CONTENTS

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-fourth Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the year ended 31st March, 2014.

The financial highlights are set out below:

	Rupees (in million)	
	2013-2014	2012-2013
Total Revenue	**855.24**	806.87
Earnings before Interest, Depreciation, Taxes, Amortisation and Exceptional items (EBIDTA)	**428.46**	394.53
Interest and Finance Charges	**0.70**	0.64
Depreciation	**35.61**	32.34
Profit before Tax	**392.15**	361.55
Current Tax	**130.10**	112.40
Deferred Tax	**1.92**	8.88
Profit after Tax	**260.13**	240.27
Profit brought forward	**188.57**	213.20
Dividend	**206.50**	206.50
Dividend Tax	**35.10**	34.30
General Reserve	**26.40**	24.10
Balance carried forward	**180.70**	188.57

In terms of General Circular No. 08/2014 dated 4th April, 2014 of the Ministry of Corporate Affairs, Government of India, the Board Report has been prepared in accordance with Section 217 of the Companies Act, 1956.

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

- Total Revenue during the Financial Year 2013-2014 was ₹ 855.24 million as compared to ₹ 806.87 million in the previous year, which is an increase of 6%;
- Operating Profit during the Financial Year 2013-2014 was ₹ 428.46 million as compared to ₹ 394.53 million in the previous year;
- The Profit before Tax during the Financial Year 2013-2014 was ₹ 392.15 million as compared to ₹ 361.55 million in the previous year, an increase of 8.5%;
- The Profit after Tax was ₹ 260.13 million as compared to ₹ 240.27 million in the previous year.

At its Meeting held on 25th January, 2014, the Board had approved payment of an interim dividend @ ₹ 5 per Equity Share. This was paid to all Shareholders on 29th January, 2014. The Board recommends to the shareholders a Final Dividend of ₹ 10 per Equity Share (inclusive of interim dividend of ₹ 5 per share) for the financial year 2013-2014.

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.

The present term of appointment of Mr. Bharat Bhushan Goyal as Managing Director of the Company expired on 27th October, 2013. At the Board meeting held on 25th January, 2014, the Board had re-appointed Mr. Bharat Bhushan Goyal as Managing Director of the Company for a fresh term of five years with effect from 28th October, 2013, subject to the approval of the shareholders. Mr. Bharat Bhushan Goyal will not receive any remuneration as Managing Director of the Company.

The Board recommends to the shareholders re-appointment of Mr. Bharat Bhushan Goyal as Managing Director of the Company without receiving any remuneration from the Company.

Mr. T.K. Sibal and Mr. Shivy Bhasin, 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. Directors recommend their re-appointment as Auditors of the Company for the financial year 2014-2015.

Energy conservation measures taken during this year were mainly focused on improved controls in operation of equipment, air-conditioning, ventilation and lighting of hotel.

Measures planned for next year include replacement of lamps to energy efficient LED lamps, replacement of pumps by energy efficient pumps and improving insulation of equipment & piping apart from continued effort in operational controls.

Foreign Exchange earnings during the year amounted to ₹ 760.59 million as against ₹ 721.06 million in the previous year. The expenditure in foreign currency during the year was ₹ 10.46 million as against ₹ 24.97 million in the previous year.

The Oberoi Amarvilās received the following Awards during the Financial Year 2013-2014:

Award	**Awarded by**
India's Leading Resort	World Travel Awards 2013
Top 15 Hotels in India (Ranked 4th)	*Condé Nast Traveler,* USA, Readers' Choice Awards 2013
Top 15 Resorts in Asia (Ranked 9th)	*Travel + Leisure,* World's Best Awards, Readers' Survey 2013

The Company is conscious of its role towards the community and has been working closely with following organisations on a regular and long term basis:

a) Hotel team members periodically visit Wildlife SOS and spend time at the rescue centre to have a better understanding of the rescue work carried out by the Wildlife SOS and also assist them in cultivating vegetables on their lands.

b) Every month team from the Hotel visit Mother Teresa Home and organise programmes for the destitute children and bestow them with gifts and Articles.

c) Hotel also celebrates World Environment day by developing greenery in and around the hotel and upto Taj Mahal.

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	Shivy Bhasin	Bharath Bhushan Goyal
14th May, 2014	*Vice Chairman*	*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, 2014, 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, 2014;

(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; and

   e. on the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 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
14th May, 2014

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, 2014. 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 fixed 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, 2014, 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 [₹]
1.	Uttar Pradesh Trade Tax Act, 1948	Sales Tax	Financial year 2006-07	Uttar Pradesh Commercial Tax Tribunal, Agra	761,782/-
			Financial year 2007-08	Allahabad High Court, U.P.	229,605/-
				TOTAL	991,387/-
2.	Uttar Pradesh Value Added Tax Act, 2008	Value added tax	Financial Year 2007-08	Uttar Pradesh Commercial Tax Tribunal, Agra	329,904/-
			Financial Year 2008-09	Joint Commissioner (Appeals), Agra	785,507/-
			Financial Year 2010-2011	Joint Commissioner (Appeals), Agra	1,934,907/-
				TOTAL	3,050,318/-
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/-
			Assessment Year 2009-10	Commissioner of Income Tax (Appeals), Kolkata	128,174/-
			Assessment Year 2010-11	Commissioner of Income Tax (Appeals), Kolkata	9,595,558/-
			Assessment Year 2011-12	Commissioner of Income Tax (Appeals), Kolkata	55,299,990/-
				TOTAL	67,913,395
6.	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, 2014 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

SURESH VIRMANI
Partner
Membership No. 17617

New Delhi
14th May, 2014

Balance Sheet as at 31st March, 2014

		As at 31st March	
		2014	2013
I. EQUITY AND LIABILITIES	Note	**Rupees**	Rupees
Shareholders' Funds			
Capital	2	**206,500,000**	206,500,000
Reserves and Surplus	3	**559,704,076**	541,170,632
		766,204,076	747,670,632
Non-current Liabilities			
Long Term Borrowings	4	**3,862,067**	2,487,722
Deferred Tax Liabilities (Net)	5	**136,320,541**	134,400,374
Long Term Provisions	6	**2,086,000**	1,796,000
		142,268,608	138,684,096
Current Liabilities			
Trade Payables	7	**66,787,551**	65,064,669
Other Current Liabilities	8	**32,174,197**	31,638,335
Short-Term Provisions	9	**121,164,302**	224,579,022
		220,126,050	321,282,026
Total		**1,128,598,734**	1,207,636,754
II. ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	10	**769,155,166**	784,192,061
Capital work in progress		**248,151**	2,559,715
		769,403,317	786,751,776
Long term loans and advances	11	**14,833,049**	1,495,957
Current Assets			
Investments	12	**–**	106,975,915
Inventories	13	**20,697,486**	21,659,810
Trade Receivables	14	**86,907,109**	103,463,517
Cash and Bank Balances	15	**200,145,859**	156,297,961
Short-term Loans and Advances	16	**31,102,513**	25,598,306
Other Current Assets	17	**5,509,401**	5,393,512
		344,362,368	419,389,021
Total		**1,128,598,734**	1,207,636,754
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
14th May, 2014

For and on behalf of the Board

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

Statement of Profit and Loss for the year ended 31st March, 2014

	Note	Year ended 31st March 2014 Rupees	2013 Rupees
INCOME			
Revenue from Operations	18	**844,590,487**	796,187,051
Other Income	19	**10,650,225**	10,681,749
Total Income		**855,240,712**	806,868,800
EXPENSES			
Consumption of Provisions, Stores, Wines and Smokes	20	**47,767,053**	44,030,708
Employee Benefits Expense	21	**69,085,457**	68,217,161
Finance Cost	22	**702,455**	637,464
Depreciation		**35,606,807**	32,344,123
Other Expenses	23	**309,930,653**	300,087,216
Total Expenses		**463,092,425**	445,316,672
Profit Before Tax		**392,148,287**	361,552,128
Tax Expense	24		
– Current Tax		**130,100,000**	112,400,000
– Deferred Tax		**1,920,167**	8,881,012
Profit For The Year		**260,128,120**	240,271,116
Earnings Per Share - Basic and Diluted		**12.60**	11.64
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
14th May, 2014

For and on behalf of the Board

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

Cash Flow Statement
for the year ended 31st March, 2014

		Year ended 31st March 2014 Rupees	2013 Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit before Tax as per statement of profit and loss	**392,148,287**	361,552,128
	Adjustments for:		
	Depreciation	**35,606,807**	32,344,123
	Assets written off	**3,361**	–
	Loss/(Profit) on sale of fixed assets	**578,097**	(247,619)
	Loss/(Profit) on redemption of units of mutual funds	**410,877**	(11,554)
	Dividend Income from Mutual Funds	**(5,666,262)**	(7,598,588)
	Provision for Wealth Tax	**19,546**	114,623
	Interest Income	**(3,230,892)**	(1,132,384)
	Interest Expense	**702,455**	637,464
	Prior period expense	**–**	842,286
	Operating Profit before Working Capital Changes	**420,572,276**	386,500,479
	Adjustments for:		
	Inventories	**962,324**	2,367,858
	Trade & Other Receivables	**15,353,586**	(42,024,238)
	Trade Payables and other dues	**2,468,545**	5,794,481
	Cash Generated from Operations before Tax & Prior Period Items	**439,356,731**	352,638,580
	Prior Period (expense)/income	**–**	(842,286)
		439,356,731	351,796,294
	Payment of Direct Taxes	**(134,368,226)**	(114,452,931)
	Net Cash from Operating Activities	**304,988,505**	237,343,363
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	**(23,070,006)**	(37,003,504)
	Decrease/(Increase) in capital work in progress	**2,311,564**	4,231,389
	(Increase) in advances made for capital contracts	**(13,365,919)**	1,466,026
	Decrease/(Increase) in Investment in mutual funds	**106,975,915**	(106,975,915)
	Sale of Fixed Assets	**1,918,636**	247,619
	Interest Received	**3,070,679**	1,404,898
	Changes in other bank balances	**3,507,831**	(7,258,235)
	Dividend Income from Mutual Funds	**5,666,262**	7,598,588
	(Loss)/Profit on redemption of units of Mutual Funds	**(410,877)**	11,554
	Cash used in Investing Activities	**86,604,085**	(136,277,580)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Interest Paid	**(702,455)**	(637,464)
	Increase of Finance Lease liability	**1,310,270**	(1,400,966)
	Dividend paid including tax on Dividend	**(344,844,676)**	(136,749,463)
	Net Cash used in Financing Activities	**(344,236,861)**	(138,787,893)
	Net Increase in Cash and Cash Equivalents (A+B+C)	**47,355,729**	(37,722,110)
	Opening Balance of Cash and Cash Equivalents	**141,933,718**	179,655,828
	Closing Balance of Cash and Cash Equivalents	**189,289,447**	141,933,718

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
14th May, 2014

For and on behalf of the Board

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

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 amount 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, Contingent liability and Contingent assets
Provisions are recognised in terms of Accounting Standard (AS) 29 on 'Provisions, Contingent Liabilities and Contingent Assets', 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. 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.

