2012, the stockholders approved the departure of Mr. Kamal K. Kaul as Director of the Company. Furthermore, the AGMS approved the appointments of Mr. Deepak Madhok as Director and Mr. Sudarshan Rao and I.B. Yudana as Commissioners of the Company.

The Company employed a total of 190 and 182 permanent employees as of March 31, 2013 and 2012, respectively (unaudited).

EIH Management Services B.V. and EIH International Limited are the immediate and ultimate parent companies, respectively, of the Company.

The management of the Company is responsible for the preparation of the accompanying financial statements that were completed on April 26, 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation of the Financial Statements

The financial statements are prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which consist of the Statements of Financial Accounting Standards ("PSAKs") and Interpretations to Financial Accounting Standards ("ISAKs") issued by the Financial Accounting Standards Board of the Indonesia Institute of Accountants. As disclosed further in the relevant succeeding notes, several amended and published accounting standards were adopted effective April 1, 2012.

The financial statements are prepared in accordance with Indonesian Statement of Financial Accounting Standards ("PSAK") No. 1 (Revised 2009), "Presentation of Financial Statements".

PSAK No. 1 (Revised 2009) regulates the presentation of financial statements as to, among others, the objective, components of financial statements, fair presentation, materiality and aggregation, offsetting, distinction between current and non-current assets and liabilities, comparative information and consistency, and introduces new disclosures, such as key estimations and judgments, capital management, other comprehensive income, departures from accounting standards and statement of compliance.

The financial statements have been prepared on the accrual basis using the historical cost concept of accounting except for certain accounts which are stated on the basis described in the related accounting policies for those accounts.

The statements of cash flows present cash receipts and payments classified into operating, investing and financing activities. Cash flows from operating activities are presented using the indirect method.

The reporting currency used in the financial statements is the rupiah (Rp), with translation into United States dollars. The rupiah is also the Company's functional currency.

b. Transactions with Related Parties

The Company has transactions with certain parties which have related party relationships as defined under PSAK No. 7 (Revised 2010), "Related party Disclosures".

The transactions with related parties are made based on terms agreed by the parties. Such terms may not be the same as those of the transactions between unrelated parties.

All significant transactions and balances with related parties are disclosed in the notes to the financial statements.

c. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the weighted-average method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. Allowance for inventory losses is provided to reduce the carrying value of inventories to thier net realizable value.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Pre Payments

Prepayments are amortized over their beneficial periods using the straight-line method. Prepaid land rent which has a beneficial period of more than one year is presented as other non-current assets.

e. Fixed Assets

Effective April 1, 2012, the Company has adopted PSAK No. 16 (Revised 2011), "Fixed assets", and ISAK No. 25, "Landrights".

PSAK No. 16 (Revised 2011) prescribes the accounting treatment for land and revoked PSAK No. 47, "Accounting for Land". ISAK No. 25 which was effective on the same date, provides further guidance related to the treatment of certain landrights in Indonesia and the related costs.

The adoption of PSAK No. 16 (Revised 2011) and ISAK No. 25 has no significant impact on the financial reporting and disclosures of the Company.

Fixed assets, except land which is stated at cost and not depreciated, are stated at cost less accumulated depreciation and impairment loss, if any. The cost of fixed assets includes: (a) purchase price, (b) any costs directly attributable to bringing the asset to its present location and condition, and (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located (if any). Each part of an item of fixed assets with a cost that is significant in relation to the total cost of the item should be depreciated separately.

When significant renewals and betterments are performed, their costs are recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are charged directly to current operations.

Depreciation commences once the assets are available for their intended use and is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings	20
Structures and improvements	10
Machinery and equipment	8
Furniture, fixtures and equipment	5
Motor vehicles	5

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of comprehensive income in the year the asset is derecognized.

Expenditures relating to construction are capitalized to the construction in progress account. The accumulated costs are reclassified to the appropriate fixed asset account when the construction is substantially completed and the constructed asset is ready for its intended use.

The residual values, useful lives and methods of depreciation of fixed assets are reviewed and adjusted prospectively, if appropriate, at each financial year end.

f. Impairment of Non-financial Assets

The Company follows PSAK No. 48 (Revised 2009) in accounting for impairment of non-financial assets. PSAK No. 48 (Revised 2009) prescribes the procedures to be employed by an entity to ensure that its assets are carried at no more than their recoverable amounts. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is considered impaired and PSAK No. 48 (Revised 2009) requires the entity to recognize an impairment loss. PSAK No. 48 (Revised 2009) also specifies when an entity should reverse an impairment loss and prescribes disclosures.

The Company assesses at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's revoverable amount.

An asset's recoverable amount is the higher of the asset's or its cash generating unit (CGU's) fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment loses of continuing operations are recognized in the statement of comprehensive income as ''impairment losses''. In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. Impairment losses of continuing operations, if any, are recognized in the statements of comprehensive income under expense categories that are consistent with the functions of the impaired assets.

An assessment is made at each annual reporting period as to whether there is any indication that previously recognized impairment losses recognized for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss for an asset is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net depreciation, had no impairment loss been recognized for the asset in prior year. Reversal of an impairment loss is recognized in the statement of comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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

g. **Reserve for Replacement of Furniture, Fixtures and Equipment**
Provisions are made in the accounts for replacement of and additions to furniture, fixtures and equipment of the Hotel at 3% of the Hotel revenues in accordance with the Hotel Operation Agreement. Actual replacements and additions are charged against this account.

The Company follows PSAK No. 57 (Revised 2009), to account for provision, contingent liabilities and contingent assets. PSAK No. 57 (Revised 2009) provide that appropriate recognition criteria and measurement bases are applied to provision, contingent liabilities and contingent assets, and to ensure that sufficient information is disclosed in the notes to enable users to understand the nature, timing and amount related to the information.

h. **Employee Benefits Liability**
Effective April 1, 2012, the Company has adopted PSAK No. 24 (Revised 2010), "Employee Benefits". This revised PSAK permits the Company to adopt certain systematic methods of faster recognition, which include the immediate recognition of actuarial gain/loss. The Company opted not to apply this method but has chosen the 10% corridor method for the recognition of actuarial gains or losses. The adoption of this revised PSAK has no impact on the recognition and measurement principles applied in previous years.

<u>Short-term employee benefits</u>
The Company recognizes short-term employee benefits liability (if any) when services are rendered and the compensation for such services are to be paid within twelve months after the rendering of such services.

<u>Post-employment benefits</u>
The Company provides post-employment benefits to its employees in conformity with the requirements of Labor Law No. 13/2003 dated March 25, 2003. The provision for post-employment benefits is determined using the projected-unit-credit method.

Actuarial gains or losses are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses for each individual plan at the end of the previous reporting period exceed 10% of the present value of the defined benefits obligation at the date. These gains or losses in excess of the 10% threshold are recognized on a straight-line basis over the expected average remaining working lives of the employees. Further, past service costs arising from the introduction of a defined benefit plan or changes in the benefits payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

In accordance with PSAK No. 24 (Revised 2010), the Company recognizes provision for employee service entitlement benefits in accordance with Labor Law No. 13/2003 dated March 25, 2003 (the "Labor Law"). Under the Labor Law, the Company is required to pay benefits to its employees if the conditions specified in the Labor Law are met.

i. **Revenue and Expense Recognition**
The Company has adopted PSAK No. 23 (Revised 2010), "Revenue", which identifies the circumstances in which the criteria on revenue recognition are met and, therefore, revenue may be rocognized, and prescribes the accounting treatment of revenue arising from certain types of transactions and events, and also provides practical guidance on the application of the criteria on revenue recognition. Revenue is recognized to the extent that it is probable that the

economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes (''VAT'').

Expenses are recognized when these are incurred.

j. Foreign Currency Transactions and Balances

Effective April 1, 2012, the Company has adopted PSAK No. 10 (Revised 2010), "The Effects of Changes in Foreign Exchange Rates". This revised PSAK principally establishes functional currency determination, account translation in foreign currency to functional currency and the use of a reporting currency which is different with the functional currency. The adoption of this revised PSAK has no significant impact on the financial statements.

Transactions involving foreign currencies are recorded in rupiah amounts using the Company's standard booking rates, which approximate the prevailing rates of exchange at the time the transactions are made. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the prevailing rates of exchange last quoted by Bank Indonesia at such date. The resulting gains or losses are credited or charged to current operations.

As of March 31, 2013 and 2012, the rates of exchange used were Rp9,719 and Rp9,180, respectively, to US$1.

k. Income Tax

Effective April 1, 2012, the Company has adopted PSAK No. 46 (Revised 2010), which requires the Company to account for the current and future tax consequences of the future recovery (settlement) of the carrying amount of assets (liabilities) recognized in the statements of financial position, and the transactions and other events of the current year that are recognized in the financial statements. The adoption of PSAK No. 46 (Revised 2010) has no significant impact on the financial statements.

<u>Current income tax</u>

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Tax Office based on the tax rates and tax laws that are enacted or substantively enacted.

Current tax expense is provided based on the estimated taxable income for the year. The tax effects for the year are allocated to current operations, except for the tax effects from transaction which are directly charged or credited to equity. Management periodically evaluates positions taken by the Company with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The amounts of additional tax and penalty imposed through Tax Assessment Letter (SKP) are recognized as income or expense in current operations, unless further settlement is submitted. The amounts of tax and penalty imposed through an SKP are deferred as long as they meet the asset recognition criteria.

Deferred tax

Deferred tax is provided using the liabilities method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the end of the reporting period.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax losses can be utilized.

The carrying account of the deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax relating to items recognized outside of profit or loss is recognized outside of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

l. Translations of Indonesian Rupiah Amounts into United States (U.S.) Dollars

The financial statements are stated in Indonesian rupiah, the currency of the country in which the Company operates. The translations of Indonesian rupiah amounts into U.S. dollars were made at the following rates:

Assets and liabilities	-	Middle rate as of balance sheet date (Rp9,719 to US$1 and Rp9,180 to US$1 as last quoted by Bank Indonesia as of March 31, 2013 and 2012, respectively)
Capital stock	-	Historical rates
Revenue and expense accounts	-	Transaction date exchange rates

The resulting difference arising from the translations of the statements of financial position and statements of comprehensive income accounts is presented as "Translation adjustment" under the equity section of the statements of financial position.

m. Financial instruments

Effective April 1, 2012, the Company has applied PSAK No. 50 (Revised 2010), "Financial Instruments: Presentation", PSAK No. 55 (Revised 2011), "Financial Instruments: Recognition and Measurement", and PSAK No. 60, "Financial Instruments: Disclosures".

PSAK No. 50 (Revised 2010) was revised to only cover presentation of financial instruments, while the principles for disclosures of financial instruments are transferred to PSAK No. 60. The revised PSAK No. 55 has no impact on the financial statements upon initial adoption, while the adoption of the revised PSAK No. 50 and PSAK No. 60 has an impact on the disclosures made in the financial statements.

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

m1. Financial assets

Initial recognition

Financial assets within the scope of PSAK No. 55 (Revised 2011) are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation of such assets at each financial year end.

All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets which are recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the assets.

As of March 31, 2013 and 2012, the Company's financial assets include cash on hand and in banks, trade receivables, other receivables, due from related parties, other current financial assets (employee receivables), and other non-current financial assets (security deposit). The company has determined that all of these financial assets are classified as loans and receivables.

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when: (1) the rights to receive cash flows from the asset have expired; or (2) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

m2. Financial liabilities

Initial recognition

Financial liabilities within the scope of PSAK No. 55 (Revised 2011) are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, include directly attributable transaction costs.

As of March 31, 2013 and 2012, the Company's financial liabilities include trade payables, accured expenses, due to hotel operator, due to related parties, long-term bank loan and other current financial liabilities. The Company has determined that all of these financial liabilities are classified as loans and borrowings.

Subsequent measurement
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the amortization process.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

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

m3. Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

m4. Fair value of financial instruments
The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting year. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

Credit risk adjustment
The Company adjusts the price in the more advantageous market to reflect any differences in counterparty credit risk between instruments traded in that market and the ones being valued for financial asset positions. In determining the fair value of financial liability positions, the Company's own credit risk associated with the instrument is taken into account.

m5. Amortized cost of financial instruments
Amortized cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

m6. Impairment of financial assets
The Company assesses at the end of each reporting year whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If loans and receivable financial asset has a variable interest rate, the discount rate for measuring impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

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

Judgments
The following judgment is made by management in the process of applying the Company's accounting policies that have the most significant effects on the amounts recognized in the financial statements:

<u>Classification of Financial Assets and Financial Liabilities</u>

The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55 (Revised 2011).

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

Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting polices disclosed in Note 2m.

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

Employee Benefits Liability
The determination of the Company's employee benefits liability is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include discount rates, future annual salary increases, annual employee turn-over rate, disability rate, retirement age and mortality rate. While the Company believes that its assumptions are reasonable and appropriate, due to the long-term nature of these obligations, such estimates are subject to significant uncertainty. The carrying amount of the Company's estimated employee benefits liability as of March 31, 2013 and 2012 are Rp4,332,924,896 and Rp4,404,189,107, respectively. Further details are disclosed in Note 16.

Depreciation of Fixed Assets
The costs of fixed assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these fixed assets to be within 5 to 20 years. These are common expectancies applied in the industry where the Company conducts its business. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. The net carrying amounts of the Company's fixed assets as of March 31, 2013 and 2012 are Rp12,239,004,338 and Rp11,231,868,406, respectively. Further details are disclosed in Note 9.

Deferred Tax Assets
The Company reviews the carrying amounts of deferred tax assets at the end of each reporting period and reduces these to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The company has deferred tax assets amounting to Rp1,076,619,118 and Rp1,221,696,047, as of March 31, 2013 and 2012, respectively.

Income Tax
Significant judgment is involved in determining the provision for corporate income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due.