Proposed Dividend
Dividend when recommended by the Board of Directors, is provided for in the Accounts pending Shareholders' approval.

Notes on Financial Statements

	As at 31st March 2014 Rupees	2013 Rupees
2		
SHARE CAPITAL		
AUTHORISED		
25,000,000 Equity Shares of ₹ 10 each (2013 - 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 (2013 - 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 share 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 close of the year is setout below:

	31st March 2014		31st March 2013	
	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 2014		31st March 2013	
	Number of Shares	**Percentage**	Number of Shares	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 2014 Rupees	2013 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	**59,100,000**	35,000,000
Add: Transfer from Statement of Profit and Loss	**26,400,000**	24,100,000
Balance at the end of the year	**85,500,000**	59,100,000
(c) Surplus		
Balance at the beginning of the year	**188,570,632**	213,196,586
Add: Profit for the year transferred from Statement of Profit and Loss	**260,128,120**	240,271,116
Amount available for appropriations	**448,698,752**	453,467,702
Appropriations		
Interim Dividend	**103,250,000**	103,250,000
Final Dividend	**103,250,000**	103,250,000
Tax on Dividend	**35,094,676**	34,297,070
Transfer to General Reserve	**26,400,000**	24,100,000
Balance at the end of the year	**180,704,076**	188,570,632
Total of Reserves and Surplus	**559,704,076**	541,170,632

4

LONG TERM BORROWINGS

Long term maturities of finance lease obligations (secured)	**3,862,067**	2,487,722
	3,862,067	2,487,722

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 2014 Rupees	2013 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	**137,513,607**	135,464,712
Deferred Tax Assets		
Provision for Gratuity	**(148,876)**	(143,778)
Provision for Leave Encashment	**(566,613)**	(471,781)
Provision for Bonus	**(477,577)**	(448,779)
	136,320,541	134,400,374

Deferred Tax Liability charged for the current year amounting to ₹ 1,920,168 (2013 - ₹ 8,881,012) has been recognised in the Statement of Profit and Loss under tax expense (refer note 24)

	2014 Rupees	2013 Rupees
6		
LONG TERM PROVISIONS		
Provision for Employee Benefits		
Leave Encashment	**1,655,000**	1,378,000
Gratuity	**431,000**	418,000
	2,086,000	1,796,000
7		
TRADE PAYABLES		
Amount payable for goods and services*	**66,787,551**	65,064,669
	66,787,551	65,064,669

* 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	
	2014 **Rupees**	2013 Rupees
8		
OTHER CURRENT LIABILITIES		
Salary & Wages and other dues payable	**589,700**	602,353
Employee related statutory dues payable	**1,840,444**	1,735,773
Amounts payable for capital expenditure	**4,285,635**	4,233,635
Security Deposit from shops	**1,748,000**	1,698,000
Current Maturity of Finance Lease Obligation	**1,254,662**	1,318,737
Indirect Taxes Payable	**3,755,930**	3,854,215
Income Tax deducted at source & payable	**5,846,213**	5,884,425
Advance from customers	**12,853,613**	12,311,197
	32,174,197	31,638,335

9		
SHORT TERM PROVISIONS		
Provision for employee benefits		
Leave Encashment	**12,000**	10,000
Gratuity	**7,000**	5,000
Compensated absences	**124,991**	273,275
Other Provisions		
Income Tax*	**–**	–
Wealth Tax	**94,191**	114,627
Fringe Benefit Tax for earlier years	**128,782**	128,782
Proposed Dividend - final (2013 - Interim and final)	**103,250,000**	206,500,000
Tax on Dividend	**17,547,338**	17,547,338
	121,164,302	224,579,022

* net of advance tax and tax deducted/tax collected at source aggregating to ₹ 130,100,000 (2013 - ₹ 112,400,000)

Notes on Financial Statements — *Contd.*

10
FIXED ASSETS
TANGIBLE ASSETS
AS AT 31ST MARCH 2014

Name of the assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Original Cost as at 1st April 2013	Additions during the year	Sale / Adjust-ments	Total Cost as on 31st March 2014	As on 1st April 2013	For the period	Written back on sale or adjustment	Total as at 31st March 2014	As at 31st March 2014	As At 31st March 2013
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Freehold Land*	56,985,340	-	-	56,985,340	-	-	-	-	**56,985,340**	56,985,340
Building	698,311,195	3,576,796	-	701,887,991	134,011,450	11,405,633	-	145,417,083	**556,470,908**	564,299,745
Plant & Machinery	492,183,721	13,853,132	1,971,859	504,064,994	340,916,166	20,296,017	1,238,743	359,973,440	**144,091,554**	151,267,555
Furniture & Fixtures	94,173,369	1,005,031	55,365	95,123,035	92,608,483	135,121	55,148	92,688,456	**2,434,579**	1,564,886
Vehicles on operating lease	7,741,941	-	-	7,741,941	5,164,551	735,484	-	5,900,035	**1,841,906**	2,577,390
Vehicles	5,405,116	-	-	5,405,116	1,847,676	507,396	-	2,355,072	**3,050,044**	3,557,440
Office Equipments	1,330,220	-	-	1,330,220	579,371	63,185	-	642,556	**687,664**	750,849
TOTAL (A)	**1,356,130,902**	**18,434,959**	**2,027,224**	**1,372,538,637**	**575,127,697**	**33,142,836**	**1,293,891**	**606,976,642**	**765,561,995**	**781,003,205**
Assets on finance lease										
Vehicles	6,095,544	4,635,047	3,300,672	7,429,919	2,906,688	2,463,971	1,533,911	3,836,748	**3,593,171**	3,188,856
TOTAL (B)	**6,095,544**	**4,635,047**	**3,300,672**	**7,429,919**	**2,906,688**	**2,463,971**	**1,533,911**	**3,836,748**	**3,593,171**	**3,188,856**
TOTAL (A+B)	**1,362,226,446**	**23,070,006**	**5,327,896**	**1,379,968,556**	**578,034,385**	**35,606,807**	**2,827,802**	**610,813,390**	**769,155,166**	**784,192,061**
Previous year	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

* Includes Leasehold Land of the value of ₹ 30,592,639 (2013 - ₹ 30,592,639) in respect of which the registration formalities for conversion into Freehold Land is pending completion with Agra Development Authority.

Notes on Financial Statements — *Contd.*

	As at 31st March 2014 Rupees	2013 Rupees
11		
LONG TERM LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advances for capital contracts	**13,542,915**	176,996
Security Deposits with Government Agencies/departments	**1,283,455**	1,283,455
Prepaid Expenses	**6,679**	35,506
	14,833,049	1,495,957

	2014 Rupees	2013 Rupees
12		
CURRENT INVESTMENTS		
(at lower of cost and fair value)		
Reliance money manager fund institutional option - daily dividend plan; Nil units (2013 : 106829.401 units with face value of ₹ 1,001.3715)	**–**	106,975,915
	–	106,975,915
Aggregate amount of Quoted Investments		
At cost	**–**	–
At fair value	**–**	–
Aggregate amount of Unquoted Investments	**–**	106,975,915

	2014 Rupees	2013 Rupees
13		
INVENTORIES		
(at lower of cost and net realisable value)		
Provision, stores, wines & smokes	**6,837,447**	6,141,464
Cutlery, crockery, chinaware, glassware, linen etc.	**6,444,480**	8,161,086
Other stores	**7,415,559**	7,357,260
	20,697,486	21,659,810

	2014 Rupees	2013 Rupees
14		
TRADE RECEIVABLES		
(Unsecured, considered good)		
Debts outstanding over six months	**264,850**	167,996
Other debts*	**86,642,259**	103,295,521
	86,907,109	103,463,517

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

Notes on Financial Statements — *Contd.*

	As at 31st March 2014 Rupees	2013 Rupees
15		
CASH AND BANK BALANCES		
(a) Cash and Cash Equivalents		
– Cash in hand	**1,401,968**	1,467,376
– Fixed deposit accounts with banks with original maturity of less than three months	**169,650,000**	2,580,000
– Current accounts	**18,237,479**	137,886,342
(b) Other Bank Balances		
– Fixed deposits with maturity of three months and less than twelve months	**10,856,412**	14,364,243
	200,145,859	156,297,961

	2014	2013
16		
SHORT TERM LOANS AND ADVANCES		
(Unsecured, Considered good)		
Advance to staff	**17,886**	26,097
Advance to suppliers	**2,427,458**	1,258,248
Sales tax recoverable	**2,577,663**	2,577,663
Advance service tax	**1,292,625**	1,356,284
Cenvat Credit Refundable	**3,880,587**	3,990,233
Prepaid expenses	**5,932,172**	5,641,089
Security Deposits	**701,772**	704,576
Advance Tax and Tax Deducted at source refundable*	**4,286,688**	1,945,892
Income Tax Refundable	**9,359,580**	7,472,142
Guarantee commission refundable from Bank	**626,082**	626,082
	31,102,513	25,598,306

* net provision of income tax ₹ 130,100,000 (2013 - ₹ 112,400,000)

	2014	2013
17		
OTHER CURRENT ASSETS		
Land compensation claim recoverable*	**5,190,356**	5,190,356
Interest accrued on fixed deposit with banks	**315,015**	154,802
Other receivables	4,030	48,354
	5,509,401	5,393,512

* refers to cost of land acquired by State Government, the 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 2014 Rupees	2013 Rupees
18		
REVENUE FROM OPERATIONS		
Sale of Services		
Rooms	**582,225,955**	556,718,810
Food & Beverages	**209,259,009**	192,149,046
Other operating services	**53,105,523**	47,319,195
	844,590,487	796,187,051
19		
OTHER INCOME		
Interest	**3,230,892**	1,132,384
Rent	**624,000**	624,000
Dividend from Mutual Funds	**5,666,262**	7,598,588
Profit on redemption of units of Mutual Funds	–	11,554
Profit on Sale of Assets	–	247,619
Foreign Currency Incentive	**1,129,071**	1,067,604
	10,650,225	10,681,749
20		
CONSUMPTION OF PROVISIONS, STORES, WINES & SMOKES		
Opening Stock	**6,141,464**	5,719,354
Add : Purchases	**48,463,036**	44,452,818
	54,604,500	50,172,172
Less : Closing Stock	**6,837,447**	6,141,464
	47,767,053	44,030,708
21		
EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	**58,982,492**	58,641,622
Company's Contribution to Provident Fund and other funds	**2,966,603**	2,971,327
Workmen & Staff Welfare Expenses	**7,136,362**	6,604,212
	69,085,457	68,217,161

Notes on Financial Statements — *Contd.*

	Year ended 31st March 2014 Rupees	2013 Rupees
22		
FINANCE COST		
Interest	**702,455**	637,464
	702,455	637,464
23		
OTHER EXPENSES		
Expenses on apartment & board	**22,001,214**	20,930,058
Contract Services	**12,071,598**	11,209,344
Power & Fuel	**64,012,987**	57,216,672
Rent	**3,605,076**	3,145,207
Repairs		
– Building	**5,162,263**	21,087,348
– Plant & Machinery	**16,941,502**	15,998,300
Royalty	**8,579,065**	8,064,638
Hotel Operating Fees	**55,591,431**	50,427,849
Advertisement, publicity & other promotional expenses	**41,348,849**	41,257,963
Commission to travel agents & on credit cards	**37,062,038**	32,794,722
Rates & Taxes	**11,190,397**	11,372,156
Insurance	**1,704,451**	1,522,983
Loss on sale of assets	**578,097**	–
Loss on redemption of units of mutual funds	**410,877**	–
Auditors Remuneration		
– As Auditor	**950,000**	775,000
– For taxation matters	**112,360**	100,000
– For certification	**168,540**	–
– For reimbursement of out of pocket expenses	**22,536**	26,518
Prior period expenses	**–**	842,286
Miscellaneous	**28,417,372**	23,316,172
	309,930,653	300,087,216
24		
TAX EXPENSES		
Current Tax	**130,100,000**	112,400,000
Deferred Tax	**1,920,167**	8,881,012
	132,020,167	121,281,012

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 (2013 - ₹ 10,231,992)

(ii) Expenditure tax ₹ 96,638 (2013 - ₹ 96,638)

(iii) Sales tax demand ₹ 991,387 (2013 - ₹ 1,602,936)

(iv) Value Added Tax ₹ 3,050,318 (2013 - ₹ 4,169,455)

(v) Central Excise duty demand ₹ 302,065 (2013 - ₹ 302,065)

(vi) Income tax demand ₹ 67,913,395 (2013 - ₹ 12,613,405)

(vii) Fringe Benefit Tax ₹ 443,936 (2013 - ₹ 443,936)

II. Commitments

(a) The estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹ Nil (2013 - ₹ 271,653).

(b) Other commitments ₹ Nil (2013 - ₹ 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 (ceased to be subsidiary with effect from 30 September 2013)
(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, 2014.

Nature of transactions	Holding Company	Fellow Subsidiary	Enterprises in which Key Management Personnel has significant influence	Key Management Personnel
	₹	₹	₹	₹
Purchases				
Goods & Services (inclusive of service tax of ₹ 2,996,531)	38,957,804 (38,762,095)	191,294 (464,591)	–	–
Expenses				
Management Contract (inclusive of service tax of ₹ 8,991,846)	81,741,406 (74,783,587)	–	–	–
Remuneration				
Board sitting fees	–	–	–	80,000 (60,000)
Sales				
Goods & Services	1,108,479 (225,846)	320,150 (865,587)	–	–
Fixed Assets	170,859	–	–	–
Outstanding Balances				
Payables				
For Goods & Services	35,913 956 (37,455,261)	4,400 (1,103,226)	–	–
Receivables				
For Goods & Services	121,265 (98,068)	– (70,141)	–	–

Figures in brackets relate to 2013.

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 ₹ 2,463,971 (2013 - ₹ 1,326,601). The yearwise break-up of outstanding lease obligations are detailed as under:

The minimum lease payments outstanding as on 31st March, 2014 amount to ₹ 7,052,906 (2013 - ₹ 5,006,930) and the present value of lease liabilities amounts to ₹ 5,116,729 (2013 - ₹ 3,806,459).

	Year ended 31st March **2014** Rupees	2013 Rupees
(i) Not later than one year		
Minimum Lease Payments	**1,856,850**	1,785,626
Present value as at 31st March, 2014	**1,254,662**	1,318,737
(ii) Later than one year but not later than five years		
Minimum Lease Payments	**4,191,656**	3,221,304
Present value as at 31st March, 2014	**3,038,358**	2,487,722
(iii) Later than five years		
Minimum Lease Payments	**1,004,400**	–
Present value as at 31st March, 2014	**823,709**	–

(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 (2013 - ₹ 735,484)

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

	Non cancellable Amount Rupees	**Cancellable Amount Rupees**
(i) Not later than one year	**–**	–
(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 ₹ 6,957,774 (2013 - ₹ 6,512,647)

(II) As Lessee

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

(i) Not later than one year	**–** –	620,400 –
(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 ₹ 3,605,076 (net of recoveries of ₹ 863,540) (2013 - ₹ 3,145,207) 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, 2014 as per Actuarial Valuations using Projected Unit Credit Method and recognised in the Financial Statements in respect of Employee Benefit Schemes:

			2014		2013	
			Gratuity Unfunded	**Leave Encashment Unfunded**	**Gratuity Unfunded**	**Leave Encashment Unfunded**
			₹	₹	₹	₹
I	**Components of Employer Expense**					
	1	Current Service Cost	193,000	144,000	194,461	102,000
	2	Interest Cost	35,000	115,000	24,000	111,000
	3	Expected Return on Plan Assets	–	–	–	–
	4	Curtailment Cost/(Credit)	–	–	–	–
	5	Settlement Cost/(Credit)	–	–	–	–
	6	Past Service Cost	–	–	–	–
	7	Actuarial Losses/(Gains)	(213,000)	20,000	(14,000)	(88,000)
	8	**Total expense recognised in the Statement of Profit and Loss**	**15,000**	**279,000**	**204,461**	**125,000**
II	**Net Asset / (Liability) recognised in Balance Sheet as at March 31, 2014**					
	1	Present Value of Defined Benefit Obligations	438,000	1,667,000	423,000	1,388,000
	2	Fair Value of Plan Assets	–	–	–	–
	3	Status [Surplus/(Deficit)]	–	–	–	–
	4	Unrecognised Past Service Cost	–	–	–	–
	5	**Net Asset / (Liability) recognised in Balance Sheet**	**438,000**	**1,667,000**	**423,000**	**1,388,000**
III	**Change in Defined Benefit Obligations (DBO) during the year ended 31st March 2014**					
	1	Present value of DBO as at beginning of the year	423,000	1,388,000	273,000	1,263,000
	2	Current Service Cost	193,000	144,000	194,461	102,000
	3	Interest Cost	35,000	115,000	24,000	111,000
	4	Curtailment Cost/(Credit)	–	–	–	–
	5	Settlement Cost/(Credit)	–	–	–	–
	6	Plan Amendments	–	–	–	–
	7	Acquisitions	–	–	–	–
	8	Actuarial (Gains)/Losses	(213,000)	20,000	(14,000)	(88,000)
	9	Benefits Paid	–	–	(54,461)	–
	10	**Present Value of DBO at the end of year***	**438,000**	**1,667,000**	**423,000**	**1,388,000**
		***Comprises of**				
		Current Liability	7,000	12,000	5,000	10,000
		Non-Current Liability	431,000	1,655,000	418,000	1,378,000
IV	**Actuarial Assumptions**					
	1	Discount Rate (%)	9.00%	9.00%	8.25%	8.25%
	2	Expected rate of return	–	–	–	–
	3	Salary Escalation (%)	5.00%	5.00%	5.00%	5.00%
	4	Mortality	LIC (2006-08) mortality tables		LIC (1994-96) mortality tables	

		Experience Adjustments	**2014**		**2013**		**2012**		**2011**		**2010**	
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	438,000	1,667,000	423,000	1,388,000	273,000	1,263,000	298,000	1,764,000	253,000	1,494,000
	2	Fair Value of Plan Assets	–	–	–	–	–	–	–	–	–	–
	3	Status [Surplus/(Deficit)]	(438,000)	(1,667,000)	(423,000)	(1,388,000)	(273,000)	(1,263,000)	(298,000)	(1,764,000)	(253,000)	(1,494,000)
	4	Experience Adjustment of Plan Liabilities [(Gain)/Loss]	(213,000)	20,000	(14,000)	(88,000)	(181,000)	(756,000)	(211,000)	78,000	(192,000)	1,137,000

Schedules to Accounts — *Contd.*

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

		Year ended 31st March	
		2014	2013
		Rupees	Rupees
(i)	Raw Materials	**–**	–
(ii)	Spares	**1,605,278**	1,946,132
(iii)	Capital Goods	**4,827,632**	10,441,961
		6,432,910	12,388,093

30. Expenditure in foreign currency :

	2014 Rupees	2013 Rupees
Marketing, Room Commission & Others (Including amounts provided but not paid)	**10,461,055**	11,299,414

31. Earnings in foreign exchange :

	2014 Rupees	2013 Rupees
For hotel services (as certified by Management) inclusive of taxes	**760,588,363**	712,066,716

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

	Year ended 31st March 2014		Year ended 31st March 2013	
	Amount Rupees	Percentage	Amount Rupees	Percentage
Raw Materials				
Imported	–	–	–	–
Indigenous	47,767,053	100.00%	44,030,708	100.00%
	47,767,053	100.00%	44,030,708	100.00%
Spares				
Imported	1,605,278	14.97%	1,946,132	21.28%
Indigenous	9,115,417	85.03%	7,200,898	78.72%
	10,720,695	100.00%	9,147,030	100.00%

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

Trade Payables

(i) USD 19,515.85 (₹ 1,180,514) [2013 - USD 21,335 (₹ 1,169,383)]

(ii) Euro 132 (₹ 11,019) [2013 - Euro 210 (₹ 14,750)]

(iii) GBP 5,391.47 (₹ 543,838) [2013 GBP 5,296 (₹ 439,585)]

Trade Receivables Nil (2013 - Nil)

34. The Board of Directors in their meeting held on January 25, 2014 declared an interim dividend of ₹ 5 per equity share. Further, the Board of Directors in their meeting held on May 14, 2014 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 ₹ 24,15,94,676 including corporate dividend tax of ₹ 3,50,94,676.

For the year ended March 31, 2013, the Company paid dividend of ₹ 10 per share. The dividend appropriation for the year ended March 31, 2013 amounted to ₹ 240,797,070 including Corporate Dividend Tax of ₹ 34,297,070.

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
14th May, 2014

For and on behalf of the Board

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

MASHOBRA RESORT LIMITED

BOARD

Mr. Parthasarathi Mitra, *Chairman* *(w.e.f. 20th June, 2014)* Mr. Sudripta Roy, *Chairman* *(ceased w.e.f. 20th June, 2014)* Mr. Vidya Chander Pharka Dr. Shrikant Baldi	*Nominees of the Government of Himachal Pradesh*
Mr. Vikram Oberoi Mr. S.N. Sridhar Mr. T.K. Sibal Mr. Arjun Oberoi, *Managing Director*	*Nominees of EIH Limited*

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 Nineteenth Annual Report together with the Audited Statement of Accounts and the Auditor's Report in respect of the year ended 31st March, 2014.

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

	(Rupees in Million)	
	2013-2014	2012-2013
Total Revenue	**321.72**	276.67
Operating Profit before Interest, Depreciation, Taxes, Amortisations and Exceptional Items (EBIDTA)	**122.76**	109.27
Interest	**1.41**	1.86
Depreciation	**22.43**	22.20
Profit/(Loss) before Tax	**98.92**	85.22
Taxation (Deferred Tax)	**47.10**	(106.22)
Profit/(Loss) after Tax	**51.82**	191.44
Dividend on Equity Shares	**23.10**	–
Dividend Distribution Tax	**3.92**	–
Profit/(Loss) Brought Forward	**(642.43)**	(833.87)
Profit/(Loss) Carried Forward	**(617.63)**	(642.43)

In terms of General Circular No. 08/2014 date 4th April. 2014 of the Ministry of Corporate Affairs, Government of India, the Board Report has been prapared in accordance with Section 217 of the Companies Act, 1956.