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

4. CASH ON HAND AND IN BANKS

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	2013	2012	2013	2012
Cash on hand				
Rupiah	23,668,500	21,218,064	2,435	2,311
Cash in banks				
Rupiah	1,548,022,308	1,049,643,240	159,278	114,340
U.S. dollars	3,892,872,363	4,785,181,304	400,543	521,262
Total	5,464,563,171	5,856,042,608	562,256	637,913

5. TRADE RECEIVABLES

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	2013	2012	2013	2012
City ledger	2,973,867,491	2,591,417,233	305,985	282,289
Guest ledger	1,170,970,862	609,327,554	120,483	66,376
Total	4,144,838,353	3,200,744,787	426,468	348,665

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)		Percentage to Total (%)	
	2013	2012	2013	2012	2013	2012
Current	3,835,089,678	3,026,584,617	394,597	329,693	92.5	94.6
Past due						
1-30 days	240,958,759	112,799,966	24,793	12,288	5.8	3.5
31-60 days	52,134,179	54,296,741	5,364	5,915	1.3	1.7
Over 60 days	16,655,737	7,063,463	1,714	769	0.4	0.2
Total	4,144,838,353	3,200,744,787	426,468	348,665	100.00	100.00

Based on the review of the status of the individual receivable accounts at the end of the year, the Company's management believes that no allowance for doubtful accounts was necessary as of March 31, 2013 and 2012 since all the receivables can be collected in full.

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Company entered into transactions with related parties consisting of the sale of vacation packages by The Oberoi Lombok, owned by PT Waka Oberoi Indonesia, wherein the Company is entitled to its share in the proceeds, and inter-company advances. Related parties consist of companies which have the same management and shareholders. The details of account balances with such related parties are as follows:

a. Due from related parties

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	2013	2012	2013	2012
PT Waka Gae Selaras	2,381,155,000	2,249,100,000	245,000	245,000
EIH International Limited	1,759,984,553	1,662,378,660	181,087	181,087
EIH Management Services B.V.	1,035,287,318	977,871,960	106,522	106,522
PT Waka Oberoi Indonesia	154,308,888	474,000,477	51,634	51,634
Total	5,330,735,759	5,363,351,097	584,243	584,243

b. Due to related parties

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	2013	2012	2013	2012
EIH Holdings Limited	-	3,763,800,000	-	410,000
PT Waka Gae Selaras	-	2,498,382,900	-	272,155
Total	-	6,262,182,900	-	682,155

7. INVENTORIES

Inventories consist of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	2013	2012	2013	2012
Materials and supplies	1,092,089,586	1,168,250,879	112,366	127,260
Beverages	881,438,436	1,086,842,400	90,692	118,392
Food	769,117,122	789,261,095	79,135	85,976
Operating supplies	1,746,481,676	2,536,771292	179,697	276,337
Tobacco	7,723,960	8,300,934	796	905
Total	4,496,850,780	5,589,426,600	462,686	608,870
Allowance for inventory obsolescence	(978,289,529)	(978,289,529)	(100,657)	(106,567)
Net	3,518,561,251	4,611,137,071	362,029	502,303

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

8. PREPAYMENTS AND ADVANCES

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	2013	2012	2013	2012
Insurance	527,107,829	479,805,496	54,235	52,266
Advances for purchases of equipment	614,807,144	428,775,963	63,258	46,708
Rent	9,666,667	9,666,667	995	1,053
Others	834,347,827	830,208,570	85,847	90,437
Total	1,985,929,467	1,748,456,696	204,335	190,464

9. FIXED ASSETS

The details of fixed assets are as follows:

	Indonesian Rupiah			
	Balance as of March 31, 2012	Additions	Reclassification	Balance as of March 31, 2013
2012-2013 Movements				
Cost				
Land	94,854,375	–	–	94,854,375
Buildings	9,402,660,667	930,919,045	–	10,333,579,712
Structures and improvements	5,518,663,626	–	–	5,518,663,626
Machinery and equipment	4,449,356,383	375,562,500	–	4,824,918,883
Furniture, fixtures and equipment	16,142,224,601	2,222,756,133	–	18,364,980,734
Motor vehicles	1,198,375,280	–	–	1,198,375,280
Construction in progress	677,736,542	244,070,068	–	921,806,610
Total Cost	37,483,871,474	3,773,307,746	–	41,257,179,220
Accumulated Depreciation				
Buildings	3,831,789,014	416,098,133	–	4,247,887,147
Structures and improvements	4,911,040,887	172,309,219	–	5,083,350,106
Machinery and equipment	3,013,837,194	238,186,391	–	3,252,023,585
Furniture, fixtures and equipment	13,447,424,918	1,924,928,623	–	15,272,353,541
Motor vehicles	1,047,911,055	114,649,448	–	1,62,560,503
Total Accumulated Depreciation	26,252,003,068	2,766,171,814	–	29,018,174,882
Net Book Value	11,231,868,406			12,239,004,338

	Indonesian Rupiah			
	Balance as of March 31, 2011	Additions	Reclassification	Balance as of March 31, 2012
2011-2012 Movements				
Cost				
Land	94,854,375	–	–	94,854,375
Buildings	7,874,839,032	1,514,226,135	13,595,500	9,402,660,667
Structures and improvements	5,518,663,626	–	–	5,518,663.626
Machinery and equipment	3,576,892,604	872,463,779	–	4,449,356,383
Furniture, fixtures and equipment	14,234,860,520	1,881,695,081	25,669,000	16,142,224,601
Motor vehicles	1,198,375,280	–	–	1,198,375,280
Construction in progress	–	717,001,042	(39,264,500)	677,736,542
Total Cost	32,498,485,437	4,985,386,037	–	37,483,871,474

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

9. FIXED ASSETS *(Contd...)*

	Indonesian Rupiah			
	Balance as of March 31, 2011	**Additions**	**Reclassification**	**Balance as of March 31, 2012**
Accumulated Depreciation				
Buildings	3,465,859,066	365,929,948	–	3,831,789,014
Structures and improvements	4,731,115,763	179,925,124	–	4,911,040,887
Machinery and equipment	2,867,410,535	146,426,659	–	3,013,837,194
Furniture, fixtures and equipment	11,614,018,832	1,833,406,086	–	13,447,424,918
Motor vehicles	933,261,605	114,649,450	–	1,047,911,055
Total Accumulated Depreciation	23,611,665,801	2,640,337,267	–	26,252,003,068
Net Book Value	8,886,819,636			11,231,868,406

	Translations into U.S. Dollars - Unaudited (Note 2l)				
	Balance as of March 31, 2012	**Additions**	**Reclassification**	**Adjustment**	**Balance as of March 31, 2013**
2012-2013 Movements					
Cost					
Land	10,333	-	-	(573)	9,760
Buildings	1,024,256	97,236	-	(58,257)	1,063,235
Structures and improvements	601,162	-	-	(33,340)	567,822
Machinery and equipment	484,679	39,032	-	(27,269)	496,442
Furniture, fixtures and equipment	1,758,412	243,732	-	(112,548)	1,889,596
Motor vehicles	130,541	-	-	(7,239)	123,302
Construction in progress	73,827	25,838	-	(4,820)	94,845
Total Cost	4,083,210	405,838	-	(244,046)	4,245,002
Accumulated Depreciation					
Buildings	417,406	43,484	-	(23,820)	437,070
Structures and improvements	534,972	18,011	-	(29,950)	523,033
Machinery and equipment	328,304	24,892	-	(18,591)	334,605
Furniture, fixtures and equipment	1,464,861	190,491	-	(83,961)	1,571,391
Motor vehicles	114,152	11,982	-	(6,517)	119,617
Total Accumulated Depreciation	2,859,695	288,860	-	(162,839)	2,985,716
Net Book Value	1,223,515				1,259,286

	Translations into U.S. Dollars - Unaudited (Note 2l)				
	Balance as of March 31, 2011	**Additions**	**Reclassification**	**Translation Adjustment**	**Balance as of March 31, 2012**
2011-2012 Movements					
Cost					
Land	10,892	-	-	(559)	10,333
Buildings	904,219	168,619	1,597	(50,179)	1,024,256
Structures and improvements	633,674	-	-	(32,512)	601,162
Machinery and equipment	410,712	97,312	-	(23,345)	484,679
Furniture, fixtures and equipment	1,634,500	215,438	3,028	(94,554)	1,758,412
Motor vehicles	137,601	-	-	(7,060)	130,541
Construction in progress	-	82,028	(4,625)	(3,576)	73,827
Total Cost	3,731,598	563,397	-	(211,785)	4,083,210

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

9. FIXED ASSETS *(Contd...)*

	Translations into U.S. Dollars - (Note 2l)				
	Balance as of March 31, 2011	**Additions**	**Reclassification**	**Translation Adjustment**	**Balance as of March 31, 2012**
Accumulated Depreciation					
Buildings	397,963	41,462	-	(22,019)	417,406
Structures and improvements	543,244	20,397	-	(28,669)	534,972
Machinery and equipment	329,247	16,569	-	(17,512)	328,304
Furniture, fixtures and equipment	1,333,565	204,774	-	(73,478)	1,464,861
Motor vehicles	107,161	12,995	-	(6,004)	114,152
Total Accumulated Depreciation	2,711,180	296,197	-	(147,682)	2,859,695
Net Book Value	1,020,418				1,223,515

Depreciation charged to operations amounted to Rp2,766,171,814 (US$288,860) and Rp2,640,337,267 (US$296,197) for the years ended March 31, 2013 and 2012, respectively.

Land and buildings are pledged as collateral to the long-term bank loan obtained from PT Bank Internasional Indonesia Tbk, (Note 15).

Fixed assets are covered by insurance against losses from fire and other risks under blanket policies for US$56,000,000 as of March 31, 2013. The Company's management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

As of March 31, 2013 and 2012, the Company's management believes that there is no impairment in the value of Company's fixed assets.

10. TRADE PAYABLES

This account consists mainly of liabilities to the Hotel's suppliers of goods and services.

11. OTHER PAYABLES

This account consists of the following:

	Indonesian Rupiah		**Translations into U.S. Dollars - (Note 2l)**	
	2013	2012	2013	2012
Marketing and sales promotion expenses	1,078,400,799	510,352,715	110,958	55,594
Others	589,747,104	634,356,609	60,680	69,102
Total	1,668,147,903	1,144,709,324	171,638	124,696

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

12. TAXATION

a. Taxes payable consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2013	2012	2013	2012
Development tax I	723,893,167	1,253,399,761	74,482	136,536
Corporate income tax	212,607,123	464,428,436	21,875	50,591
Income tax				
Article 4 (2)	10,101,218	5,982,056	1,040	652
Article 21	81,672,780	52,260,907	8,403	5,693
Article 23	13,087,897	16,899,850	1,347	1,841
Article 25	382,101,896	360,954,292	39,315	39,319
Value added tax	114,357,635	114,253,305	11,766	12,446
Total	1,537,821,716	2,268,178,607	158,228	247,078

b. The reconciliation between income before income tax multiplied by the applicable tax rate and income tax expense - net as shown in the statements of comprehensive income is as follows:

	Indonesian Rupiah	
	2013	**2012**
Income before income tax	18,390,447,022	17,057,512,020
Tax expenses at the applicable rate	4,597,611,756	4,264,378,005
Tax effect on permanent differences:		
Interest income already subjected to final tax	(14,428,172)	(19,034,249)
Non-deductible expenses		
Salaries, wages and employee benefits	93,433,029	67,259,480
Others	202,845,375	248,642,440
Income tax expense - net	4,879,461,988	4,561,245,676

c. Computation of estimated current income tax expense and estimated income tax payable:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2013	2012	2013	2012
Current income tax expense	4,734,385,059	4,585,220,750	487,126	499,479
Prepayments of				
Income tax article 25	4,521,777,936	4,120,792,314	465,251	448,888
Estimated corporate income tax payable	212,607,123	464,428,436	21,875	50,591

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

12. TAXATION *(Contd...)*

d. Deferred income tax benefit (expense) consists of:

	Indonesian Rupiah		**Translations into U.S. Dollars - (Note 2l)**	
	2013	2012	2013	2012
Provision (payment of reserve) for replacement of furniture, fixtures and equipment - net	(21,695,245)	31,629,174	(2,442)	5,167
Provision (payment of liability) for employee benefits - net	(17,816,052)	9,007,534	(1,869)	1,020
Depreciation and amortization - net	(105,565,632)	(16,661,634)	(10,616)	(3,575)
Net	(145,076,929)	23,975,074	(14,927)	2,612

e. Deferred tax assets (liability) consist of:

	Indonesian Rupiah		**Translations into U.S. Dollars - (Note 2l)**	
	2013	2012	2013	2012
Deferred tax assets				
Employee benefits liability	1,083,231,224	1,101,047,276	119,190	121,059
Reserve for replacement of furniture, fixtures and equipment	71,634,456	93,329,701	9,834	12,276
Allowance for inventory obsolescence	244,572,382	244,572,382	26,261	26,261
Total deferred tax assets	1,399,438,062	1,438,949,359	155,285	159,596
Deferred tax liability				
Depreciation and amortization - net	(322,818,944)	(217,253,312)	(41,250)	(30,634)
Translation adjustment	–	–	(3,260)	4,120
Net deferred tax assets	1,076,619,118	1,221,696,047	110,775	133,082

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

13. DUE TO HOTEL OPERATOR

The details of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2013	2012	2013	2012
Balance at beginning of year	593,646,975	2,409,661,477	64,667	276,686
Operating fees -12.5% of Hotel gross operating profit (Notes 1 and 23)	3,749,675,058	3,684,746,447	396,076	423,285
Payments	(3,022,926,697)	(5,503,574,972)	(323,134)	(635,304)
Unrealized gain on foreign exchange - net	17,029,173	2,814,023	–	–
Balance at end of year	1,337,424,509	593,646,975	137,609	64,667

14. RESERVE FOR REPLACEMENT OF FURNITURE, FIXTURES AND EQUIPMENT

The details of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2013	2012	2013	2012
Balance at beginning of year	373,318,804	246,802,108	40,667	28,339
Provisions during the year (Note 22)	2,462,393,972	2,368,106,237	259,667	270,982
Utilization of reserve	(2,549,174,954)	(2,241,589,541)	(269,434)	(250,316)
Translation adjustment	-	-	(1,418)	(8,338)
Balance at end of year	286,537,822	373,318,804	29,482	40,667

15. LONG-TERM BANK LOAN

On April 6, 2010, the Company entered into a credit agreement with PT Bank Internasional Indonesia Tbk with a maximum credit of US$2,380,000. The proceeds of the loan were used for the early repayment of the long-term loan payable to PT Bank CIMB Niaga Tbk amounting to US$2,383,957. The loan bore interest at annual rates ranging from 6.5% to 7.24% in 2013 and from 6.5% to 7% in 2012.