During the Financial Year under review, the Company's Total Revenue was ₹ 321.72 million as compared to ₹ 276.67 million in the previous year. This represents an increase of 16% when compared to the previous year. The Profit for the year before Interest, Depreciation, Taxes and Amortisations (EBIDTA) was ₹ 122.76 million as compared to ₹ 109.28 million in the previous year, an increase of 12%.

The Board recommends a dividend of Re. 0.70 per Equity Share (7%) for the financial year 2013-2014. The outgo on dividend and Dividend Distribution Tax will be ₹ 27.02 million. The dividend, if approved at the forthcoming Annual General Meeting, will be paid on 24th June, 2014. As per Income Tax Act, 1961 the tax on the Dividend will be borne by the Company.

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, applicable Accounting Standards have bean followed and that there are no material departures;

b) the Directors have selected such 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 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.

Disputes between the Joint Venture Partners, viz. EIH Limited and Government of Himachal Pradesh relating to Wildflower Hall in which Company is also a party are pending in the High Court of Himachal Pradesh. All rooms of Wildflower Hall are operational and the orders of the High Court of Himachal Pradesh dated 17th December, 2003, are being complied with.

The present term of appointment of Mr. Arjun Oberoi as Managing Director of the Company expired on 23rd April, 2014. At the Board meeting held on 28th February, 2014, the Board had re-appointed Mr. Arjun Oberoi as Managing Director of the Company for a fresh term of five years with effect from 24th April, 2014, subject to the approval of the shareholders. Mr. Arjun Oberoi will not receive any remuneration as Managing Director of the Company.

The Board recommends to the shareholders re-appointment of Mr. Arjun Oberoi as Managing Director of the Company without receiving any remuneration.

Mr. P.R.S. Oberoi and Mr. S.S. Mukherji resigned from the Directorship of the Company consequent to the change in the nominee by the holding company, EIH Limited on the Board of the Company. In the casual vacancy caused due to the resignation of Mr. P.R.S. Oberoi and Mr. S.S. Mukherji, the Board had appointed Mr. Vikram Oberoi and Mr. S.N. Sridhar as Directors on the Board. Mr. Vikram Oberoi and Mr. S.N. Sridhar will hold office till Mr. P.R.S. Oberoi and Mr. S.S. Mukherji normally would have held it.

Mr. T.K. Sibal and Mr. Sudripta Roy retire by rotation at the forthcoming Annual General Meeting and are eligible for re-appointment.

Energy conservation measures taken during the year include installation of online hot water generator, installation of compact steam boiler for use during off peak loads to reduce main boiler running time and fuel consumption, installation of energy efficient pumps and strict operational control on equipments and lighting to save energy.

Some of the actions planned for next year are replacement of Halogen lamps with LED lamps and further operational control on equipment and lighting to lower energy consumption.

Foreign Exchange earnings during the year amounted to ₹ 48.28 million as compared to ₹ 51.52 million in the previous year. The outflow of Foreign exchange during the year was ₹ 6.11 million as compared to ₹ 7.42 million in the previous year.

The Auditor's Observations in their report have been fully explained in Note numbers 25(a)(i), 25(a)(ii) and 25(d) 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 Nineteenth Annual General Meeting and offer themselves for re-appointment.

Awards won by Wildflower Hall, Shimla are as under:

Top 25 Hotels for Romance in India (Ranked 2nd)	Trip Advisor, Travellers' Choice Awards, 2014
Top 25 Hotels in India (Ranked 4th)	Trip Advisor, Travellers' Choice Awards, 2014

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

For and on behalf of the Board

Shimla
16th May, 2014

ARJUN OBEROI
Managing Director

T.K. SIBAL
Director

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of the Company will be held at 11.30 a.m. on Friday, 20th June, 2014, at CS Committee Room, 2nd Floor, Ellerslie Building, Himachal Pradesh Secretariat, Shimla-171002 to transact the following business:

1. To adopt the Audited Accounts of the Company for the year ended 31st March, 2014, together with the Directors' and Auditor's Report thereon.

2. To declare a dividend.

3. To appoint a Director in place of Mr. T.K. Sibal, who retires by rotation and, being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Sudripta Roy, who retires by rotation and, being eligible, offers herself for re-appointment.

5. To appoint Auditors and to fix their remuneration.

As Special Business

6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT the consent of the Company be and is hereby accorded to the re-appointment of Mr. Arjun Oberoi as Managing Director of the Company for a period of five years, effective 24th April, 2014.

   RESOLVED FURTHER that Mr. Arjun Oberoi will not receive any remuneration as Managing Director of the Company."

Registered Office:
Hotel Wildflower
Chharabra
Shimla-171012
16th May, 2014

BY ORDER OF THE BOARD

ARJUN OBEROI
Managing Director

Notes:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote in his stead. A Proxy need not be a Member of the Company.

2. Proxies, in order to be effective, must be lodged at the Registered Office of the Company not later than 48 hours before the Meeting.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") in respect of Special Business.

Item No. 6

Mr. Arjun Oberoi's term as the Managing Director of the Company expired on 23rd April, 2014.

The Board of Directors of the Company at its Meeting held on 28th February, 2014 re-appointed Mr. Arjun Oberoi, Managing Director for a further term of five years effective 24th April, 2014 subject to approval of shareholders in General Meeting. Mr. Arjun Oberoi will not be entitled to any remuneration from the Company.

General Meeting approval through ordinary resolution is now sought for the appointment.

The ordinary resolution set out in the Notice convening the General Meeting is, therefore, recommended for acceptance by shareholders.

Save and except Mr. Arjun Oberoi, no other Director of the Company and/their relatives as defined in the Act and also the Key Managerial Personnel and their relatives, if any of the Key Managerial Personnel in the Company, has any concern or interest in the resolution.

INDEPENDENT AUDITORS' 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, 2014, 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 fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 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, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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

We draw attention to Note 25 (a)(i) to the Financial Statements regarding disclosure of Advance towards shares, Note 25(a)(ii) regarding basis of going concern and Note 25(d) regarding the ongoing dispute between EIH Ltd, the holding company and the Government of Himachal Pradesh. Our opinion is not qualified in these respects.

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, 2014;
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 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 dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
   e. on the basis of written representations received from the Directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2014 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

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

(ASISH KUMAR MUKHOPADHYAY)
Partner Membership No. 056359

Shimla
16th May, 2014

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under the heading 'Report on Other Legal Requirements' of our report of even date)

i. (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 explanation 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 were 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 part of fixed assets has 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.

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

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

iii. 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 during the year has not taken any loan, secured or unsecured from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. In respect of advances received from the holding company up to 31.3.2012, has been shown as 'Advance Towards Shares' and has been disclosed as such in the Balance Sheet. [Also refer Note No. 25(a) (i) of Notes to the Accounts].

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

iv. 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.

v. (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 specialized nature.

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

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

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

ix. (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, value added tax/sales tax, customs duty, service tax, 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, value added tax/sales tax, customs duty, service tax, excise duty and cess were outstanding as at 31st March, 2014 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, value added tax/sales tax, customs duty, excise duty and cess which have not been deposited on account of any dispute. However, according to information and explanation given to us, the following dues of Service tax have not been deposited by company on account of disputes:

Name of the Statue	**Natures of Dues**	**Amount (in Rs.)**	**Period to which the amount relates**	**Forum where the dispute is pending**
Service Tax	Service Tax demanded	5,163,974	Financial year 2004 - 2005 to 2008 - 2009	Customs, Excise & Service Tax Appellate Tribunal

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

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

xii. 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.

xiii. 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.

xiv. In our opinion, and according to the information and explanations given to us 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.

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

xvi. According to the information and explanations given to us, the company has not raised any term loans during the year. Accordingly, the provisions of Clause (xvi) of paragraph 4 of the aforesaid Order are not applicable to the Company.

xvii. 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.

xviii. 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.

xix. 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.

xx. 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.

xxi. 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 or have we been informed of any such case by the Management.

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

ASISH KUMAR MUKHOPADHYAY
Partner
Membership Number 056359

Shimla
16th May, 2014

Balance Sheet
as at 31st March, 2014

	Notes	Rupees	As at 31st March 2014 Rupees	2013 Rupees
I EQUITY AND LIABILITIES				
1. SHAREHOLDERS' FUNDS				
a) Share Capital	2	**330,000,000**		330,000,000
b) Reserves and Surplus	3	**(617,630,642)**		(642,427,854)
			(287,630,642)	(312,427,854)
2. ADVANCE TOWARDS SHARES			**1,361,925,454**	1,361,925,454
3. NON CURRENT LIABILITIES				
a) Long Term Borrowings	4	**5,903,261**		6,324,914
b) Other Long Term Liabilities	5	**8,820**		34,494
c) Long Term Provisions	6	**1,328,719**		1,114,257
			7,240,800	7,473,665
4. Current Liabilities				
a) Trade Payables	7	**14,544,397**		9,530,020
b) Other Current Liabilities	8	**16,062,693**		15,740,045
c) Short Term Provisions	9	**28,005,690**		74,083
			58,612,780	25,344,148
Total			**1,140,148,392**	1,082,315,413
II ASSETS				
1. NON CURRENT ASSETS				
a) Fixed Assets	10			
i) Tangible Assets				
Gross Block		**892,917,270**		890,777,447
Less : Depreciation		**319,775,404**		299,434,108
Net Block		**573,141,866**		591,343,339
ii) Intangible Assets		**–**		–
iii) Capital Work-in-Progress		**–**		346,007
		573,141,866		591,689,346
b) Deferred Tax Asset (Net)	11	**134,252,421**		180,567,868
c) Long Term Loans and Advances	12	**1,003,425**		978,748
			708,397,712	773,235,962
2. CURRENT ASSETS				
a) Inventories	13	**15,011,750**		12,501,345
b) Trade Receivables	14	**9,786,486**		10,258,408
c) Cash and Bank Balances	15	**393,807,225**		279,471,837
d) Short Term Loans and Advances	16	**12,569,073**		6,661,062
e) Other Current Assets	17	**576,146**		186,799
			431,750,680	309,079,451
TOTAL			**1,140,148,392**	1,082,315,413
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

ASISH KUMAR MUKHOPADHYAY
Partner
Membership Number 056359

Shimla
16th May, 2014

ARJUN OBEROI *Managing Director*

T.K. SIBAL *Director*

Statement of Profit and Loss for the year ended 31st March, 2014

		Notes	Rupees	Year ended 31st March 2014 Rupees	2013 Rupees
INCOME					
I	Revenue from Operations	18		**292,013,381**	254,866,789
II	Other Operating Income	19		**911,521**	628,470
III	Other Income	20		**28,797,905**	21,173,909
IV	**Total Revenue (I+II+III)**			**321,722,807**	276,669,168
V	Expenses				
	Cost of Materials Consumed	21		**24,718,971**	23,048,380
	Employee Benefits Expense	22		**45,176,978**	40,276,122
	Finance Costs	23		**1,405,946**	1,859,445
	Depreciation and Amortisation Expenses			**22,430,210**	22,196,766
	Other Expenses	24		**129,071,198**	104,071,800
	Total Expenses			**222,803,303**	191,452,513
VI	Profit before Taxation (IV-V)			**98,919,504**	85,216,655
VII	Tax Expense				
	Current Tax		6,353,000		–
	Less: MAT Credit Entitlement		5,572,000		–
	Net Current Tax		781,000		–
	Deferred Tax		46,315,447		(106,225,241)
				47,096,447	(106,225,241)
VIII	Profit for the period (VI-VII)			**51,823,057**	191,441,896
IX	Earnings per Equity Share	25(m)			
	(1) Basic			**1.57**	5.80
	(2) Diluted			**1.57**	5.80

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

ASISH KUMAR MUKHOPADHYAY
Partner
Membership Number 056359

Shimla
16th May, 2014

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

Cash Flow Statement
for the year ended 31st March, 2014

		Year ended 31st March 2014 Rupees	2013 Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net Profit/(Loss) before Tax	**98,919,504**	85,216,655
	Adjustments for:		
	Depreciation	**22,430,210**	22,196,766
	Interest Paid	**1,405,946**	1,859,445
	Sales/Adjustment of Fixed Assets	**688,876**	1,619,981
	Interest Received	**(28,797,905)**	(21,173,909)
	Operating Profit before Working Capital Changes	**94,646,631**	89,718,938
	Adjustments for:		
	Trade & Other Receivables	**(57,722)**	(5,652,367)
	Inventories	**(2,510,405)**	313,743
	Trade Payables	**5,254,596**	3,058,678
	Cash Generated from Operations	**97,333,100**	87,438,992
	Interest Paid	**(1,405,946)**	(2,368,045)
	Payment of Direct Taxes	**(5,572,758)**	(794,178)
	Net cash from Operating Activities	**90,354,396**	84,276,769
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	**(4,597,280)**	(6,784,327)
	Interest Received	**28,578,272**	30,548,523
	Net cash used in Investing Activities	**23,980,992**	23,764,196
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Repayment of		
	Term Loans	**–**	(19,642,888)
	Net Cash used in Financing Activities	–	(19,642,888)
	Net Increase in Cash & Cash Equivalents (A+B+C)	**114,335,388**	88,398,077
	Cash and Cash Equivalents at beginning of year	**279,471,837**	191,073,760
	Cash and Cash Equivalents at end of year	**393,807,225**	279,471,837

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 ₹ 310,504,013 (2013 - ₹ 247,529,354) 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

ASISH KUMAR MUKHOPADHYAY
Partner
Membership Number 056359

Shimla
16th May, 2014

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 on accrual basis of accounting in accordance with the Generally Accepted Accounting Principle, Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof.

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

Tangible 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 capitalized.

Assets acquired on lease are capitalized at the Present Value of minimum lease payments and are stated at the capitalized value net of accumulated 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.

Intangible Assets - Intangible assets are stated at cost of acquisition less accumulated depreciation. Computer Software is amortised over a period of Thirty six months.

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.

Operating Lease payments are recognized as expenditure in the Statement of Profit and Loss on straight line basis, over the lease period.

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.

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.

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.

Notes to the Account — *Contd.*

EMPLOYEE BENEFITS

Post Employment and other Long Term Employee benefits are provided for in the accounts 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, provision/write back, if any, is made on the basis of the present value of a liability as at the Balance Sheet date determined by actuarial valuation following Projected Unit Method and is treated as liability.

(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

Income tax is accounted for after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961, and in accordance with Accounting Standard (AS-22) – 'Accounting for Taxes on Income'.

Minimum alternate Tax (MAT) is accounted for in accordance with tax laws which gives 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 losses are not recognised unless there is virtual certainty about availability of future taxable income to realise such assets.

PROPOSED DIVIDEND

Dividend, when recommended by the Board of Directors, is provided for in the Accounts pending Shareholders' approval.

PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised in terms of Accounting Standard (AS-29) – 'Provisions, Contingent Liabilities and Contingent Assets' 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 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 of resources are provided for.

Notes to the Account — *Contd.*

		As at 31st March	
		2014	2013
	Rupees	**Rupees**	Rupees
2			
SHARE CAPITAL			
AUTHORISED			
50,000,000 (2013 - 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 (2013 - 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 2014		As at 31st March, 2013	
	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 (2013 - 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, 2014		As at 31st March 2013	
	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%

(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	
		2014	2013
3	**Rupees**	**Rupees**	Rupees
RESERVES & SURPLUS			
Surplus in the Statement of Profit and Loss			
Balance at the beginning of the year		**(642,427,854)**	(833,869,750)
Profit for the year		**51,823,057**	191,441,896
Less: Appropriations			
Proposed Dividend on Equity Shares	23,100,000		
Dividend Distribution Tax on proposed dividend on Equity Shares	3,925,845	27,025,845	–
Balance at the end of the year		**(617,630,642)**	(642,427,854)

Notes to the Account — *Contd.*

	As at 31st March 2014 Rupees	2013 Rupees
4		
LONG TERM BORROWINGS		
(i) SECURED (Note a below)		
Long Term maturities of finance lease obligation	**903,261**	1,324,914
(ii) UNSECURED (Note b below)		
Government of Himachal Pradesh	**5,000,000**	5,000,000
	5,903,261	6,324,914

Particulars of security and terms of repayment for borrowing

Name of the Lender		Nature of security	Terms of repayment
(a)	Finance lease obligations	Finance Lease Obligations are secured by hypothecation of Vehicles underlying the leases.	Equated Monthly lease rentals over the respective period of leases.
(b)	Government of Himachal Pradesh	Unsecured	Repayable at the option of the Company. Rate of Interest: 16.50% p.a.

	As at 31st March 2014 Rupees	2013 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	**8,820**	34,494
	8,820	34,494
6		
LONG TERM PROVISIONS		
Provision for Employee Benefits		
(i) Leave Encashment	**1,018,815**	843,581
(ii) Gratuity	**309,904**	270,676
	1,328,719	1,114,257

Notes to the Account — *Contd.*

		As at 31st March	
		2014	2013
	Rupees	**Rupees**	Rupees
7			
TRADE PAYABLES			
(i) Total Outstanding Dues of Micro Enterprises & Small Enterprises		**–**	–
(ii) Total Outstanding Dues of Creditors other than Micro Enterprises & Small Enterprises		**14,544,397**	9,530,020
		14,544,397	9,530,020

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

8			
OTHER CURRENT LIABILITIES			
(i) Current maturities of Finance Lease Obligations (Refer Note 4a above)		**421,653**	545,616
(ii) Advance from customers		**3,830,530**	3,769,587
(iii) Other Payables			
Retention Money		**5,487,432**	5,487,432
Statutory Liabilities		**3,278,324**	3,147,985
Other Liabilities		**3,044,754**	2,789,425
		16,062,693	15,740,045

9			
SHORT TERM PROVISIONS			
A Provision for Employee Benefits			
(i) Leave Encashment		**194,997**	71,322
(ii) Gratuity		**3,848**	2,761
B Other Provisions			
(i) Provision for Income Tax	**6,353,000**		
Less: MAT Credit Entitlement (Note 25(g))	**(5,572,000)**		
(ii) Provision for Proposed Dividend on - Equity Shares	**23,100,000**		
(iii) Provision for Tax on Dividend	**3,925,845**	**27,806,845**	–
		28,005,690	**74,083**

Notes to the Account — *Contd.*

10
FIXED ASSETS

Description of assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Original Cost as at 1st April 2013	Additions during the year	Sales/ Adjustments	Original Cost as at 31st March, 2014	As at 1st April, 2013	For the year	Sales/ Adjustments	As at 31st March, 2014	**As at 31st March, 2014**	As at 31st March, 2013
	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	87,201,533	7,333,559	–	94,535,092	**355,417,979**	362,751,538
Sanitary Installation	32,888,815	76,673	–	32,965,488	6,234,278	535,689	–	6,769,967	**26,195,521**	26,654,537
Plant & Machinery	261,120,128	3,593,383	1,453,689	263,259,822	141,315,631	12,733,452	820,632	153,228,451	**110,031,371**	119,804,497
Office Equipment	1,089,452	–	–	1,089,452	601,107	25,849	–	626,956	**462,496**	488,345
Computers	14,061,752	574,345	244,161	14,391,936	10,882,925	836,677	244,161	11,475,441	**2,916,495**	3,178,827
Furniture, Fixtures & Fittings	52,694,193	673,212	241,051	53,126,354	51,058,025	276,635	185,232	51,149,428	**1,976,926**	1,636,168
Vehicles Others	1,635,918	–	–	1,635,918	944,799	130,150	–	1,074,949	**560,969**	691,119
Tangible Assets (A)	887,848,558	4,917,613	1,938,901	890,827,270	298,238,298	21,872,011	1,250,025	318,860,284	**571,966,986**	589,610,260
Assets taken on Finance Lease Leased Vehicles (Note 25(c))	2,928,889	–	838,889	2,090,000	1,195,810	558,199	838,889	915,120	**1,174,880**	1,733,079
Tangible Assets on Lease (B)	2,928,889	–	838,889	2,090,000	1,195,810	558,199	838,889	915,120	**1,174,880**	1,733,079
Tangible Assets (A)+(B)	890,777,447	4,917,613	2,777,790	892,917,270	299,434,108	22,430,210	2,088,914	319,775,404	**573,141,866**	591,343,339
INTANGIBLE ASSETS										
Computer Software	797,552	–	–	797,552	797,552	–	–	797,552	**–**	–
Intangible Assets (C)	797,552	–	–	797,552	797,552	–	–	797,552	**–**	–
Grand Total (A+B+C)	891,574,999	4,917,613	2,777,790	893,714,822	300,231,660	22,430,210	2,088,914	320,572,956	**573,141,866**	591,343,339
Previous year	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**	

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.

   Vehicle acquired on lease are depreciated over their respective lease period of 36,48 or 60 months.

Notes to the Account — *Contd.*

	As at 31st March 2014 Rupees	2013 Rupees
11		
DEFERRED TAX ASSETS (NET)		
Deferrd Tax Assets on account of:-		
Unabsorbed Depreciation	**173,665,320**	191,723,505
Unabsorbed business loss	**68,375,786**	102,423,729
Provision for Gratuity and Leave Encashment	**495,618**	403,917
	242,536,724	294,551,151
Deferred Tax Liabilities on account of:		
Depreciation	**108,284,303**	113,983,283
	108,284,303	113,983,283
Deferred Tax Assets (Net)	**134,252,421**	180,567,868

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 ₹ 68,375,786 (2013 - 102,423,729) & ₹ 173,665,320 (2013 - ₹ 191,723,505) respectively, will be realised in future.