The terms of the loan agreement with PT Bank Internasional Indonesia Tbk are as follows:

- Amount of facility : US$2,380,000
- Final maturity date : July 6, 2013
- Interest : 7% per annum, based on one-month SIBOR plus 6.7574% per annum (reviewed every 3 months)
- Repayment : The loan will be repaid in 39 monthly installments starting May 2010 until July 2013.
- Collateral : Land and buildings, in the form of the Hotel, located at Jl. Kayu Aya, Seminyak, Kuta-Bali

As of March 31, 2013 and 2012, the outstanding balance of the loan amounted to US$271,870 (equivalent to Rp2,642,301,323) and US$1,043,263 (equivalent to Rp9,577,147,821), respectively.

16. EMPLOYEE BENEFITS LIABILITY

The Company provides benefits for its employees who achieve the retirement age at 55 years based on the provisions of Labor Law No. 13/2003 dated March 25, 2003. The benefits are unfunded.

The following tables summarize the components of employee benefits expense recognized in the statements of comprehensive income and amounts recognized in the statements of financial position as employee benefits liability as of March 31, 2013 and 2012 as determined by PT Mega Jasa Aktuaria and PT Quattro Asia Consulting, independent actuaries, in their reports dated April 5, 2013 and April 5, 2012, respectively.

a. Employee benefits expense

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2013	2012	2013	2012
Current service cost	378,470,124	356,050,565	39,702	40,323
Interest cost	262,339,503	329,996,964	27,520	37,372
Amortization of unrecognized past service cost - unvested	174,979,570	292,001,515	18,355	33,069
Total employee benefits expense	815,789,197	978,049,044	85,577	110,764

b. Employee benefits liability

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2013	2012	2013	2012
Present value of employee benefits obligation	5,255,730,774	4,634,760,592	540,768	504,875
Unrecognized past service cost - unvested	(156,975,292)	(331,954,862)	(16,151)	(36,160)
Unrecognized actuarial gain (loss)	(765,830,586)	101,383,377	(78,797)	11,044
Employee benefits liability	4,332,924,896	4,404,189,107	445,820	479,759

Movements in the employee benefits liability are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	2013	2012	2013	2012
Beginning balance	4,404,189,107	4,368,158,970	479,759	501,568
Provision during the year	815,789,197	978,049,044	85,577	110,764
Payments during the year	(887,053,408)	(942,018,907)	(93,052)	(106,684)
Translation adjustment	–	–	(26,464)	(25,889)
Ending balance	4,332,924,896	4,404,189,107	445,820	479,759

The principal assumptions used in determining the employee benefits liability are as follows:

Discount rate	: 6.5% in 2013 and 7% in 2012
Annual salary increase	: 8% in 2013 and 2012
Mortality	: TMI II
Retirement age	: 55 years
Disability rate	: 10% of mortality table TMI II

As of March 31, 2013, if the discount rate is increased/decreased by 1% with all other variables held constant, the employee benefits liability would have been lower/higher by Rp43,984,640 (US$4,526)/Rp53,096,764 (US$5,463).

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

17. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Company has various financial assets which arise directly from the Company's operations. The Company's principal financial liabilities, consisting mainly of long-term bank loan, are used to finance the Company's operations.

The following table sets forth the carrying values, which are equal to the fair values of the Company's financial instruments that are carried in the statements of financial position as of March 31, 2013 and 2012:

	Indonesian Rupiah		**Translations into U.S. Dollars (Note 2l)**	
	2013	2012	2013	2012
Current Financial Assets				
Cash on hand and in banks	5,464,563,171	5,856,042,608	562,256	637,913
Trade receivables	4,144,838,353	3,200,744,787	426,468	348,665
Other receivables	3,199,999	87,126,317	329	9,491
Other current financial assets	279,742,448	315,223,203	28,783	34,338
Total current financial assets	**9,892,343,971**	**9,459,136,915**	**1,017,836**	**1,030,407**
Non-current Financial Assets				
Other non-current financial assets	80,283,464	73,649,117	8,260	8,023
Due from related parties	5,330,735,759	5,363,351,097	548,486	584,243
Total Financial Assets	**15,303,363,194**	**14,896,137,129**	**1,574,582**	**1,622,673**
Current Financial Liabilities				
Trade payables	2,075,288,204	2,385,905,016	213,529	259,903
Other payables	1,668,147,903	1,144,709,324	171,638	124,696
Accrued expenses	2,414,011,487	1,954,150,152	248,381	212,870
Due to Hotel Operator	1,337,424,509	593,646,975	137,609	64,667
Due to related parties	–	6,262,182,900	–	682,155
Current portion of long-term bank loan	2,642,301,323	7,101,561,039	271,870	773,591
Other current financial liabilities	1,497,635,373	1,972,662,802	154,094	214,887
Total current financial liabilities	**11,634,808,799**	**21,414,818,208**	**1,197,121**	**2,332,769**
Non-current Financial Liabilities				
Long-term bank loan - net of current portion	–	2,475,586,782	–	269,672
Total Financial Liabilities	**11,634,808,799**	**23,890,404,990**	**1,197,121**	**2,602,441**

The fair values of the financial assets and liabilities are stated at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in a forced sale or liquidation.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Current financial assets and liabilities:

- Current financial instruments with remaining maturities of one year or less (cash on hand and in banks, trade receivables, other receivables, other current financial assets (employee receivables), current portion of long-term bank loan, trade payables, accrued expenses and other current financial liabilities).

  The carrying values of the Company's current financial assets and liabilities approximate their fair value due to the short-term nature of these financial assets and liabilities.

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

17. FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(Contd...)*

Long-term financial assets and liability:

- Long-term variable-rate financial liability (unquoted long-term bank loan)
  The fair value of this financial liability is determined by discounting future cash flows using applicable rates from observable current market transactions for instruments with similar terms, credit risk and remaining maturities.
- Long-term financial assets (due from related parties and other non-current financial assets - security deposit)

  The fair values of the amount due from related parties and other non-current financial asset are assumed to be the same as the cash amount that will be received due to the fact the maturity dates of such financial assets are not stated in related contracts and the management is not yet able to determine when the financial assets will be realized.

18. CAPITAL STOCK

The share ownership details as of March 31, 2013 and 2012 are as follows:

Stockholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount	Translations into U.S. Dollars - (Note 2l)
PT Waka Gae Selaras	3.321	30.00	332,100,000	252,064
EIH International Limited	2,337	21.11	233,700,000	139,250
EIH Management Services B.V.	5,412	48.89	541,200,000	268,289
Total	11,070	100.00	1,107,000,000	659,603

19. ROOMS

The details of rooms departmental revenues and expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2013	2012	2013	2012
Room Revenues	57,996,442,857	54,375,590,928	6,115,475	6,222,443
Payroll and Related Expenses				
Employee benefits	2,418,533,514	2,142,751,915	254,587	244,398
Salaries and wages	1,694,525,667	1,261,583,232	178,410	144,406
	4,113,059,181	3,404,335,147	432,997	388,804
Other Expenses				
Cleaning and guest supplies	1,293,131,680	1,400,316,968	136,270	159,820
Travel agents	842,808,399	618,470,415	88,532	70,765
Linen and uniforms	766,072,085	763,627,719	80,736	87,351
Laundry	731,130,946	708,924,175	77,053	81,086
Welcome drinks, fruit baskets and amenities	638,713,136	693,816,823	67,315	79,423

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

19. ROOMS *(Contd...)*

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2013	2012	2013	2012
Security	569,309,307	504,849,259	59,926	57,597
Printing and stationery	291,528,210	285,256,294	30,736	32,583
Transportation and travel	286,488,080	329,976,775	30,332	37,703
Decoration	250,997,608	255,601,490	26,472	29,147
Cable television and music	177,003,213	162,610,496	18,697	18,488
Guest newspaper	168,676,386	189,321,593	17,822	21,643
Telephone and facsimile	118,921,721	120,713,531	12,535	13,785
Others	162,664,819	182,080,321	17,199	20,772
	6,297,445,590	6,215,565,859	663,625	710,163
Total Departmental Expenses	10,410,504,771	9,619,901,006	1,096,622	1,098,967
Departmental Profit	47,585,938,086	44,755,689,922	5,018,853	5,123,476

In 2013 and 2012, the average Hotel room occupancy rates were 71.83% and 76.62%, respectively.

20. FOOD AND BEVERAGES

The details of food and beverages departmental revenues and expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2013	2012	2013	2012
Net Sales	19,748,071,477	20,010,993,076	2,083,185	2,290,237
Cost of Sales	5,616,936,908	5,798,638,815	592,473	663,537
Payroll and Related Expenses				
Salaries and wages	2,470,953,108	2,071,784,330	260,174	236,121
Employee benefits	2,437,810,121	2,183,165,700	256,744	249,163
	4,908,763,229	4,254,950,030	516,918	485,284
Other Expenses				
Cultural music and shows	694,066,105	643,695,106	73,092	73,401
Cleaning and guest supplies	529,441,368	540,590,087	55,757	61,608
Laundry	468,929,984	449,732,827	49,422	51,429
Linens, uniforms and housewares	393,292,339	385,939,645	41,430	44,138
Kitchen fuel	329,384,245	238,908,309	34,604	27,323
Mineral water and ice	125,197,378	116,425,132	13,203	13,310
Others	589,070,769	658.401,075	61,837	74,849
	3,129,382,188	3,033,692,181	329,345	346,058
Total Departmental Cost and Expenses	13,655,082,325	13,087,281,026	1,438,736	1,494,879
Departmental Profit	6,092,989,152	6,923,712,050	644,449	795,358

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

21. OTHER OPERATING DEPARTMENTS

The details of other operating departmental revenues, cost and expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2013	2012	2013	2012
Revenues				
Health club	1,781,221,638	1,857,104,092	187,571	212,052
Boutique	1,552,750,799	1,349,733,337	163,761	154,280
Beauty salon	266,456,585	266,097,474	28,090	30,423
Laundry	260,267,290	311,510,106	27,474	35,618
Cigar and cigarettes	27,618,000	38,495,000	2,913	4,365
Telephone and communication	55,876,379	196,017,671	5,893	22,680
	3,944,190,691	4,018,957,680	415,702	459,418
Cost of Sales				
Boutique	922,800,454	886,443,822	97,364	101,391
Laundry	199,617,747	229,971,864	21,095	26,297
Health club	71,174,973	56,138,515	7,474	6,420
Beauty salon	30,158,670	34,819,135	3,154	3,994
Telephone and communication	23,385,635	60,077,747	2,463	6,870
Cigar and cigarettes	23,263,215	28,906,927	2,450	3,287
	1,270,400,694	1,296,358,010	134,000	148,259
Payroll and Related Expenses				
Salaries and wages	265,027,866	298,662,067	27,910	34,088
Employee benefits	173,284,242	183,602,563	18,250	20,898
	438,312,108	482,264,630	46,160	54,986
Other Expenses				
Consultant fees	208,024,156	202,205,747	21,935	23,088
Others	373,426,004	519,667,897	39,469	59,184
	581,450,160	721,873,644	61,404	82,272
Total Departmental Cost and Expenses	2,290,162,962	2,500,496,284	241,564	285,517
Other Departmental Profit	1,654,027,729	1,518,461,396	174,138	173,901

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

22. HOTEL OPERATING EXPENSES

The details of hotel operating expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2013	2012	2013	2012
Property Operations, Maintenance and Energy				
Electricity, energy and water				
Electricity	2,417,986,699	2,233,154,015	254,462	255,052
Water	2,012,510,545	1,769,446,418	212,069	202,761
Light bulbs	158,357,197	186,768,253	16,647	21,255
Gas	30,804,584	76,345,000	3,261	8,658
Fuel	18,392,635	15,700,268	1,926	1,779
	4,638,051,660	4,281,413,954	488,365	489,505
Repairs and maintenance	4,716,684,761	4,390,578,294	496,112	500,576
Salaries and wages	814,055,481	641,583,602	85,551	73,095
Cleaning supplies	462,240,199	350,878,500	48,543	39,957
Laundry	36,934,612	35,808,233	3,893	4,088
Uniforms	25,410,722	21,264,297	2,686	2,432
Telephone	11,590,003	15,454,504	1,222	1,762
Others	88,458,867	112,818,549	9,343	12,723
	6,155,374,645	5,568,385,979	647,350	634,633
Total	10,793,426,305	9,849,799,933	1,135,715	1,124,138
General and Administrative Expenses				
Salaries and wages	2,641,822,864	1,505,439,046	277,436	171,370
Commission on credit cards	1,298,148,028	1,143,484,485	136,871	130,451
Professional fees	701,098,792	1,283,568,408	74,698	146,333
Executive	495,110,738	716,831,736	52,499	81,320
Telephone and communication	239,203,770	247,913,692	25,156	28,333
Transportation and travelling	229,703,296	214,580,924	24,210	24,424
Bank charges	121,059,515	130,582,398	12,751	14,934
Others	370,763,038	553,956,392	39,185	62,548
Total	6,096,910,041	5,796,357,081	642,806	659,713
Marketing Expenses				
Advertising and promotion	1,299,261,242	1,260,685,547	137,009	144,094
Public relations	933,140,510	960,602,374	98,270	109,170
Sales representation	648,379,413	606,782,424	68,413	69,399
Transportation and travel	435,370,909	364,793,215	45,747	41,327
Salaries and wages	273,359,400	291,647,845	28,786	33,351
Telephone and communication	52,235,734	78,760,091	5,507	9,009
Printing and stationery	29,388,784	46,348,635	3,084	5,320
Others	792,000	430,000	84	50
Total	3,671,927,992	3,610,050,131	386,900	411,720

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

22. HOTEL OPERATING EXPENSES *(Contd...)*

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2013	2012	2013	2012
Provision for Replacement of Furniture, Fixtures and Equipment (Notes 2g and 14)	2,462,393,972	2,368,106,237	259,667	270,982
Marketing and Sales Promotion Expenses (Note 24)	2,462,393,972	2,368,106,237	259,667	270,982
Insurance	239,596,250	258,805,053	25,278	29,560
Total Hotel Operating Expenses	25,726,648,532	24,251,224,672	2,710,033	2,767,095

23. OWNER'S OPERATING EXPENSES

The details of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2013	2012	2013	2012
General and administrative				
Salaries and wages	1,140,221,047	993,039,062	119,882	110,662
Professional fees	856,320,975	1,265,446,765	89,290	149,162
Rental	791,590,334	700,480,175	82,666	79,341
Insurance	555,194,633	501,218,487	58,884	55,201
Miscellaneous	522,209,280	405,790,460	54,562	47,011
Total	3,865,536,269	3,865,974,949	405,284	441,377
Operating fees (Notes 13)	3,749,675,058	3,684,746,447	396,076	423,285
Depreciation and amortization	2,803,700,411	2,677,865,863	292,782	300,448
Total Owner's Operating Expenses	10,418,911,738	10,228,587,259	1,094,142	1,165,110

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

24. SIGNIFICANT AGREEMENTS

The Company entered into a Hotel Operation Agreement with EIH Management Services B.V. (the Operator) to manage and operate the Hotel effective December 31, 1998. On July 22, 2000, the Company signed a Renewal Agreement whereby the original term was extended until February 1, 2032. The Operator has automatic and irrevocable options to extend the Agreement for another 10 or 20 years. Under the agreement, the Hotel Operator is entitled for a fee of 12.5% of the total gross operating profit. Also, under the agreement, the Hotel Operator is entitled to pay out of the gross operating revenue and as part of gross operating expenses, an amount equal to 3% of the Hotel gross operating revenue for marketing and sales promotion expenses. Any loss incurred by the Hotel in any financial year shall be borne exclusively by the Company.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

RISK MANAGEMENT

The main risks arising from the Company's financial instruments are interest rate risk, foreign exchange rate risk, credit risk and liquidity risk. The Company's Board of Directors reviews and approves the policies for managing these risks which are summarized below.

A. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to its long-term bank loan.

The Company manages the interest rate risk through monitoring of the fluctuation of market interest rates and placing limits on the maximum interest rate charged. The Company also regularly evaluates the movement of interest rates on the financial markets and re-negotiates with its creditors if the interest rate increases significantly.

B. Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to exchange rate fluctuations results primarily from its U.S. dollar-denominated cash in banks and long-term bank loan.

The Company's policies are to minimize the risk arising from the foreign exchange rate by monitoring its fluctuations and maintaining an adequate level of cash in banks and long-term bank loan in U.S. dollars. To the extent the Indonesian rupiah depreciates further from the exchange rates in effect at March 31, 2013, the Company's long-term bank loan increases in Indonesian rupiah terms. However, the increase in this obligation will be offset in part by the increase in the value of its U.S. dollar-denominated cash in banks.

C. Credit Risk

Credit risk is the risk that the Company will incur loss arising from its customers or counterparties that fail to discharge their contractual obligations. There are no significant concentrations of credit risk. The Company manages and controls this credit risk by setting limits on the amount of risk it is willing to accept for individual customers and by monitoring exposures in relation to such limits. The maximum exposure of the financial instruments is equal to the carrying values as disclosed in Note 17.

D. Liquidity Risk

The liquidity risk is defined as the risk when the cash flow position of the Company indicates that the short-term revenue is not enough to cover the short-term expenditure.

In the management of liquidity risk, the Company monitors and maintains a level of cash deemed adequate to finance its operations and to mitigate the effects of fluctuation in cash flows. The Company also regularly evaluates the projected and actual cash flows, including its loan maturity profiles, and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives, such as obtaining bank loan.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Below 1 year	Over 1 Year	Total	Carrying Values as of March 31, 2013
Trade payables	2,075,288,204	-	2,075,288,204	2,075,288,204
Other payables	1,668,147,903	-	1,668,147,903	1,668,147,903
Accrued expenses	2,414,011,487	-	2,414,011,487	2,414,011,487
Due to Hotel Operator	1,337,424,509	-	1,337,424,509	1,337,424,509
Long-term bank loan	2,642,301,323	-	2,642,301,323	2,642,301,323
Other current financial liabilities	1,497,635,373	-	1,497,635,373	1,497,635,373
Total	11,634,808,799	-	11,634,808,799	11,634,808,799

26. ECONOMIC ENVIRONMENT

The past and current global economic crisis has caused volatility in foreign exchange rates and interest rates, unstable stock markets, tight liquidity, reduced economic activity and lack of investors' confidence across the globe, including Indonesia. Such global economic conditions have significantly affected all sectors of the economy, including the Company's markets and industries, which adversely affected business travel and the number of tourists visiting Indonesia, and resulted in unfavorable financial and operating impact, and exposure to other risks.

Indonesia's ability to minimize the impact of the global economic crisis on the country's economy is largely dependent on the monetary, fiscal and economic stimulus programs and other measures that are being taken and will be undertaken by the Government, actions of which are beyond the Company's control.

PT WAKA OBEROI INDONESIA

BOARD

Mr. I Ketut Siandana, *President Director*
Mr. Deepak Madhok
Mr. I Wayan Pasek

AUDITORS

Purwantono, Suherman & Surja
A member firm of Ernst & Young Global Limited
Indonesia Stock Exchange Building
Tower 2, 7th Floor,
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190,
Indonesia

REGISTERED OFFICE

Patai Medana, Tanjung 83352
Lombok Utara-Nusa
Tenggara Barat (NTB)
Indonesia

Independent Auditor's Report

Report No. RPC-3997/PSS/2013

The Stockholders and the Boards of Commissioners and Directors
PT Waka Oberoi Indonesia

We have audited the accompanying statements of financial position of PT Waka Oberoi Indonesia (the "Company") as of March 31, 2013 and 2012, and the related statements of comprehensive income, changes in capital deficiency and cash flows for the years then ended, all expressed in Indonesian rupiah. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Pubiic Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PT Waka Oberoi Indonesia as of March 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended, in conformity with Indonesia Financial Accounting Standards.

The accompanying financial statements have been prepared assuming that the Company will continue to operate as a going concern. Note 26 to the financial statements summarizes the effects of the economic conditions in Indonesia on the Company, as well as the measures the Company has implemented in response to these economic conditions. The operations of the Company have been affected, and will continue to be affected for the foreseeable future, by the country's economic conditions. These economic conditions have contributed to recurring losses up to 2006 and in 2009, 2012 and 2013 and capital deficiency and negative working capital as of March 31, 2013 and 2012. These matters raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our audits were conducted for the purpose of forming an opinion on the basic Indonesian rupiah financial statements taken as a whole. The translations of the Indonesian rupiah amounts into United States dollar have been made on the basis set forth in Note 2k and are presented for purposes of additional analysis only and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion thereon.

Purwantono, Suherman & Surja

Drs. Hari Purwantono
Public Accountant Registration No. AP.0684

April 26, 2013

The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Indonesia.

Statements of Financial Position
March 31, 2013 and 2012

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Notes	**2013**	**2012**	**2013**	**2012**
ASSETS					
CURRENT ASSETS					
Cash on hand and in banks	2l,4,16	6,099,747,663	3,320,320,537	627,611	361,691
Trade receivables - net of allowance for impairment of Rp92,797,250 (US$9,548) in 2013 and Rp20,001,654 (US$2,179) in 2012	2l,5,16	1,718,692,966	775,551,754	176,838	84,483
Other receivables	2l,16	325,000	34,381,000	33	3,745
Inventories - net	2c,6,13	1,454,936,467	1,644,412,780	149,700	179,130
Prepayments and advances		1,137,746,888	797,020,359	117,064	86,821
Other current financial assets	2l,16	85,765,436	60,704,738	8,825	6,613
TOTAL CURRENT ASSETS		10,497,214,420	6,632,391,168	1,080,071	722,483
NON-CURRENT ASSETS					
Fixed assets - net	2d, 2e, 7,13	15,358,346,488	16,786,718,619	1,580,239	1,828,619
Deferred tax assets - net	2j,9d	1,604,188,546	1,467,620,311	165,057	159,871
Other non-current financial assets	2l,16	126,615,000	126,615,000	13,028	13,792
TOTAL NON-CURRENT ASSETS		17,089,150,034	18,380,953,930	1,758,324	2,002,282
TOTAL ASSETS		27,586,364,454	25,013,345,098	2,838,395	2,724,765

The accompanying notes form an integral part of these Financial Statements.

Statements of Financial Position *(Contd...)*
March 31, 2013 and 2012

(Expressed in Rupiah, with Translations into United States Dollars)

	Notes	Indonesian Rupiah 2013	Indonesian Rupiah 2012	Translations into U.S. Dollars (Note 2k) 2013	Translations into U.S. Dollars (Note 2k) 2012
LIABILITIES AND CAPITAL DEFICIENCY					
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	2l,16	497,829,493	292,818,518	51,222	31,897
Other payables	2l,8,16	1,676,493,415	1,191,891,476	172,497	129,836
Taxes payable	2j,9a	330,720,313	169,207,131	34,028	18,432
Accrued expenses	2l,10,16	2,356,259,718	1,919,924,943	242,439	209,142
Due to Hotel Operator	2b,2l,11,12,16	58,141,888	131,129,144	5,982	14,284
Due to related party	2b,2l,11,16	154,308,888	474,000,477	15,877	51,634
Reserve for replacement of furniture, fixtures and equipment	2f,14	5,291,888,003	5,142,891,801	544,489	560,228
Loan payable	2b,2l,11, 13,16	252,854,363,500	238,831470,000	26,016,500	26,016,500
Other current financial liabilities	2l,16	1,487,734,908	1,101,761,217	153,075	120,018
TOTAL CURRENT LIABILITIES		**264,707,740,126**	**249,255,094,707**	**27,236,109**	**27,151,971**
NON-CURRENT LIABILITY					
Employee benefits liability	2g,15	1,409,663,424	1,042,487,063	145,042	113,561
TOTAL LIABILITIES		**266,117,403,550**	**250,297,581,770**	**27,381,151**	**27,265,532**
CAPITAL DEFICIENCY					
Capital Stock - Rp180,000 par value per share in 2013 and Rp1,017,000 (US$500) par value per share in 2012 Authorized, issued and fully paid - 129,385 shares in 2013 and 22,900 shares in 2012	17	23,289,300,000	23,289,300,000	11,450,000	11,450,000
Translation adjustment	2k	-	-	(5,788,111)	(5,730,419)
Deficit		(261,820,339,096)	(248,573,536,672)	(30,204,645)	(30,260,348)
Net Capital Deficiency		**(238,531,039,096)**	**(225,284,236,672)**	**(24,542,756)**	**(24,540,767)**
TOTAL LIABILITIES NET OF CAPITAL DEFICIENCY		**27,586,364,454**	**25,013,345,098**	**2,838,395**	**2,724,765**

The accompanying notes form an integral part of these Financial Statements.

Statements of Comprehensive Income years ended March 31, 2013 and 2012

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Notes	**2013**	**2012**	**2013**	**2012**
DEPARTMENTAL REVENUES	2h				
Rooms	18	20,306,100,289	18,389,919,067	2,135,096	2,121,261
Food and beverages	19	9,771,340,970	9,373,794,470	1,027,784	1,080,911
Other operating departments	20	1,927,841,458	2,048,888,420	202,445	235,923
Others		362,424,129	336,472,894	38,184	38,949
Total Departmental Revenues		32,367,706,846	30,149,074,851	3,403,509	3,477,044
DEPARTMENTAL COSTS AND EXPENSES	2h				
Cost of sales					
Food and beverages	19	2,770,858,398	2,806,975,818	291,360	323,551
Other operating departments	20	469,742,688	557,023,248	49,360	64,041
Total Cost of Sales		3,240,601,086	3,363,999,066	340,720	387,592
Payroll and related expenses	18,19,20	3,770,880,020	3,323,332,483	396,958	378,932
Others	18,19,20	4,320,546,571	3,895,675,097	454,793	451,098
Total Departmental Costs and Expenses		11,332,027,677	10,583,006,646	1,192,471	1,217,622
DEPARTMENTAL PROFIT		21,035,678,169	19,566,068,205	2,211,038	2,259,422
HOTEL OPERATING EXPENSES	2h,21				
Property operations, maintenance and energy		7,777,200,493	7,488,028,793	817,836	855,809
General and administrative		3,964,134,668	3,592,557,265	417,152	410,813
Marketing		1,800,477,165	1,984,464,795	189,798	229,063
Provision for replacement of furniture, fixtures and equipment	2f,14	968,843,315	904,472,246	101,881	104,312
Marketing and sales promotion expenses	21,23	968,843,315	904,472,246	101,881	104,312
Insurance		89,994,772	84,650,503	9,473	9,655
Total Hotel Operating Expenses		15,569,493,728	14,958,645,848	1,638,021	1,713,964
HOTEL GROSS OPERATING PROFIT		5,466,185,441	4,607,422,357	573,017	545,458

The accompanying notes form an integral part of these Financial Statements.

Statements of Comprehensive Income *(Contd...)* years ended March 31, 2013 and 2012

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Notes	**2013**	**2012**	**2013**	**2012**
OWNER'S OPERATING INCOME/(EXPENSES)	2h				
General and administrative	22	(1,794,267,920)	(2,549,086,004)	(191,230)	(287,739)
Depreciation	2d,7	(2,524,190,465)	(2,464,017,803)	(263,780)	(279,336)
Operating fees	12,23	(683,273,181)	(575,927,795)	(71,627)	(68,182)
Finance Income		529,985	955,690	55	108
Other operating expenses	24	(13,936,977,397)	(11,966,584,806)	(14,121)	(6,741)
Other operating income	24	88,622,878	–	9,119	–
INCOME (LOSS) BEFORE INCOME TAX		**(13,383,370,659)**	**(12,947,238,361)**	**41,433**	**(96,432)**
Income tax benefit (expense)	2j,9c	136,568,235	(569,661,314)	14,270	(74,057)
INCOME (LOSS) FOR THE YEAR		**(13,246,802,424)**	**(13,516,899,675)**	**55,703**	**(170,489)**
Other comprehensive income (loss)		–	–	–	–
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**(13,246,802,424)**	**(13,516,899,675)**	**55,703**	**(170,489)**

The accompanying notes form an integral part of these Financial Statements.

Statements of Changes in Capital Deficiency years ended March 31, 2013 and 2012

(Expressed in Rupiah, with Translations into United States Dollars)

	Indonesian Rupiah		
	Capital Stock	Deficit	Net Capital Deficiency
Balance as of March 31, 2011	**23,289,300,000**	**(235,056,636,997)**	**(211,767,336,997)**
Total comprehensive loss for the year	–	(13,516,899,675)	(13,516,899,675)
Balance as of March 31, 2012	**23,289,300,000**	**(248,573,536,672)**	**(225,284,236,672)**
Total comprehensive loss for the year	–	(13,246,802,424)	(13,246,802,424)
Balance as of March 31, 2013	**23,289,300,000**	**(261,820,339,096)**	**(238,531,039,096)**

	Translations Into U.S. Dollars (Note 2k)			
	Capital Stock	Translation Adjustment	Deficit	Net Capital Deficiency
Balance as of March 31, 2011	**11,450,000**	**(5,676,060)**	**(30,089,859)**	**(24,315,919)**
Total comprehensive loss for the year	-	-	(170,489)	(170,489)
Translation adjustment	-	(54,359)	-	(54,359)
Balance as of March 31, 2012	**11,450,000**	**(5,730,419)**	**(30,260,348)**	**(24,540,767)**
Total comprehensive loss for the year	-	-	55,703	55,703
Translation adjustment	-	(57,692)	-	(57,692)
Balance as of March 31, 2013	**11,450,000**	**(5,788,111)**	**(30,204,645)**	**(24,542,756)**

The accompanying notes form an integral part of these Financial Statements.