	2014 Rupees	2013 Rupees
12		
LONG TERM LOANS AND ADVANCES		
Unsecured, considered good (unless otherwise stated)		
(i) Capital Advances	–	202,248
(ii) Security Deposits	**797,549**	732,549
(iii) Prepaid Expenses	**205,876**	43,951
	1,003,425	978,748

	2014 Rupees	2013 Rupees
13		
INVENTORIES		
(i) Provisions, Stores, Wines & Smokes	**4,437,591**	2,785,671
(ii) Other traded goods	**1,376,576**	1,401,403
(iii) Crockery, Cutlery, Chinaware, Glassware, Linen etc.	**4,813,373**	5,222,283
(iii) Other Stores	**4,384,210**	3,091,988
	15,011,750	12,501,345

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.

Notes to the Account — *Contd.*

			As at 31st March	
			2014	2013
		Rupees	**Rupees**	Rupees
14				
TRADE RECEIVABLES (Unsecured, considered good)				
(i)	Outstanding for a period of exceeding six months from the due date		**–**	6,000
(ii)	Others		**9,786,486**	10,252,408
			9,786,486	10,258,408
15				
CASH & BANK BALANCES				
A.	Cash & Cash Equivalents			
(i)	Cash on hand	**572,329**		1,282,362
(ii)	Cheques on hand	**656,141**		726,949
(iii)	Bank Balances			
	In Current Accounts	**22,393,576**		26,633,172
			23,622,046	28,642,483
B.	Other Bank Balances			
(i)	Balance in Fixed Deposit Accounts having more than 3 months but less than 12 months maturity	**59,681,166**		3,300,000
(ii)	In Bank account as per High Court order dated 17th December, 2003 (Refer note 25(d))			
	In current accounts	**19,478**		15,494
	Balance in Fixed deposit accounts having more than 3 months but less than 12 months maturity	**310,484,535**		247,513,860
			370,185,179	250,829,354
			393,807,225	279,471,837
16				
SHORT TERM LOANS AND ADVANCES				
Unsecured considered good (unless otherwise stated)				
(i)	Advance recoverable in cash or in kind or for value to be received			
	– From Related Parties		**–**	–
	– From Others		**1,102,636**	1,217,869
(ii)	Prepaid Expenses		**2,577,865**	2,108,779
(iii)	Income Tax Refundable	**2,336,744**		2,335,986
(iv)	MAT Credit Entitlement (Note 25(g))	**(5,572,000)**		–
			7,908,744	2,335,986
(v)	Sundry Deposits		979,828	998,428
			12,569,073	6,661,062
17				
OTHER CURRENT ASSETS				
Unsecured considered good (unless otherwise stated)				
(i)	Other Receivables		**171,285**	1,571
(ii)	Interest accrued		**404,861**	185,228
			576,146	186,799

Notes to the Account — *Contd.*

	Year ended 31st March 2014 Rupees	2013 Rupees
18		
REVENUE FROM OPERATIONS		
Income from Guest Accommodation, Restaurants, Bars & Banquets etc.		
Rooms	**173,398,867**	148,011,368
Food & Beverages	**90,101,451**	79,989,904
Other Services	**28,513,063**	26,865,517
	292,013,381	254,866,789
19		
OTHER OPERATING INCOME		
Others	**911,521**	628,470
	911,521	628,470
20		
OTHER INCOME		
Interest from banks	**28,797,905**	21,157,239
Interest from others	**–**	16,670
	28,797,905	21,173,909
21		
COST OF MATERIALS CONSUMED		
a. Provisions, Smokes & Wines		
Opening Stock	**2,785,671**	2,926,731
Add : Purchases	**23,446,440**	19,885,839
	26,232,111	22,812,570
Less : Closing Stock	**4,437,591**	2,785,671
Consumption (a)	**21,794,520**	20,026,899
b. Other traded goods		
Opening Stock	**1,401,403**	1,383,498
Add : Purchases	**2,899,624**	3,039,386
	4,301,027	4,422,884
Less : Closing Stock	**1,376,576**	1,401,403
Consumption (b)	**2,924,451**	3,021,481
Total (a+b)	**24,718,971**	23,048,380
22		
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages & Bonus	**40,605,740**	35,701,506
Company's Contribution towards Provident Fund	**1,524,336**	1,399,245
Contribution to Gratuity Fund including provision of ₹ 61,430 (2013 - ₹ 145,357) (Refer note 22 (a))	**256,585**	265,581
Provision for Leave Encashment (Refer note 22(a))	**620,718**	783,685
Workmen and Staff Welfare Expenses	**2,169,599**	2,126,105
	45,176,978	40,276,122

Notes to the Account — *Contd.*

22 (a) Long Term Defined Benefit Plans in respect of Gratuity and Compensated Absences on 31st March, 2014 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, 2014	Year ended 31st March 2013
I	**Components of Employer Expense**			
	(a)	Current Service Cost	111,175	78,304
	(b)	Interest Cost	21,688	12,782
	(c)	Expected Return on Plan Assets	-	-
	(d)	Curtailment Cost / (Credit)	-	-
	(e)	Settlement Cost / (Credit)	-	-
	(f)	Past Service Cost	-	-
	(g)	Actuarial (Gains) / Losses	(71,433)	54,271
	(h)	Liability no longer required	-	-
	(i)	Total expense/(gain) recognised in the Statement of Profit & Loss	61,430	145,357
II	**Net Asset / (Liability) recognised in Balance Sheet as at 31st March, 2014**			
	(a)	Present Value of Defined Benefit Obligations	313,752	273,437
	(b)	Fair Value of Plan Assets	-	-
	(c)	Status [Surplus/(Deficit)]	(313,752)	(273,437)
	(d)	Unrecognised Past Service Cost	-	-
	(e)	Net Asset / (Liability) recognised in Balance Sheet	(313,752)	(273,437)
III	**Change in Defined Benefit Obligations (DBO) during the year ended on 31st March, 2014**			
	(a)	Present value of DBO as at 31st March 2013	273,437	164,080
	(b)	Current Service Cost	111,175	78,304
	(c)	Interest Cost	21,688	12,782
	(d)	Curtailment Cost/(Credit)	-	-
	(e)	Settlement Cost/(Credit)	-	-
	(f)	Plan Amendments	-	-
	(g)	Acquisitions	-	-
	(h)	Actuarial (Gains)/Losses	(71,433)	54,271
	(i)	Benefits Paid	(21,115)	(36,000)
	(j)	Liability no longer required	-	-
	(k)	Present Value of DBO as at 31st March, 2014	313,752	273,437
IV	**Change in Fair Value of Assets during the year ended 31st March, 2014**			
	(a)	Plan Assets as at 31st March, 2013	-	-
	(b)	Acquisition Adjustment	-	-
	(c)	Actuarial Return on Plan Assets	-	-
	(d)	Actuarial Gains/(Losses)	-	-
	(e)	Actual Company Contribution	21,115	36,000
	(f)	Benefits Paid	(21,115)	(36,000)
	(g)	Plan Assets as at 31st March, 2014	-	-
V	**Investment Details**			
	Invested with LIC Group Gratuity Scheme		-	-
VI	**Actuarial Assumptions**			
	(a)	Discounting Rate (%)	9.00%	8.25%
	(b)	Expected rate of return	–	–
	(c)	Salary Escalation (%)	5.50%	5.50%
	(d)	Mortality	Indian assured lives mortality (2006-08) (modified) Ultimate	Indian 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 2014	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	313,752	273,437	164,080	598,976	551,571
(b)	Fair Value of Plan Assets	–	–	–	–	–
(c)	Status [Surplus/(Deficit)]	(313,752)	(273,437)	(164,080)	(598,976)	(551,571)
(d)	Experience Adjustments on Plan Liabilities Loss/(gains)	(16,595)	25,758	(32,542)	113,701	(269,705)
(e)	Experience adjustments on plan assets gain/(Loss)	–	–	–	–	–
(f)	Experience (gain)/loss on plan liabilities due to change of assumptions	(54,838)	28,513	(14,968)	(12,811)	(32,865)

		Leave Encashment	Year ended 31st March, 2014	Year ended 31st March, 2013
I		**Components of Employer Expense**		
	(a)	Current Service Cost	101,886	70,395
	(b)	Interest Cost	51,753	36,450
	(c)	Expected Return on Plan Assets	-	-
	(d)	Curtailment Cost / (Credit)	-	-
	(e)	Settlement Cost / (Credit)	-	-
	(f)	Past Service Cost	-	-
	(g)	Actuarial (Gains)/Losses	467,079	676,840
	(h)	Liability no longer required	-	-
	(i)	Total expense/(gain) recognised in the statement of Profit & Loss	620,718	783,685
II		**Net Asset / (Liability) recognised in Balance Sheet as at 31st March, 2014**		
	(a)	Present Value of Defined Benefit Obligations	1,025,483	849,849
	(b)	Fair Value of Plan Assets	-	-
	(c)	Status [Surplus/(Deficit)]	(1,025,483)	(849,849)
	(d)	Unrecognised Past Service Cost	-	-
	(e)	Net Asset / (Liability) recognised in Balance Sheet	(1,025,483)	(849,849)
III		**Change in Defined Benefit Obligations (DBO) during the year ended on 31st March, 2014**		
	(a)	Present value of DBO as at 31st March, 2013	849,849	766,985
	(b)	Current Service Cost	101,886	70,395
	(c)	Interest Cost	51,753	36,450
	(d)	Curtailment Cost/(Credit)	-	-
	(e)	Settlement Cost/(Credit)	-	-
	(f)	Plan Amendments	-	-
	(g)	Acquisitions	-	-
	(h)	Actuarial (Gains)/Losses	467,079	676,840
	(i)	Benefits Paid	(445,084)	(700,821)
	(j)	Liability no longer required	–	–
	(k)	Present Value of DBO as at 31st March 2014	1,025,483	849,849
IV		**Changes in Fair Value of Assets during the year ended 31st March, 2014**		
	(a)	Plan Assets as at 31st March, 2013	-	-
	(b)	Acquisition Adjustment	-	-
	(c)	Actuarial Return on Plan Assets	-	-
	(d)	Actuarial Gains/(Losses)	-	-
	(e)	Actual Company Contribution	445,084	700,821
	(f)	Benefits Paid	(445,084)	(700,821)
	(g)	Plan Assets as at 31st March, 2014	-	-

Notes to the Account — *Contd.*

V	**Investment Details**		
	Invested with LIC Group Gratuity Scheme	-	-
VI	**Actuarial Assumptions**		
	(a) Discounting Rate (%)	9.00%	8.25%
	(b) Expected rate of return	-	-
	(c) Salary Escalation (%)	5.50%	5.50%
	(d) Mortality	Indian assured lives mortality (2006-08) (modified) Ultimate	Indian assured lives mortality (1994-96) (modified) Ultimate

VII	**Net Aaset/(Liability) recognised in Balance Sheet (including experience adjustment impact)**	**Year ended 31st March 2014**	**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	1,025,483	849,849	766,985	661,780	433,459
(b)	Fair Value of Plan Assets	–	–	–	–	–
(c)	Status [Surplus/(Deficit)]	(1,025,483)	(849,849)	(766,985)	(661,780)	(433,459)
(d)	Experience Adjustments on Plan Liabilities Loss/(gains)	623,322	594,738	349,566	454,947	(359,023)
(e)	Experience adjustments on plan assets gain/(Loss)	–	–	–	–	–
(f)	Experience (gain)/loss on plan liabilities due to change of assumptions	(156,243)	82,102	(67,786)	(14,349)	(23,878)