Statements of Cash Flows
years ended March 31, 2013 and 2012

(Expressed in Rupiah, with Translations into United States Dollars)

	Notes	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
		2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES					
Total comprehensive income (loss)		(13,246,802,424)	(13,516,899,675)	55,703	(170,489)
Adjustments to reconcile total comprehensive income (loss) to net cash provided by operating activities:					
Unrealized loss on foreign exchange		14,022,893,497	12,253,770,500	-	-
Depreciation	7	2,524,190,465	2,464,017,803	263,780	279,336
Provision for replacement of furniture, fixtures and equipment	14	968,843,315	904,472,246	101,881	104,312
Provision for employee benefits	15	387,930,986	258,000,001	40,694	29,219
Provision of impairment of trade receivable		72,795,596	35,664,903	7,369	4,078
Deferred income tax expense (benefit)	9	(136,568,235)	569,661,314	(14,270)	74,057
Reversal of allowance for impairment of trade receivables		–	(41,397,449)	–	(4,854)
Translation adjustment		–	–	12,844	10,641
Changes in operating assets and liabilities:					
Trade receivables		(1,015,936,808)	460,963,383	(99,724)	57,616
Other receivables		34,056,000	28,745,299	3,712	3,503
Inventories		189,476,313	(10,689,488)	29,430	8,460
Prepayments and advances		(340,726,529)	71,956,954	(30,243)	12,958
Other current financial assets		(25,060,698)	(6,788,094)	(2,212)	(422)
Trade payables		205,010,975	(236,038,655)	19,325	(28,828)
Other payables		484,601,939	(51,761,824)	42,661	(12,964)
Taxes payable		161,513,182	55,880,238	15,596	5,419
Accrued expenses		436,334,775	553,520,733	33,297	52,246
Due to Hotel Operator		(72,987,256)	(365,980,127)	(8,302)	(42,796)
Due to a related party		(319,691,586)	(2,153,695,283)	(35,757)	(250,088)
Other current financial liabilities		385,973,691	(196,184,812)	33,057	(29,017)
Payments of employee benefits	15	(20,754,625)	(207,702,384)	(2,177)	(23,522)
Net Cash Provided by **Operating Activities**		**4,695,092,573**	**869,515,583**	**466,664**	**78,865**

Statements of Cash Flows *(Contd...)*
years ended March 31, 2012 and 2011

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Notes	**2013**	**2012**	**2013**	**2012**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of fixed assets	7	(1,095,818,334)	(603,538,294)	(115,251)	(67,896)
Utilisation of reserve for replacement of furniture, fixtures and equipment	14	(819,847,113)	(325,990,000)	(85,493)	(37,421)
Net Cash Used in Investing Activities		**(1,915,665,447)**	**(929,528,294)**	**(200,744)**	**(105,317)**
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS		**2,779,427,126**	**(60,012,711)**	**265,920**	**(26,452)**
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	4	3,320,320,537	3,380,333,248	361,691	388,143
CASH ON HAND AND IN BANKS AT END OF YEAR	4	**6,099,747,663**	**3,320,320,537**	**627,611**	**361,691**

The accompanying notes form an integral part of these Financial Statements.

Notes to the Financial Statements years ended March 31, 2013 and 2012

1. GENERAL

PT Waka Oberoi Indonesia (the "Company") was established within the framework of the Foreign Capital Investment Law No. 1 of 1967 as amended by Law No. 11 of 1970 based on notarial deed No. 225 dated November 26, 1992 of Siti Pertiwi Henny Shidki, S.H. The deed of establishment was approved by the Ministry of Justice in its decision letter No. C2-1631.HT.01.01.TH.93 dated March 13, 1993 and was published in Supplement No. 2313 of State Gazette No. 42 dated May 25, 1993.

The Company's Articles of Association has been amended several times, the latest amendment of which was covered by notarial deed No. 3 dated August 3, 2012 of Irwan Azwir Tanjung, S.H., regarding the change in the composition of the Company's Boards of Commissioners and Directors. The latest amendment was reported to the Ministry of Law and Human Rights of the Republic of Indonesia and was acknowledged in its letter No. AHU-AH.01.10.58199 dated October 24, 2012.

According to Article 3 of the Company's Articles of Association, the Company's scope of activities mainly consists of establishing, developing, operating and managing resort hotels. The Company is domiciled in North Lombok Regency, West Nusa Tenggara and owns The Oberoi Lombok Hotel (the "Hotel") located in West Nusa Tenggara, which started commercial operations on April, 1997. The Hotel is currently being managed and operated by EIH Management Services B.V. up to 2034 with option to extend for 20 years (Note 23).

The composition of the Company's Boards of Commissioners and Directors is as follows:

		2013	2012
Board of Commissioners			
President Commissioner	:	Sudarshan Rao	Deepak Madhok
Commissioners	:	Ida Bagus Gede Yudana	Ida Bagus Gede Yudana
	:		Sudarshan Rao
Board of Directors			
President Director	:	I Ketut Siandana	I Ketut Siandana
Directors	:	Deepak Madhok	Kamal K. Kaul
	:	I Wayan Pasek	I Wayan Pasek

In their Annual General Meeting (AGMS) held on July 5, 2012, the stockholders approved the departure of Mr. Kamal K. Kaul as Director of the Company. Furthermore, the AGMS approved the appointments of Mr. Deepak Madhok as Director and Mr. Sudarshan Rao as President Commissioner of the Company.

The Company employed a total of 113 and 112 permanent employees as of March 31, 2013 and 2012, respectively (unaudited).

EIH Management Services B.V. and EIH International Limited are the immediate and ultimate parent companies, respectively, of the Company.

The management of the Company is responsible for the preparation of the accompanying financial statements that were completed on April 26, 2013.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation of the Financial Statements

The financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which consist of the Statements of Financial Accounting Standards ("PSAKs") and Interpretations to Financial Accounting Standards ("ISAKs") issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants. As disclosed further in the relevant succeeding notes, several amended and published accounting standards were adopted effective April 1, 2012.

The Financial Statements are prepared in accordance with Indonesian Statement of Financial Accounting Standards ("PSAK") No. 1 (Revised 2009), "Presentation of Financial Statements".

PSAK No. 1 (Revised 2009) regulates the presentation of financial statements as to, among others, the objective, components of financial statements, fair presentation, materiality and aggregation, offsetting, distinction between current and non-current assets and liabilities, comparative information and consistency, and introduced new disclosures, such as key estimations and judgments, capital management, other comprehensive income, departures from accounting standards and statement of compliance.

The Financial Statements have been prepared on the accrual basis using the historical cost concept of accounting, except for certain accounts which are stated on the basis described in the related accounting policies for those accounts.

The Statements of Cash Flows present cash receipts and payments classified into operating, investing and financing activities. Cash flows from operating activities are presented using the indirect method.

The reporting currency used in the financial statements is the rupiah (Rp), with translation into United States dollars. The rupiah is also the Company's functional currency.

b. Transactions with Related Parties

The Company has transactions with certain parties which have related party relationships as defined under PSAK No. 7 (Revised 2010), "Related party Disclosures".

The transactions with related parties are made based on terms agreed by the parties. Such terms may not be the same as those of the transactions between unrelated parties.

All significant transactions and balances with related parties are disclosed in the notes to the financial statements.

c. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. Allowance for inventory losses is provided to reduce the carrying value of inventories to their net realizable value.

d. Fixed Assets

Effective April 1, 2012, the Company has adopted PSAK No. 16 (Revised 2011), "Fixed assets", and ISAK No. 25, "Landrights".

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

PSAK No. 16 (Revised 2011) prescribes the accounting treatment for land and revoked PSAK No. 47, "Accounting for Land". ISAK No. 25 which was effective on the same date, provides further guidance related to the treatment of certain landrights in Indonesia and the related costs.

The adoption of PSAK No. 16 (Revised 2011) and ISAK No. 25 has no significant impact on the financial reporting and disclosures of the Company.

Fixed assets, except land which is stated at cost and not depreciated, are stated at cost less accumulated depreciation and impairment loss, if any. The cost of fixed assets includes: (a) purchase price, (b) any costs directly attributable to bringing the asset to its present location and condition, and (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located (if any). Each part of an item of fixed assets with a cost that is significant in relation to the total cost of the item should be depreciated separately.

When significant renewals and betterments are performed, their costs are recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are charged directly to current operations.

Depreciation commences once the fixed assets are available for their intended use and is calculated using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings	20
Structures and improvements	10
Machinery and equipment	8
Furniture, fixtures and equipment	5
Motor vehicles	5

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of comprehensive income in the year the asset is derecognized.

Expenditures relating to construction are capitalized to the construction in progress account. The accumulated costs are reclassified to the appropriate fixed asset account when the construction is substantially completed and the constructed asset is ready for its intended use.

The residual values, useful lives and methods of depreciation of fixed assets are reviewed and adjusted prospectively, if appropriate, at each financial year end.

e. Impairment of Non-financial Assets

The Company fillows PSAK No. 48 (Revised 2009) in accounting for impairment of non-financial assets. PSAK No. 48 (Revised 2009) prescribes the procedures to be employed by an entity to ensure that its assets are carried at no more than their recoverable amounts. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is considered impaired and

PSAK No. 48 (Revised 2009) requires the entity to recognize an impairment loss. PSAK No. 48 (Revised 2009) also specifies when an entity should reverse an impairment loss and prescribes disclosures.

The Company assesses at each annual reporting period whether there is an indication that an asset may be impaired. If any such indication exists the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of the asset's or its cash generating unit (CGU's) fair value less costs to sell and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in the statement of comprehensive income as "impairment losses". In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. Impairment losses of continuing operations, if any, are recognized in the statements of comprehensive income under expense categories that are consistent with the functions of the impaired assets.

An assessment is made at each annual reporting period as to whether there is any indication that previously recognized impairment losses recognized for as asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss for an asset is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in the statements of comprehensive income. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

f. Reserve for Replacement of Furniture, Fixtures and Equipment

Provisions are made for replacement of and addition to furniture, fixtures and equipment of the Hotel at 3% of the Hotel revenues in accordance with the Hotel Operation Agreement and Management Agreement. Actual replacement and addition are charged against this account.

The Company follows PSAK No. 57 (Revised 2009), to account for provision, contingent liabilities, and contingent assets. PSAK No. 57 (Revised 2009) provide that appropriate recognition criteria and measurement bases are applied to provision, contingent liabilities and contingent assets, and to ensure that sufficient information is disclosed in the notes to enable users to understand the nature, timing and amount related to the information.

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

g. Employee Benefits Liability

Effective April 1, 2012, the Company has adopted PSAK No. 24 (Revised 2010), "Employee Benefits". This revised PSAK permits the Company to adopt certain systematic methods of faster recognition, which include the immediate recognition of actuarial gain/loss. The Company opted not to apply this method but has chosen the 10% corridor method for the recognition of actuarial gains or losses. The adoption of this revised PSAK has no impact on the recognition and measurement principles applied in previous years.

<u>Short-term employee benefits</u>

The Company recognized short-term employee benefits liability (if any) when services are rendered and the compensation for such services are to be paid within twelve months after the rendering of such services.

<u>Post-employment benefits</u>

The Company provides post-employment benefits to its employees in conformity with the requirements of Labor Law No. 13/2003 dated March 25, 2003. The provision for post-employment benefits is determined using the projected-unit-credit method.

Actuarial gains or losses are recognized as income or expense when the net cumulative unrecognized actuarial gains or losses for each individual plan at the end of the previous reporting period exceed 10% of the present value of the defined benefits obligation at the date. These gains or losses in excess of the 10% threshold are recognized on a straight-line basis over the expected average remaining working lives of the employees. Further, past service costs arising from the introduction of a defined benefit plan or changes in the benefits payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

In accordance with PSAK No. 24 (Revised 2010), the Company recognizes provision for employee service entitlement benefits in accordance with Labor Law No. 13/2003 dated March 25, 2003 (the "Labor Law"). Under the Labor Law, the Company is required to pay benefits to its employees if the conditions specified in the Labor Law are met.

h. Revenue and Expense Recognition

The Company has adopted PSAK No. 23 (Revised 2010), "Revenue", which identifies the circumstances in which the criteria on revenue recognition are met and, therefore, revenue may be recognized, and prescribes the accounting treatment of revenue arising from certain types of transactions and events, and also provides practical guidance on the application of the criteria on revenue recognition. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value Added Taxes ("VAT").

Expenses are recognized when these are incurred.

i. Foreign Currency Transactions and Balances

Effective April 1, 2012, the Company has adopted PSAK No. 10 (Revised 2010), "The Effects of Changes in Foreign Exchange Rates". This revised PSAK principally establishes functional currency determination, account translation in foreign currency to functional currency and the use of a reporting currency which is different with the functional currency. The adoption of this revised PSAK has no significant impact on the financial statements. The rupiah is the Company's functional currency.

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

Transactions involving foreign currencies are recorded in rupiah amounts using the Company's standard booking rates which approximate the prevailing rates of exchange at the time the transactions are made. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the prevailing rates of exchange last quoted by Bank Indonesia at such date. The resulting gains or losses are credited or charged to current operations.

As of March 31, 2013 and 2012, the rates of exchange used were Rp9,719 and Rp9,180, respectively, to US$1.

j. **Income Tax**

Effective April 1, 2012, the Company has adopted PSAK No. 46 (Revised 2010), which requires the Company to account for the current and future tax consequences of the future recovery (settlement) of the carrying amount of assets (liabilities) recognized in the statements of financial position, and the transactions and other events of the current year that are recognized in the financial statements. The adoption of PSAK No. 46 (Revised 2010) has no significant impact on the financial statements.

<u>Current income tax</u>

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Tax Office based on the tax rates and tax laws that are enacted or substantively enacted.

Current tax expense is provided based on the estimated taxable income for the year. The tax effects for the year are allocated to current operations, except for the tax effects from transaction which are directly charged or credited to equity. Management periodically evaluates positions taken by the Company with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

The amounts of additional tax and penalty imposed through Tax Assessment Letter (SKP) are recognized as income or expense in current operations, unless further settlement is submitted. The amounts of tax and penalty imposed through an SKP are deferred as long as they meet the asset recognition criteria.

<u>Deferred tax</u>

Deferred tax is provided using the liabilities method on temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes at the end of the reporting period.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax losses can be utilized.

The carrying amount of the deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

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

Deferred tax relating to items recognized outside of profit or loss is recognized outside of profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

k. **Translations of Indonesian Rupiah Amounts into United States (U.S.) Dollar**
The financial statements are stated in Indonesian rupiah, the currency of the country in which the Company operates. The translations of Indonesian rupiah amounts into U.S. dollars were made at the following rates:

Assets and liabilities	-	Middle rate as of statement of financial position date (Rp9,719 to US$1 and Rp9,180 to US$1 as published by Bank Indonesia as of March 31, 2013 and 2012, respectively)
Capital stock	-	Historical rates
Revenue and expense accounts	-	Transaction date exchange rates

The resulting difference arising from the translations of the statement of financial position and statements of comprehensive income account is presented as "Translation adjustment" under the equity section of the statements of financial position.

l. **Financial Instruments**
Effective April 1, 2012, the Company has applied PSAK No. 50 (Revised 2010), "Financial Instruments: Presentation", PSAK No. 55 (Revised 2011), "Financial Instruments: Recognition and Measurement", and PSAK No. 60, "Financial Instruments: Disclosures".

PSAK No. 50 (Revised 2010) was revised to only cover presentation of financial instruments, while the principles for disclosures of financial instruments are transferred to PSAK No. 60. The revised PSAK No. 55 has no impact on the financial statements upon initial adoption, while the adoption of the revised PSAK No. 50 and PSAK No. 60 has an impact on the disclosures made in the financial statements.

l1. Financial assets

Initial recognition
Financial assets within the scope of PSAK No. 55 (Revised 2011) are classified as financial assets at fair value through profit or loss, loans and receivables, held~to-maturity investments, or available-for-sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the designation of such assets at each financial period-end.

All financial assets are recognized initially at fair value plus transaction costs, except in the case of financial assets which are recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the assets.

As of march 31, 2013 and 2012, the Company's financial assets include cash on hand and in banks, trade receivables, other receivables due from related parties, other current financial assets and other non-current financial assets. The Company has determined that all of these financial assets are classified as loans and receivables.

Subsequent measurement
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in the statements of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when: (1) the rights to receive cash flows from the asset have expired; or (2) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

l2. Financial liabilities

Initial recognition
Financial liabilities within the scope of PSAK No. 55 (Revised 2011) are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, include directly attributable transaction costs.

As of March 31, 2013 and 2012, the Company's financial liabilities include trade payables, other payables, accrued expenses, loan payable, due to hotel operator, due to related parties and other current financial liabilities. The Company has determined that all of these financial liabilities are classified as loans and borrowings.

Subsequent measurement
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in the statement of comprehensive income when the liabilities are derecognized as well as through the amortization process.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

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

l3. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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

14. Fair value of financial instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting year. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

Credit risk adjustment

The Company adjusts the price in the more advantageous market to reflect any differences in counterparty credit risk between instruments traded in that market and the ones being valued for financial asset positions. In determining the fair value of financial liability positions, the Company's own credit risk associated with the instrument is taken into account.

15. Amortized cost of financial instruments

Amortized cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

16. Impairment of financial assets

The Company assesses at the end of each reporting year whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

For loans and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a "loans and receivables" financial asset has a variable interest rate, the discount rate for measuring impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognized in the statements of comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

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

Judgment
The following judgment is made by management in the process of applying the Company's accounting policies that have the most significant effects on the amounts recognized in the financial statements:

Classification of Financial Assets and Financial Liabilities
The Company determines the classifications of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55 (Revised 2011).

Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2l.

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

Employee Benefits Liability
The determination of the Company's employee benefits expenses and employee benefits liability is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include discount rates, future annual salary increases, annual employee turn-over rate, disability rate, retirement age and mortality rate. While the Company believes that its assumptions are reasonable and appropriate, due to the long-term nature of these obligations, such estimates are subject to significant uncertainty. The carrying amount, of the Company's estimated employee benefits liability as of March 31, 2013 and 2012 are Rp1,409,663,424 and Rp1,042,487,063, respectively. Further details are disclosed in Note 15.

Depreciation of Fixed Assets
The costs of fixed assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these fixed assets to be within 5 to 20 years. These are common expectancies applied in the industry where the Company conducts its business. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore, future depreciation charges could be revised. The net

carrying amounts of the Company's fixed assets as of March 31, 2013 and 2012 are Rp15,358,346,488 and Rp16,786,718,619, respectively. Further details are disclosed in Note 7.

Deferred Tax Assets
The Company reviews the carrying amounts of deferred tax assets at the end of each reporting period and reduces these to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The Company has net deferred tax assets amounting to Rp1,604,188,546 and Rp1,467,620,311 as of March 31, 2013 and 2012, respectively.

Income Tax
Significant judgment is involved in determining the provision for corporate income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for excepted corporate income tax issues based on estimates of whether additional corporate income tax will be due.

4. CASH ON HAND AND IN BANKS

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Cash on hand				
Rupiah	79,500,000	75,500,000	8,180	8,224
Cash in banks				
U.S. dollars	5,276,242,911	2,213,241,943	542,879	241,094
Rupiah	744,004,752	1,031,578,594	76,552	112,373
Total	6,099,747,663	3,320,320,537	627,611	361,691

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

5. TRADE RECEIVABLES

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2lk)	
	2013	2012	2013	2012
City ledger	1,223,671,515	675,878,629	125,905	73,625
Guest ledger	587,818,701	119,674,779	60,481	13,037
Total	1,811,490,216	795,553,408	186,386	86,662
Less allowance for impairment	92,797,250	20,001,654	9,548	2,179
Net	1,718,692,966	775,551,754	176,838	84,483

The aging analysis of these receivables is presented below:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2k)		Percentage to Total (%)	
	2013	2012	2013	2012	2013	2012
Current	1,646,127,003	538,664,612	169,372	58,678	90.87	67.71
Past due						
1-30 days	10,975,608	51,699,956	1,128	5,632	0.61	6.50
31-60 days	5,846,755	11,636,064	602	1,268	0.32	1.46
Over 60 days	148,540,850	193,552,776	15,284	21,084	8.20	24.33
Total	1,811,490,216	795,553,408	186,386	86,662	100.00	100.00
Less allowance for impairment	92,797,250	20,001,654	9,548	2,179	5.12	2.51
Net	1,718,692,966	775,551,754	176,838	84,483	94.88	97.49

Based on the review of the status of the individual receivable accounts at the end of the year, management believes that the above allowance for impairment is adequate to cover possible losses from the non-collection of the accounts.

6. INVENTORIES

Inventories consist of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	2012	2013	2012
Materials and supplies	1,016,005,307	1,156,605,248	104,538	125,992
Beverages	270,969,135	328,186,060	27,880	35,750
Food	165,228,643	157,373,999	17,001	17,143
Tobacco	2,733,382	2,247,473	281	245
Total	1,454,936,467	1,644,412,780	149,700	179,130

Inventories are used as collateral for long-term loan (Note 13).

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

7. FIXED ASSETS

The details of fixed assets are as follows:

	Indonesian Rupiah			
2012-2013 Movements	**Balance as of March 31, 2012**	**Additions**	**Deductions**	**Balance as of March 31, 2013**
Cost				
Land	5,470,511,683	–	–	5,470,511,683
Buildings	34.409,886,611	219,563,500	–	34,629,450,111
Structures and improvements	5,849,910,128	381,415,300	–	6,231,325,428
Machinery and equipment	7,376,972,792	82,700,000	–	7,459,672,792
Furniture, fixtures and equipment	15,511,800,377	412,139,534	–	15,923,939,911
Motor vehicles	421,576,000	–	–	421,576,000
Total Cost	69,040,657,591	1,095,818,334	–	70,136,475,925
Accumulated Depreciation				
Buildings	25,298,785,922	1,724,992,508	–	27,023,778,430
Structures and improvements	5,683,720,495	51,728,326	–	5,735,448,821
Machinery and equipment	6,179,807,176	356,821,790	–	6,536,628,966
Furniture, fixtures and equipment	14,670,049,383	390,647,841	–	15,060,697,224
Motor vehicles	421,575,996	–	–	421,575,996
Total Accumulated Depreciation	52,253,938,972	2,524,190,465	–	54,778,129,437
Net Book Value	16,786,718,619			15,358,346,488

	Indonesian Rupiah			
2011-2012 Movements	**Balance as of March 31, 2011**	**Additions**	**Deductions**	**Balance as of March 31, 2012**
Cost				
Land	5,470,511,683	–	–	5,470,511,683
Buildings	34,260,056,611	149,830,000	–	34,409,886,611
Structures and improvements	5,849,910,128	–	–	5,849,910,128
Machinery and equipment	7,178,519,592	198,453,200	–	7,376,972,792
Furniture, fixtures and equipment	15,256,545,283	255,255,094	–	15,511,800,377
Motor vehicles	421,576,000	–	–	421,576,000
Total Cost	68,437,119,297	603,538,294	–	69,040,657,591
Accumulated Depreciation				
Buildings	23,581,849,127	1,716,936,795	–	25,298,785,922
Structures and improvements	5,631,992,169	51,728,326	–	5,683,720,495
Machinery and equipment	5,849,935,232	329,871,944	–	6,179,807,176
Furniture, fixtures and equipment	14,337,701,978	332,347,405	–	14,670,049,383
Motor vehicles	388,442,663	33,133,333	–	421,575,996
Total Accumulated Depreciation	49,789,921,169	2,464,017,803	–	52,253,938,972
Net Book Value	18,647,198,128			16,786,718,619

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

7. FIXED ASSETS *(Contd.)*

	Translations into U.S. Dollars - (Note 2k)				
	Balance as of March 31, 2012	**Additions**	**Deductions**	**Translation Adjustment**	**Balance as of March 31, 2013**
2012-2013 Movements					
Cost					
Land	595,917	–	–	(33,049)	562,868
Buildings	3,748,354	23,326	–	(208,612)	3,563,068
Structures and improvements	637,246	39,301	–	(35,398)	641,149
Machinery and equipment	803,592	8,661	–	(44,718)	767,535
Furniture, fixtures and equipment	1,689,739	43,963	–	(95,268)	1,638,434
Motor vehicles	45,921	–	–	(2,547)	43,374
Total Cost	7,520,769	115,251	–	(419,592)	7,216,428
Accumulated Depreciation					
Buildings	2,755,859	180,263	–	(155,612)	2,780,510
Structures and improvements	619,141	5,406	–	(34,420)	590,127
Machinery and equipment	673,182	37,288	–	(37,908)	672,562
Furniture, fixtures and equipment	1,598,045	40,823	–	(89,254)	1,549,614
Motor vehicles	45,923	–	–	(2,547)	43,376
Total Accumulated Depreciation	5,692,150	263,780	–	(319,741)	5,636,189
Net Book Value	1,828,619				1,580,239

	Translations into U.S. Dollars - (Note 2k)				
	Balance as of March 31, 2011	**Additions**	**Deductions**	**Translation Adjustment**	**Balance as of March 31, 2012**
2011-2012 Movements					
Cost					
Land	628,145	–	–	(32,228)	595,917
Buildings	3,933,868	17,126	–	(202,640)	3,748,354
Structures and improvements	671,709	–	–	(34,463)	637,246
Machinery and equipment	824,265	21,950	_	(42,623)	803,592
Furniture, fixtures and equipment	1,751,814	28,820	–	(90,895)	1,689,739
Motor vehicles	48,405	–	–	(2,484)	45,921
Total Cost	7,858,206	67,896	–	(405,333)	7,520,769
Accumulated Depreciation					
Buildings	2,707,756	194,606	-	(146,503)	2,755,859
Structures and improvements	646,686	5,863	-	(33,408)	619,141
Machinery and equipment	671,712	37,381	-	(35,911)	673,182
Furniture, fixtures and equipment	1,646,309	37,648	-	(85,912)	1,598,045
Motor vehicles	44,602	3,838	-	(2,517)	45,923
Total Accumulated Depreciation	5,717,065	279,336	-	(304,251)	5,692,150
Net Book Value	2,141,141				1,828,619

Depreciation charged to operations amounted to Rp2,524,190,465 (US$263,780) and Rp2,464,017,803 (US$279,336) for the years ended March 31, 2013 and 2012, respectively.

Land and buildings are used as collateral for long-term loan (Note 13).

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

Fixed assets are covered by insurance against losses from fire and other risks under blanket policies for US$39,000,000 as of March 31, 2013. The Company's management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

As of March 31, 2013 and 2012, the Company's management believes that there is no impairment in the value of the Company's fixed assets.