Notes to the Account — *Contd.*

	Year ended 31st March 2014 Rupees	2013 Rupees
23		
FINANCE COSTS		
Interest on borrowing		
– From Banks	**–**	92,473
– From others	**1,405,946**	1,766,972
(Including Interest on Income Tax u/s 234B & 234C is ₹ 256,319: 2013-Nil)		
	1,405,946	1,859,445

	Year ended 31st March 2014 Rupees	2013 Rupees
24		
OTHER EXPENSES		
A. UPKEEP & SERVICE COST		
Linen, Uniform Washing & Laundry Expenses	**629,345**	616,617
Expenses on Apartment & Board	**9,433,147**	9,139,181
Power & Fuel	**36,190,041**	29,032,121
Renewals & Replacements	**4,180,420**	3,478,418
Repair & Maintenance - Building	**5,289,266**	7,557,216
- Plant & Machinery	**5,149,101**	4,692,179
- Others	**4,188,315**	4,054,047
	65,059,635	58,569,779
B. ADMINISTRATIVE, SELLING & OTHER EXPENSES		
Expenses for contractual services	**7,263,255**	6,351,288
Rent	**1,133,718**	1,332,070
Advertisement, Publicity & Other Promotional Expenses	**3,278,106**	3,162,688
Printing & Stationery	**1,015,346**	987,966
Insurance	**846,230**	675,529
Passage & Travelling	**5,112,903**	5,517,569
Postage, Telephone & Telex	**1,073,094**	982,544
Subscriptions	**453,605**	657,647
Water Charges	**9,339,677**	7,294,772
Commission to Travel Agents and others	**9,695,066**	8,465,748
Auditor's Remuneration		
– Audit Fees	**21,000**	21,000
– For taxation matters	**15,000**	15,000
Loss on exchange (Net)	**–**	51
Legal & Professional	**18,504,893**	3,156,381
Donation	**17,000**	10,000
Rates & Taxes	**2,202,854**	2,324,321
Musical, Banquet & Kitchen Expenses	**1,838,882**	1,725,724
Other Expenses	**2,200,934**	2,821,723
	64,011,563	45,502,021
Grand Total (A+B)	**129,071,198**	104,071,800

Notes to the Account — *Contd.*

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NOTES TO THE ACCOUNT

a) i) Advances received from EIH Limited, the holding Company, amounting to ₹ 1,361,925,454 (2013 - ₹ 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 and the stay orders issued by the Honb'le High Court of Himachal Pradesh at Shimla in this regard. In view of the above, the same has not been disclosed as Non-Current Liability but as a separate line item below Shareholders' Fund in the Balance Sheet.

ii) The paid up share capital of the Company has been eroded by 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 (2013 - ₹ 5,163,974) in respect of a service tax case which is pending before Customs, Excise & Service Tax Appellate Tribunal.

ii) Capital Commitments - The estimated amount of contracts remaining to be executed on Capital account and not provided for ₹ Nil (2013 - ₹ 2,64,922).

c) **Leases**

i) Motor Vehicles acquired on Finance Lease amounting to ₹ 2,090,000 (2013 - ₹ 2,928,889), being the assets acquired between 1st April, 2003 to 31st March, 2014. This includes an amount of ₹ Nil (2013 - ₹ 950,000) 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". Depreciation for the year includes an amount of ₹ 558,199 (2013 - ₹ 553,284) being depreciation charged on the assets.

The year-wise break up of outstanding lease obligations as on 31.03.2014 in respect of these Assets capitalised during the year are as under:-

	(Rupees)
Vehicles taken on Lease	
Total Minimum Lease Payments as at 31.03.2014	**1,858,602** (2,725,648)
Present value of Minimum Lease Payments as at 31.03.2014	**1,324,914** (1,870,530)
Not later than one year	
Minimum Lease Payments	**660,493** (867,046)
Present value as on 31.03.2014	**421,653** (545,616)
Later than one year but not later than 5 years	
Minimum Lease Payments	**1,198,110** (1,858,602)
Present value as on 31.03.2014	**903,261** (1,324,914)
Later than 5 Years	
Minimum Lease Payments	**Nil**
Present value as on 31.03.2014	**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 date.	**Nil**

(Figures in brackets represent figures for year ended 31st March, 2013)

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	35,000
	(42,000)
Later than one year but not later than 5 years	
Minimum Lease payments	Nil
	(35,000)
Later than 5 Year	
Minimum Lease payments	Nil
Lease payments recognised as expenses in the Statement of Profit & Loss for the period	42,000
	(7,000)
Contingent Rent recognised as expenses in the statement of profit & loss for the period	64,044
	(8,413)
The total future minimum sublease payments expected to be received under non-cancellable sub lease at the Balance Sheet	Nil

(Figures in brackets represents figure for year ended 31st March, 2013)

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) (ii)).

Notes to the Account — *Contd.*

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.

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 - ceased to be subsidiary of EIH Limited w.e.f. 30th September, 2013
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. Oberoi International LLP
11. Golden Jubilee Hotels Limited
12. Mercury Car Rentals Limited - w.e.f. 30th September, 2013

(IV) Key Management Personnel

1. Mr. Arjun Oberoi

Notes to the Account — *Contd.*

B. Transactions with Related Parties during the financial year and outstanding balances as on 31.03.2014:

	Holding Company	Fellow Subsidiary Companies	Enterprises in Which Key Management Personnel have significant influence	Key Management Personnel
Purchases	**Rupees**	**Rupees**	**Rupees**	**Rupees**
Goods & Services	6,529,123 (4,349,258)	353,384 (949,449)	239,594 (Nil)	Nil (Nil)
Fixed Assets	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Expenses				
Rent & Service Charges	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Sales				
Goods & Services	922,354 (993,766)	217,804 (567,054)	279,468 (Nil)	Nil (Nil)
Fixed Assets	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Finance				
Advance against equity shares application received (net)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Loan Received	Nil (17,000,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Repayment of Loan	Nil (17,000,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Interest Paid/Provided (Net)	Nil (592,904)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Outstanding balances				
Payables				
For Goods & Services	291,523 (208,856)	Nil (307,026)	18,596 (Nil)	Nil (Nil)
Receivables				
For Goods & Services	70,759 (2,093,286)	4,400 (184,629)	42,951 (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 year ended 31st March, 2013)

g) The Company has calculated its tax liability after considering Minimum Alternative Tax (MAT). MAT credit entitlement has been shown under Short Term Loans and Advances (2013-Nil)

h) Expenditure in Foreign Currency:

	Year ended 31st March	
	2014	2013
	Rupees	Rupees
Other matters	**1,464,355**	1,826,874

Notes to the Account — *Contd.*

i) Earnings in Foreign Currencies on Sales:

	Year ended 31st March **2014** **Rupees**	2013 Rupees
As per return submitted to DGFT	**48,282,429**	51,521,463

j) CIF Value of Imports:

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

Capital Goods	**1,204,129**	2,319,889
Components & Spares	**952,237**	1,456,200
Provisions, Stores & Wines	**2,490,420**	1,815,186

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

	Year ended 31st March			
	2014		2013	
	Rupees	Percentage	Rupees	Percentage
Imported	1,899,502	8.72%	1,518,913	7.58%
Indigenous	19,895,018	91.28%	18,507,986	92.42%
Total	21,794,520	100.00%	20,026,899	100.00%

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

Currency	As a 31st March, 2014		As at 31st March, 2013	
	Receivable ₹	Payable ₹	Receivable ₹	Payable ₹
US Dollar	–	427,649	–	338,307
GBP	–	–	–	333,018

l) Segment Reporting:

There is no reportable segment other than hotel as per Accounting Standard (AS-17) on Segment Reporting.

	Year ended 31st March **2014** **Rupees**	2013 Rupees
m) Earnings per Equity Share :		
Computation of both Basic and Diluted Earnings per share of ₹ 10		
Profit/(Loss) as per the Statement of Profit and Loss	**51,823,057**	191,441,896
No. of Equity Shares	**33,000,000**	33,000,000
Basic and Diluted Earnings per Equity Share	**1.57**	5.80
n) Proposed Dividend		
On Equity Shares of ₹ 10 each		
Amount of dividend proposed	23,100,000	–
Dividend per Equity Share (₹)	0.70 per share	–

o) 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.

p) The previous year's figures have been regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year Financial Statements and are to be read in relation to the accounts and other disclosures relating to the current year.

Shimla
16th May, 2014

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. Harikishore Subramanian	*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 Twentieth Annual Report and Audited Statement of Accounts for the year ended 31st March, 2014, together with the Auditor's Report thereon.

The Company earned a profit of ₹ 19,002 during the Financial Year 2013-14 as against the loss of ₹ 75,018 during the previous year. The accumulated losses as on 31st March, 2014 amounted to ₹ 8,527,261. This is being carried forward.

Mr. S. Harikishore, nominee of Kerala Government was appointed by the Board in the casual vacancy caused due to the vacation by Mr. Prasanth N. Mr. S. Harikishore shall hold office upto the date Mr. Prasanth N. would have held had he not vacated. The Board wishes to place on record its appreciation for the valuable services rendered by Mr. Prasanth N.

Mr. P.R.S. Oberoi, Director of the Company, retires by rotation at the forthcoming Twentieth 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 profit 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.

The Auditor's observations, if any, on the accounts for the financial year ended 31st March 2014, have been explained suitably in the notes to the accounts.

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 2014-15, 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

Delhi
30th April, 2014

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 2014. 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 20.05.2013, 08.08.2013, 17.10.2013, 03.02.2014 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 19th Annual General Meeting for the financial year ended on 31.03.2013 convened on 25.06.2013 was adjourned to 02.07.2013 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/transfer/transmission of securities.

    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, 2014

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 20.05.2013 u/s 383A of the Companies Act, 1956, on 09.07.2013, paid ₹ 500 vide Challan No. Q09425802
2. Form No. 20B, Annual Return of the Company made upto 02.07.2013, the date of the 19th Annual General Meeting, filed on 29.07.2013, paid ₹ 500 vide Challan No. Q09769019.
3. Form 32, Appointment of Nominee Director, filed on 15.11.2013, paid ₹ 500 vide Challan No. B89163356.
4. Form No. 23ACXBRL and Form No. 23ACAXBRL, Annual Accounts of the Company for the year ended 31.03.2013 as adopted at the 19th Annual General Meeting held on 02.07.2013 filed on 23.08.2013 paid ₹ 1500 vide Challan No. Q10358711.

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, 2014 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') read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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 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 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 read with General Circular 08/2014 dated 04/04/2014 issued by Ministry of Corporate Affairs 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, 2014 and;

(b) in the case of the Statement of Profit and Loss Statement, 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 19 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.