8. OTHER PAYABLES

This account consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Loss and breakage	867,533,825	725,088,330	89,262	78,986
Marketing and sales promotion expenses	379,208,481	134,384,985	39,017	14,639
Others	429,751,109	332,418,161	44,218	36,211
Total	1,676,493,415	1,191,891,476	172,497	129,836

9. TAXATION

a. Taxes payable consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Development tax	277,766,732	103,476,022	28,580	11,272
Income tax				
Article 21	18,998,884	18,640,098	1,954	2,031
Article 23	10,900,050	37,541,680	1,122	4,090
Article 26	3,202,000	3,024,000	329	329
Value added tax	19,852,647	6,525,331	2,043	710
Total	330,720,313	169,207,131	34,028	18,432

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

9. TAXATION *(Contd.)*

b. A reconciliation between loss before income tax, as shown in the statements of comprehensive income, and estimated taxable income follows:

	Indonesian Rupiah 2013	Indonesian Rupiah 2012
Loss before income tax per statements of comprehensive income	(13,383,370,659)	(12,947,238,361)
Temporary differences:		
Provision for employee benefits	387,930,986	258,000,001
Provision for replacement of furniture, fixtures and equipment - net	148,996,202	578,482,246
Provision (reversal of allowance) for impairment of trade receivables - net	72,795,596	(5,732,546)
Depreciation	(42,695,224)	(20,213,590)
Employee benefit payments	(20,754,625)	(207,702,384)
Allowance for loss on operating equipment	–	(1,241,318,114)
Permanent differences:		
Non-deductible expenses		
Salaries, wages and employees' welfare	69,848,920	445,165,323
Interest income already subjected to final tax	(25,788,952)	(37,781,590)
Others	315,542,312	1,581,339,911
Estimated taxable income for the year	(12,477,495,444)	(11,596,999,104)
Accumulated tax losses carry-forward at beginning of year	(83,344,238,831)	(60,090,059,581)
Correction of tax loss year 2004, 2006 and 2007	–	(11,657,180,146)
Accumulated tax losses carry- forward at end of year	(95,821,734,275)	(83,344,238,831)

c. Details of deferred income tax benefit (expense) follow:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	2012	2013	2012
Provision for employee benefits	96,982,747	64,500,000	10,173	7,305
Provision for replacement of furniture, fixtures and equipment- net	37,249,051	144,620,562	4,097	15,754
Provision (reversal of allowance) for impairment of trade receivables-net	18,198,899	(1,433,137)	1,842	(194)
equipment	–	(310,329,528)	–	(35,634)
Depreciation	(10,673,806)	(5,053,398)	(1,298)	(573)
Employee benefit payments	(5,188,656)	(51,925,596)	(544)	(5,881)
Adjustment deferred tax assets	–	(410,040,217)	–	(54,834)
Net	136,568,235	(569,661,314)	14,270	(74,057)

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

9. TAXATION *(Contd...)*

d. Deferred tax assets consist of:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Reserve for replacement of furniture, fixtures and equipment	1,322,972,001	1,285,722,950	153,922	149,825
Depreciation	(94,398,624)	(83,724,818)	(17,927)	(16,629)
Employee benefits liability	352,415,856	260,621,765	41,486	31,857
Allowance for doubtful accounts	23,199,313	5,000,414	2,859	1,017
Translation adjustment	–	–	(15,283)	(6,199)
Total	1,604,188,546	1,467,620,311	165,057	159,871

In consideration of the uncertainty of profitable operations in the immediate future, the Company did not recognize the deferred income tax on the accumulated tax losses carry-forward (Note 9b).

10. ACCRUED EXPENSES

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Professional fees	1,088,058,774	813,466,285	111,952	88,613
Utilities	279,904,560	240,431,218	28,800	26,191
Repair and maintenance	263,334,284	307,780,347	27,095	33,527
Others	724,962,100	558,247,093	74,592	60,811
Total	2,356,259,718	1,919,924,943	242,439	209,142

11. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Hotel entered into transactions with related parties consisting of the sale of vacation packages wherein The Oberoi Bali, owned by PT Widja Putra Karya, is entitled to its share in the proceeds, and inter-company advances. Related parties consist of companies which have the same management and shareholder. The details of due to related parties are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Due to related party				
PT Widja Putra Karya	154,308,888	474,000,477	15,877	51,634
Long-term loan				
EIH Management Services B.V. (Note 13)	252,854,363,500	238,831,470,000	26,016,500	26,016,500
Due to hotel operator				
EIH Management Services B.V. (Note 12)	58,141,888	131,129,144	5,982	14,284

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

12. DUE TO HOTEL OPERATOR

The details of this account follow:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Balance at beginning of year	131,129,144	497,109,271	14,284	57,080
Operating fees during the year -12.5% of hotel gross operating profit (Notes 22 and 23)	683,273,181	575,927,795	71,627	68,182
Payment during the year	(759,325,500)	(945,458,767)	(79,929)	(110,978)
Unrealized loss on foreign exchange - net	3,065,063	3,550,845	–	–
Balance at end of year	58,141,888	131,129,144	5,982	14,284

13. LOAN PAYABLE

The details of this account follow:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
EIH Management Services B.V. (Note 11)	252,854,363,500	238,831,470,000	26,016,500	26,016,500

In November 2006 and April 2007, Euro-Pacific Holdings Ltd. (EPHL) completed the purchase of the remaining outstanding loan balance held by PT Bank Arta Niaga Kencana Tbk and PT Bank DKI, respectively, making EPHL the sole creditor of the Company. Subsequently on November 28, 2007, the Company and EPHL entered into a "Write-Off Agreement" whereby EPHL agreed that with the exception of the loan amount of US$26,016,500, any interest and/or other charges arising from the date of purchase of the syndicated loan by EPHL from the respective banks would be written off by EPHL. The Write-Off Agreement has been amended on December 15, 2008.

Based on an assignment of Receivable Agreement dated March 31, 2009 between EPHL and EIH Management Services B.V. (EIH, the Hotel Operator - Note 23). EPHL assigned the loan to EIH.

Based on an Agreement dated May 1, 2009, the Company and EIH agreed to terminate the Write-Off Agreement and its amendment between the Company and EPHL.

A Settlement Agreement between the Company and EIH has been amended several times, the latest of which was made on March 30, 2013. Based on the Settlement Agreement a grace period will be effective from the signing date up to the settlement date March 30, 2014, during which time no interest will be charged and no principal instalment will be paid. In the event that the loan is not settled on March 31, 2014, the following shall prevail:

a. The loan will bear interest at the annual rate of 11.5 % starting April 1, 2014.
b. The Company will be obliged to establish an escrow account which will be fully controlled by EIH.
c. The Company shall allow EIH to repossess all its assets including the Hotel.

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

14. RESERVE FOR REPLACEMENT OF FURNITURE, FIXTURES AND EQUIPMENT

The details of this account follow:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Balance at beginning of year	5,142,891,801	4,564,409,555	560,229	524,103
Provision during the year (Note 21)	968,843,315	904,472,246	101,881	104,312
Utilization of reserve	(819,847,113)	(325,990,000)	(85,493)	(37,421)
Translation adjustment	–	–	(32,128)	(30,766)
Balance at end of year	5,291,888,003	5,142,891,801	544,489	560,228

15 . EMPLOYEE BENEFITS LIABILITY

The Company provides benefits for its employees who achieve the retirement age at 55 based on the provisions of Labor Law No. 13/2003 dated March 25, 2003. The benefits are unfunded.

The following tables summarize the components of employee benefit expense recognized in the statements of comprehensive income and amounts recognized in the statement of financial position for the employee benefits liability as of March 31, 2013 and 2012 as determined by PT Mega Jasa Aktuaria and PT Quattro Asia Consulting, independent actuaries, in their reports dated April 5, 2013 and April 5, 2012, respectively.

a. Employee benefit expense

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	2013	**2012**	**2013**	**2012**
Current service cost	255,554,114	186,661,235	26,808	21,140
Interest cost	108,571,078	63,147,655	11,389	7,151
Amortization of unvested past service cost	8,191,111	8,191,111	859	928
Recognized actuarial losses	15,614,683	–	1,638	–
Total employee benefit expense	387,930,986	258,000,001	40,694	29,219

b. Employee benefits liability

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Present value of employee benefits obligation	2,317,440,833	1,571,770,020	238,444	171,217
Unrecognized past service cost - unvested	(82,850,543)	(91,041,654)	(8,525)	(9,917)
Unrecognized actuarial gain	(824,926,866)	(438,241,303)	(84,877)	(47,739)
Employee benefits liability	1,409,663,424	1,042,487,063	145,042	113,561

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

15. EMPLOYEE BENEFITS LIABILITY *(Contd...)*

Movements in the employee benefits liability are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Beginning balance	1,042,487,063	992,189,446	113,561	113,927
Employee benefit expense	387,930,986	258,000,001	40,694	29,219
Benefit payments	(20,754,625)	(207,702,384)	(2,177)	(23,522)
Translation adjustment	–	–	(7,036)	(6,063)
Ending balance	1,409,663,424	1,042,487,063	145,042	113,561

The principal assumptions used in determining the employee benefits liability as of March 31, 2013 and 2012 are as follows:

Discount rate	: 7.5% in 2013 and 7% in 2012
Annual salary increase	: 8% per annum in 2013 and 2012
Mortality	: TMI II
Retirement age	: 55 years old
Disability rates	: 10% mortality table TMI II

As of March 31, 2013, if the discount rate is increased/decreased by 1% with all other variables held constant, the employee benefits liability would have been lower/higher by Rp30,773,190 (US$3,166)/Rp36,392,152 (US$3,744).

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Company has various financial assets which arise directly from the Company's operations. The Company's principal financial liabilities, consisting mainly of long-term bank loan, are used to finance the Company's operations.

The following table sets forth the carrying values, which are equal to the fair values, of the Company's financial instruments that are carried in the statements of financial position as of March 31, 2013 and 2012:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Current Financial Assets				
Cash on hand and in banks	6,099,747,663	3,320,320,537	627,611	361,691
Trade receivables	1,718,692,966	775,551,754	176,838	84,483
Other receivables	325,000	34,381,000	33	3,745
Other current financial assets	85,765,436	60,704,738	8,825	6,613
Total current financial assets	7,904,531,065	4,190,958,029	813,307	456,532
Non-current Financial Assets				
Other non-current financial assets	126,615,000	126,615,000	13,028	13,792
Total Financial Assets	8,031,146,065	4,317,573,029	826,335	470,324

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

16. FINANCIAL ASSETS AND FINANCIAL LIABILITIES *(Contd.)*

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Current Financial Liabilities				
Trade payables	497,829,493	292,818,518	51,222	31,897
Other payables	1,676,493,415	1,191,891,476	172,497	129,836
Accrued Expenses	2,356,259,718	1,919,924,943	242,439	209,142
Due to Hotel Operator	58,141,888	131,129,144	5,982	14,284
Due to a related party	154,308,888	474,000,477	15,877	51,634
Loan payable	252,854,363,500	238,831,470,000	26,016,500	26,016,500
Other current financial liabilities	1,487,734,908	1,101,761,217	153,075	120,018
Total current financial liabilities	259,085,131,810	243,942,995,775	26,657,592	26,573,311
Total Financial liabilities	259,085,131,810	243,942,995,775	26,657,592	26,573,311

The fair values of the financial assets and liabilities are stated at the amounts at which the instruments could be exchanged in current transactions between willing parties, other than in a forced sale or liquidation.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Current financial assets and liabilities:

- Current financial instruments with remaining maturities of one year or less (cash in banks, trade receivables, other receivables, other current financial assets, trade payables, other payables, accrued expenses, due to hotel operator, due to a related party and other current financial liabilities).

  The carrying values of the Company's current financial assets and liabilities approximate their fair values due to the short-term nature of these financial assets and liabilities.

Long-term financial assets and liability:

- Long-term fixed-rate liability (unquoted loan payable)
  No disclosure of fair value is made for the loan payable as it is not practicable to determine its fair value with sufficient reliability since these amount has no fixed term of repayment and the timing of future cash flows cannot be estimated with reasonable reliability.

- Long-term financial assets (other non-current financial assets)
  The fair values of other non-current financial assets are assumed to be the same as the cash amount that will be received due to the fact that the maturity of such financial assets is not stated in related contract and the management is not yet able to determine when the financial assets will be realized.

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

17. CAPITAL STOCK

The share ownership details as of March 31, 2013 and 2012 follow:

2013

Stockholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount	Translations into U.S. Dollar (Note 2k)
EIH Management Services B.V.	73,789	57.03	13,282,020.000	6,530,000
EIH International Ltd.	33,900	26.20	6,102,000,000	3,000,000
PT Waka Gae Selaras	21,696	16.77	3,905,280,000	1,920,000
Total	129,385	100.00	23,289,300,000	11,450,000

2012

Stockholders	Number of Shares Issued and Fully Paid	Percentage of Ownership	Amount	Translations into U.S. Dollar (Note 2k)
EIH Management Services B.V.	13,060	57.03	13,282,020.000	6,530,000
EIH International Ltd.	6,000	26.20	6,102,000,000	3,000,000
PT Waka Gae Selaras	3,840	16.77	3,905,280,000	1,920,000
Total	22,900	100.00	23,289,300,000	11,450,000

Based on notarial deed No. 1 dated August 1, 2011 of Irwan Azwar Tanjung, SH, the Company has amended the par value of its capital stock from Rp1,017,000 (US$500) to become Rp180,000 per share and its authorized, issued and fully paid shares from 22,900 shares to become 129,385 shares. The amendment was reported to and acknowledged by the Ministry of Law and Human Rights of the Republic of Indonesia in the Ministry's letter No. AHU-AH.01.10-27621 dated August 24, 2011.

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

18. ROOMS

The details of rooms departmental revenues and expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Room Revenues	20,306,100,289	18,389,919,067	2,135,096	2,121,261
Payroll and Related Expenses				
Salaries and wages	771,527,323	584,886,580	81,160	66,723
Employee benefits	526,175,496	475,497,611	55,532	54,123
	1,297,702,819	1,060,384,191	136,692	120,846
Other Expenses				
Cleaning and guest supplies	455,740,980	419,627,243	47,942	48,398
Linens and uniforms	255,941,533	205,398,489	26,997	24,688
Travel agents	205,077,110	168,823,557	21,557	19,371
Welcome drinks, fruit baskets and amenities	166,637,157	314,284,798	17,493	36,250
Cable television	130,292,500	115,979,163	13,706	13,272
Transportation and travel	84,845,694	76,680,497	8,925	8,788
Telephone and communication	73,314,690	61,858,003	7,705	7,086
Decoration	67,864,200	65,987,745	7,151	7,627
Others	786,837,072	509,079,208	82,793	58,766
	2,226,550,936	1,937,718,703	234,269	224,246
Total Departmental Expenses	3,524,253,755	2,998,102,894	370,961	345,092
Departmental Profit	16,781,846,534	15,391,816,173	1,764,135	1,776,169

In 2013 and 2012, the average Hotel room occupancy rates were 37.5% and 37.4%, respectively (unaudited).

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

19. FOOD AND BEVERAGES

The details of food and beverages departmental revenues and expenses follow:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Net Sales	9,771,340,970	9,373,794,470	1,027,784	1,080,911
Cost of Sales	2,770,858,398	2,806,975,818	291,360	323,551
Payroll and Related Expenses				
Salaries and wages	1,196,638,655	1,004,583,533	125,854	114,497
Employee benefits	756,819,678	717,924,469	79,717	81,774
	1,953,458,333	1,722,508,002	205,571	196,271
Other Expenses				
Kitchen fuel	379,108,871	289,524,500	39,732	33,287
Linen and uniform	207,037,178	160,359,494	21,839	18,979
Cultural music and shows	176,250,000	157,165,375	18,583	18,021
Cleaning and guest supplies	133,659,232	112,804,935	14,057	13,020
Local Transport	119,517,545	151,783,831	12,571	17,587
Loss and damages	68,943,928	47,742,952	7,306	5,467
Others	761,178,503	627,091,045	80,131	72,746
	1,845,695,257	1,546,472,132	194,219	179,107
Total Departmental Cost and Expenses	6,570,011,988	6,075,955,952	691,150	698,929
Departmental Profit	3,201,328,982	3,297,838,518	336,634	381,982

20. OTHER OPERATING DEPARTMENTS

The details of other operating departments' revenues, costs and expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Revenues				
Health club	1,186,560,372	1,085,155,827	124,551	124,846
Boutique	634,520,581	653,938,066	66,669	75,052
Laundry	98,714,149	96,642,025	10,370	11,154
Telephone and communication	8,046,356	60,377,516	855	7,057
Airport lounge	–	152,774,986	–	17,814
	1,927,841,458	2,048,888,420	202,445	235,923
Cost of Sales				
Boutique	403,294,191	431,748,735	42,362	49,522
Health club	62,675,623	75,587,590	6,597	8,724
Telephone and communication	3,772,874	10,329,283	401	1,206
Airport lounge	–	39,357,640	–	4,589
	469,742,688	557,023,248	49,360	64,041

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

20. OTHER OPERATING DEPARTMENTS ***(Contd...)***

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Payroll and Related Expenses				
Salaries and wages	281,168,478	296,776,215	29,568	33,950
Employee benefits	238,550,390	243,664,075	25,127	27,865
	519,718,868	540,440,290	54,695	61,815
Other Expenses	248,300,378	411,484,262	26,305	47,745
Total Costs and Expenses	1,237,761,934	1,508,947,800	130,360	173,601
Other Operating Departments' Profit	690,079,524	539,940,620	72,085	62,322

21. HOTEL OPERATING EXPENSES

The details of hotel operating expenses follow:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Property Operations, Maintenance and Energy				
Electricity, energy and water				
Fuel	2,062,625,673	1,756,577,191	216,259	200,956
Electricity	1,910,547,423	1,858,723,543	201,037	212,518
Water	164,736,400	210,289,769	17,418	24,049
	4,137,909,496	3,825,590,503	434,714	437,523
Repairs and maintenance	2,275,341,015	2,330,008,058	231,356	265,618
Supplies	751,443,548	749,373,041	86,984	86,034
Salaries and wages	421,545,059	392,429,365	44,418	44,833
Others	190,961,375	190,627,826	20,364	21,801
	3,639,290,997	3,662,438,290	383,122	418,286
Total	7,777,200,493	7,488,028,793	817,836	855,809
General and Administrative Expenses				
Salaries and wages	1,307,847,549	1,256,405,526	137,674	143,235
Employee benefits	669,041,814	527,487,079	70,408	60,147
Commission on credit cards	471,118,620	467,327,846	49,520	53,788
Transportation and travel	181,678,254	143,573,000	19,158	16,492
Licenses and taxes	158,518,889	183,421,179	16,664	20,960
Printing and stationery	122,468,757	106,484,185	12,888	12,157
Telephone and communication	102,311,806	103,032,421	10,775	11,831
Bank charges	89,772,234	91,671,666	9,430	10,476
Others	861,376,745	713,154,363	90,635	81,727
Total	3,964,134,668	3,592,557,265	417,152	410,813

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

21. HOTEL OPERATING EXPENSES *(Contd...)*

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Marketing Expenses				
Advertising and promotion	1,326,814,444	1,469,259,180	139,587	169.037
Transportation and travel	345,934,813	372,883,395	36,603	43,285
Salaries and wages	96,402,816	96,404,000	10,173	11,116
Others	31,325,092	45,918,220	3,435	5,625
Total	1,800,477,165	1,984,464,795	189,798	229,063
Provision for Replacement of Furniture, fixtures and equipment (Notes 2f and 14)	968,843,315	904,472,246	101,881	104,312
Marketing and Sales Promotion (Note 23)	968,843,315	904,472,246	101,881	104,312
Insurance	89,994,772	84,650,503	9,473	9,655
Total Operating Expenses	15,569,493,728	14,958,645,848	1,638,021	1,713,964

22. OWNER'S OPERATING EXPENSES

The details of Owner's operating expenses follow:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	2013	**2012**	**2013**	**2012**
Depreciation (Note 7)	2,524,190,465	2,464,017,803	263,780	279,336
General and administrative				
Professional fees	649,239,279	1,432,738,591	69,711	161,645
Payroll, tax and employee benefits	577,553,609	575,272,540	60,558	65,104
Insurance	508,031,871	455,470,342	54,766	51,299
Land and building tax	46,409,507	74,296,410	4,839	8,421
Miscellaneous	13,033,654	11,308,121	1,356	1,270
Total	1,794,267,920	2,549,086,004	191,230	287,739
Operating fees (Notes 12 and 23)	683,273,181	575,927,795	71,627	68,182
Total Owner's Operating Expenses	5,001,731,566	5,589,031,602	526,637	635,257

23. SIGNIFICANT AGREEMENT

The Company entered into an Agreement with EIH Management Services B.V. (the Hotel Operator) to manage and operate the Hotel effective December 31, 1998. On July 24, 2000, the Company signed a Renewal Agreement whereby the original term was extended until April 24, 2034. The Hotel Operator has automatic and irrevocable options to extend the agreement for another twenty (20) years. Under the agreement, the Hotel Operator is entitled to a fee of 12.5% of the total gross operating profit. Also, under the agreement, the Hotel Operator is entitled to pay out of the gross operating revenue and as part of gross operating expenses, an amount equal to 3% of the Hotel gross operating revenue for marketing and sales promotion expenses. Any loss incurred by the Hotel in any financial year shall be borne exclusively by the Company.

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

24. OTHER OPERATING INCOME AND EXPENSE

Other income for the year ended March 31, 2013 consists of income from insurance claim.

Other expenses for the years ended March 31, 2013 and March 31, 2012 consist of foreign exchange loss and taxes amounting to Rp13,936,977,397 and Rp11,966,584,806, respectively.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

RISK MANAGEMENT

The main risks arising from the Company's financial instruments are foreign exchange rate risk, credit risk and liquidity risk. The Company's Board of Directors reviews and approves the policies for managing these risks which are summarized below.

A. Foreign Exchange Rate Risk

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to exchange rate fluctuations results primarily from its U.S. dollar-denominated cash in banks and loan payable.

The Company's policies are to minimize the risk arising from the foreign exchange rate by monitoring its fluctuations and maintaining an adequate level of cash in banks and long-term bank loan in U.S. dollars. To the extent the Indonesian rupiah depreciates further from the exchange rates in effect at March 31, 2013, the Company's loan payable increases in Indonesian rupiah terms. However, the increase in this obligation will be offset in part by the increase in the value of its U.S. dollar-denominated cash in banks.

B. Credit Risk

Credit risk is the risk that the Company will incur loss arising from its customers or counterparties that fail to discharge their contractual obligations. There are no significant concentrations of credit risk. The Company manages and controls this credit risk by setting limits on the amount of risk it is willing to accept for individual customers and by monitoring exposures in relation to such limits. The maximum exposure of the financial instruments is equal to the carrying values as disclosed in Note 16.

C. Liquidity Risk

The liquidity risk is defined as a risk when the cash flow position of the Company indicates that the short-term revenue is not enough to cover the short-term expenditure.

The Company's liquidity requirements mainly come from repayments of loan payable. Currently, the Company has been making efforts to overcome the liquidity problem, such as by re-negotiating with creditor for an extension of the loan maturity and non-charging of interest over a certain period.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Below 1 year	Over 1 Year	Total	Carrying Values as of March 31, 2013
Trade payables	497,829,493	-	497,829,493	497,829,493
Other payables	1,676,493,415	-	1,676,493,415	1,676,493,415
Accrued expenses	2,356,259,718	-	2,356,259,718	2,356,259,718
Due to Hotel Operator	58,141,888	-	58,141,888	58,141,888
Due to a related party	154,308,888	-	154,308,888	154,308,888
Loan payable	252,854,363,500	-	252,854,363,500	252,854,363,500
Other current financial liabilities	1,487,734,908	-	1,487,734,908	1,487,734,908
Total	259,085,131,810	-	259,085,131,810	259,085,131,810

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

26. ECONOMIC ENVIRONMENT

The financial statements have been prepared assuming that the Company will continue to operate as a going concern. The current global economic crisis has caused volatility in foreign exchange rates and interest rates, unstable stock markets, tight liquidity, reduced economic activity and lack of investors' confidence across the globe, including Indonesia. Such global economic conditions have significantly affected all sectors of the economy, including the Company's markets and industries, which may result in unfavorable financial and operating impact, and exposure to other risks.

The Company incurred net losses up to 2006 and in 2009, 2012 and 2013, which resulted in net capital deficiency of Rp238.5 billion and Rp225.3 billion as of March 31, 2013 and 2012, respectively. The Company also had negative working capital as of March 31, 2013 and 2012.

In response to the economic conditions and going concern uncertainty, the Company will continue its aggressive marketing activities in the international market to boost room occupancy rates to pre-crisis levels. In addition, the Company has successfully been negotiating for the extension in the maturity date of its loan payable to a related party (Note 13).

Indonesia's ability to minimize the impact of the global economic crisis on the country's economy is largely dependent on the monetary, fiscal and economic stimulus programs and other measures that are being taken and will be undertaken by the Government, actions for which are beyond the Company's control.

PT ASTINA GRAHA UBUD

BOARD

Drs. Ec. I Wayan Pasek
Mr. Deepak Madhok
Mr. Tjokorda Raka Kerthayasa

AUDITORS

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

REGISTERED OFFICE

Dsn/Br. Jambangan,
Singekerta,
Ubud - Gianyar
Indonesia

DIRECTORS' REPORT

DIRECTORS

The Directors present their report on the Company for the year ended 31 March 2013.

The name of the Company's Directors in office during the year and until the date of this report are as follows.

Drs. Ec. I Wayan Pasek
Mr. Kamal Kant Kaul (resigned 19 May 2012)
Mr. Tjokorda Raka Kerthayasa
Mr. Deepak Madhok (appointed 5 July 2012)

The Directors were in office for the entire year unless otherwise stated.

PRINCIPAL ACTIVITY

The Company's principal activity during the year was investment.

OPERATING AND FINANCIAL REVIEW

The net profit of the Company for the year was $Nil (2012: $Nil) after providing for income tax of $Nil (2012: $Nil).

No significant change in the nature of these activities occurred during the year.

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.

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

No dividends have been paid, declared or recommended during the preceding year ended 31 March 2013.

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.

Signed in accordance with a resolution of the Director:

14 May, 2013 DEEPAK MADHOK

Statement of Comprehensive Income for the year ended 31 March 2013

(Expressed in United States Dollars)

	Note	**31 March 2013** $	31 March 2012 $
Turnover	3	–	–
Profit before taxation	4	–	–
Taxation Expense	5	–	–
Profit after taxation		–	–
Other Comprehensive Income		–	–
Total Comprehensive Income		–	–

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

Statement of Financial Position as at 31 March 2013

(Expressed in United States Dollars)

	Note	**31 March 2013** $	31 March 2012 $
Current Assets			
Amount due to related parties		**–**	–
Total Current Assets		**–**	–
Non-Current Assets			
Property, plant and equipment		**6,423,195**	6,156,217
Non-Current Assets		**6,423,195**	6,156,217
Total Assets		**6,423,195**	6,156,217
Current Liabilities			
Amount due to related parties		**–**	–
Total Current Liabilities		**–**	–
Non-Current Liabilities			
Amounts due to shareholder		**3,823,195**	3,556,217
Total Non-Current Liabilities		**3,823,195**	3,556,217
Total Liabilities		**3,823,195**	3,556,217
Net Assets		**2,600,000**	2,600,000
Equity			
Share Capital	7	**2,600,000**	2,600,000
Retained Earnings		**–**	–
Total Equity		**2,600,000**	2,600,000

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 2013

(Expressed in United States Dollars)

	Share Capital $	Retained earnings $	Total Equity $
As at 1 April 2012	2,600,000	–	2,600,000
Profit for year	–	–	–
Other Comprehensive Income	–	–	–
As at 31 March 2013	2,600,000	–	2,600,000
As at 1 April 2011	2,600,000	–	2,600,000
Profit for year	–	–	–
Other Comprehensive Income	–	–	–
As at 31 March 2012	2,600,000	–	2,600,000

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

Notes to the Financial Statements for the year ended 31 March 2013

(Expressed in United States Dollars)

1. Corporate Information

The financial report of PT Astina Graha Ubud (the "Company") for the year ended 31 March 2013 was authorised for issue on 14th May 2013.

PT Astina Graha Ubud is a Company limited by shares and incorporated in Indonesia. The nature of the operations and principal activity of the Company is described in the Directors' report.

2. Significant Accounting Policies

(a) Basis of Preparation
The financial report has been prepared in accordance with the requirements of 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.

A statement of cash flows has not been prepared given that there were no cash transactions during the current year.

(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 which are subject to an insignificant risk of changes in value.

(f) Fixed Assets
Fixed assets are stated at cost less any accumulated impairment losses and depreciation. Depreciation is calculated from when an asset is first held ready for use.

The carrying values of fixed assets are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of fixed assets is the higher of fair value less costs to sell and value in use.

An impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

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

(g) Deferred Taxation
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.

(h) Contributed Equity
Ordinary shares 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.

3. Turnover

Turnover represents dividends from investments.

4. Profit Before Taxation

Profit before taxation is arrived at after charging and crediting :

After charging :	**31 March 2013**	31 March 2012
	$	$
Auditor's remuneration	**–**	–

The audit fee has been borne by a related Company.

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 2013**	31 March 2012
	$	$
Fees	**–**	–
Other emoluments	**–**	–
	–	–

7. Share Capital

	31 March 2013	31 March 2012
	$	$
Issued and fully paid:		
Ordinary shares	**2,600,000**	2,600,000

8. Events After Statement of Financial Position Date

No material subsequent events or transactions have been identified.

9. 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 2013;

(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 2013; 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.

14 May 2013 DEEPAK MADHOK

Independent Auditor's Report

To the Members of
PT Astina Graha Ubud

We have audited the accompanying financial report of PT Astina Graha Ubud, which comprises the balance sheet as at 31 March 2013, the statement of comprehensive income and statement of changes in equity 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.

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.

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

Auditor's Opinion
In our opinion the financial report presents fairly, in all material respects, the financial position of PT Astina Graha Ubud as of 31 March 2013 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
14 May 2013

DAVID SANDERS
Partner

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