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 read with General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

   e. on the basis of written representations received from the directors as on 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 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
30th April, 2014

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

The annexure referred to in our report to the members of Oberoi Kerala Hotel & Resorts Limited for the year ended 31st March, 2014. We report that:

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 31.03.2014, 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 not incurred cash losses during the financial period covered by our report and has 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
30th April, 2014

Balance Sheet as at 31st March, 2014

	Note	Rupees	As at 31st March 2014 Rupees	2013 Rupees
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
SHARE CAPITAL	2	**27,200,070**		27,200,070
RESERVES AND SURPLUS	3	**(8,527,261)**		(8,546,263)
			18,672,809	18,653,807
SHARE APPLICATION MONEY AGAINST ISSUE OF EQUITY SHARES PENDING ALLOTMENT	4		**–**	1,600,000
NON-CURRENT LIABILITIES				
OTHER LONG TERM LIABILITIES	5		**1,600,000**	–
CURRENT LIABILITIES				
TRADE PAYABLES	6	**427,524**		231,033
OTHER CURRENT LIABILITIES	7	**20,220**		–
SHORT TERM PROVISIONS	8	**–**		33,908
			447,744	264,941
			20,720,553	20,518,748
ASSETS				
NON-CURRENT ASSETS				
FIXED ASSETS				
TANGIBLE ASSETS	9	**20,331,258**		20,331,258
LONG TERM LOANS & LOANS AND ADVANCES	10	**181,350**		181,350
			20,512,608	20,512,608
CURRENT ASSETS				
TRADE RECEIVABLES	11		150,846	–
CASH AND CASH EQUIVALENTS	12		**3,360**	6,140
SHORT-TERM LOANS AND ADVANCES	13		53,739	–
			207,945	6,140
			20,720,553	20,518,748

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
30th April, 2014

For and on behalf of the Board

RAJESH KUMAR SINHA
ANIL KUMAR SIVARAMAN NAIR
T.K. SIBAL

Directors

Statement of Profit and Loss for the year ended 31st March, 2014

	Note	Year ended 31st March 2014 Rupees	2013 Rupees
INCOME			
REVENUE FROM OPERATIONS		**–**	–
OTHER INCOME	14	**429,619**	391,542
		429,619	391,542
EXPENSES			
DEPRECIATION AND AMORTISATION EXPENSE		**–**	–
OTHER EXPENSES	15	**402,119**	376,950
		402,119	376,950
PROFIT / (LOSS) BEFORE TAX		**27,500**	14,592
CURRENT TAX	16	**8,498**	89,610
DEFERRED TAX		**–**	–
PROFIT/(LOSS) FOR THE PERIOD		**19,002**	(75,018)
BASIC AND DILUTED EARNINGS PER SHARE (in Rupees) Face Value ₹ 10	20	**0.007**	(0.028)

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
30th April, 2014

For and on behalf of the Board

RAJESH KUMAR SINHA
ANIL KUMAR SIVARAMAN NAIR
T.K. SIBAL
Directors

Cash Flow Statement
for the year ended 31st March, 2014

		Year ended 31st March 2014 Rupees	2013 Rupees
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	PROFIT/(LOSS) BEFORE TAX	**27,500**	14,592
	Adjustments for:		
	Rent Received	**(429,619)**	(391,542)
		(402,119)	(376,950)
	Operating Profit before Working Capital Changes		
	Adjustments for:		
	Trade & Other Receivables	**(150,846)**	–
	Trade Payables & others	**1,816,711**	38,990
	Cash Generated from Operations	**1,263,746**	(337,960)
	Direct Taxes (Net)	**(96,145)**	(66,889)
	Net Cash from Operating Activities	**1,167,601**	(404,849)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Fixed Assets	**–**	–
	Share Application Money (Note 17)	(1,600,000)	–
	Rent Received	**429,619**	391,542
	Cash from Investing Activities	**(1,170,381)**	391,542
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Net Cash used in Financing Activities	**–**	–
	Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	**(2,780)**	(13,307)
	Cash and Cash Equivalents at the beginning of period	**6,140**	19,447
	Cash and Cash Equivalents at the end of period	**3,360**	6,140

Notes :

1. The Cash Flow Statement has been prepared in indirect method. 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
30th April, 2014

For and on behalf of the Board

RAJESH KUMAR SINHA
ANIL KUMAR SIVARAMAN NAIR
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.

b) 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.

c) 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.

d) 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.

e) 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.

f) 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.

g) Preliminary Expenses are written off.

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

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

j) 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 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 2014 Rupees	2013 Rupees
2		
SHARE CAPITAL		
AUTHORISED		
10,000,000 (2013 - 10,000,000) Equity Shares of ₹ 10 each	**100,000,000**	100,000,000
	100,000,000	100,000,000
ISSUED		
2,720,007 (2013 - 2,920,007) Equity Shares of ₹ 10 each	**27,200,070**	29,200,070
	27,200,070	29,200,070
SUBSCRIBED & FULLY PAID UP		
2,720,007 (2013 - 2,720,007) 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 2014 Number of shares	2013 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 2014		2013	
	Number of Shares	**% holding**	Number of Shares	% holding
(1) EIH Limited – The Holding Company	**2,176,000**	**80**	2,176,000	80
(2) Kerala Tourism Insfrastructure Limited [formerly known as Tourist Resorts (Kerala) Limited]	**544,000**	**20**	544,000	20

c) 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	
		2014	2013
	Rupees	**Rupees**	Rupees
3			
RESERVES AND SURPLUS			
DEBIT BALANCE IN STATEMENT OF PROFIT & LOSS			
Balance at the beginning of the year	**(8,546,263)**		(8,471,245)
Add: Profit/(Loss) after tax as per Statement of Profit & Loss	**19,002**		(75,018)
		(8,527,261)	(8,546,263)
		(8,527,261)	(8,546,263)
4			
SHARE APPLICATION MONEY AGAINST ISSUE OF SHARES PENDING ALLOTMENT			
(Note 17)		**–**	1,600,000
		–	1,600,000
5			
LONG TERM LIABILITIES			
Security Deposit (from EIH Ltd. - The Holding Company)		**1,600,000**	–
		1,600,000	–
6			
TRADE PAYABLES - CURRENT			
Total Outstanding dues of Micro Enterprises and Small Enterprises (Note 18)	**–**		–
Total Outstanding dues of Creditors other than Micro & Small Enterprises	**427,524**	**427,524**	231,033
		427,524	231,033
7			
OTHER CURRENT LIABILITIES			
Statutory Liabilities		**20,220**	–
		20,220	–
8			
SHORT TERM PROVISIONS			
Taxation (Net of advances)		**–**	33,908
		–	33,908

Notes to Accounts — *Contd.*

9
FIXED ASSETS

	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Original Cost as at 31st March, 2013 ₹	Additions ₹	Original Cost as at 31st March 2014 ₹	As at 31st March, 2013 ₹	For the year ₹	As at 31st March, 2014 ₹	**As at 31st March, 2014 ₹**	As at 31st March, 2013 ₹
I) TANGIBLE ASSETS								
Freehold Land	3,151,427	–	3,151,427	–	–	–	3,151,427	3,151,427
Freehold Land (held for disposal) Note 19	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 **2014** **Rupees**	2013 Rupees
10		
LONG TERM LOANS AND ADVANCES (Unsecured)		
Security Deposits	**181,350**	181,350
	181,350	181,350
11		
TRADE RECEIVABLES		
(Unsecured, considered good)		
Other debts	**150,846**	–
	150,846	–
12		
CASH AND CASH EQUIVALENTS		
Balances with Banks in Current Account	**3,360**	6,140
	3,360	6,140
13		
SHORT TERM LOANS AND ADVANCES		
Advance Tax (Net of Provision)	**53,739**	–
	53,739	–
14		
OTHER INCOME		
Rental Income	**429,619**	391,542
	429,619	391,542

Notes to Accounts — *Contd.*

		As at 31st March	
		2014	2013
	Rupees	**Rupees**	Rupees
15			
OTHER EXPENSES			
Electricity & Water		**999**	960
Lease Rental		**118,169**	101,542
Rates & Taxes		**–**	1,082
Legal & Professional		**60,533**	59,433
Security Charges		**197,978**	174,744
Bank Charges		**152**	589
Travelling & Conveyance		**138**	4,843
Telephone & Postage		**1,930**	1,496
Auditors' Remuneration			
Audit Fees	**17,000**		17,000
Service Tax	**2,101**		2,101
		19,101	19,101
Repairs and Maintenance		**310**	5,830
Miscellaneous Expenses (Including Filing Fees)		**2,809**	7,330
		402,119	376,950

16			
CURRENT TAX			
Income Tax		**8,498**	89,610
		8,498	89,610

17. EIH Limited (EIH) - the Holding Company provided ₹ 1,600,000 as advance towards equity of the Company. In view of a communication from the other joint venture partner viz. Kerala Tourism Infrastructure Limited stating their inability to contribute to the proposed issue of shares, this amount became refundable to EIH. Company also entered into a supplementary agreement for lease of land with EIH which required EIH to provide a security deposit of ₹ 1,600,000. At the request of EIH, the amount refundable as aforesaid has been adjusted towards the security deposit.

18. 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 additional disclosures are made. This has been relied upon by the Auditors.

19. 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.

20. Earnings per share :

Particulars	As at 31st March	
	2014 Rupees	2013 Rupees
Profit/Loss computation for both Basic and Diluted earnings per share of ₹ 10 each		
Profit/(Loss) available for Equity Shareholders	**19,002**	(75,018)
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	**0.007**	(0.028)

Notes to Accounts — *Contd.*

21. 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".

22. 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.

23. 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, 2014	**133,000** (**116,445**)
Not later than 1 year	**133,000** (116,445)

(Figures in bracket represent figures for 2013)

24. 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	**450,000** (310,300)
Later than one year but not later than five years	**2,544,679** (1,684,867)
Later than five years	**1,843,178** (1,646,273)

(Figures in bracket represent figures for 2013)

Notes to Accounts — *Contd.*

25. 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 (upto 30.09.2013)
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 Private Limited
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 31.3.2014.**

Nature of transactions	Holding Company	Enterprise in which Key Management Personnel have significant influence Associates*	Key Management Personnel
	Rupees	Rupees	Rupees
Purchases			
Goods & Services	– (10,425)	201,355 (185,860)	– (-)
Sale			
Rental Income	429,619 (391,542)	– (-)	– (-)
Other			
Share Application Money against issue of shares adjusted (Note 17)	1,600,000 (Nil)	– (–)	– (–)
Security Deposit Received (Note 17)	1,600,000 (Nil)	– (–)	– (–)
Outstanding balances			
Payable for Goods & Services	Nil (2,520)	157,669 (113,050)	– (-)
Receivables for Goods & Services	150,731 (Nil)	–	–
Security Deposit Payable	1,600,000 (Nil)	–	

(Figures in brackets indicate figures for 2013)

*EIH Associated Limited

26. 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
ANIL KUMAR SIVARAMAN NAIR
T.K. SIBAL
Directors

New Delhi
30th April, 2014

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
1, Cyber City
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 2014.

PRINCIPAL ACTIVITY

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

REVIEW OF THE BUSINESS

The Company's loss for the year is Rs. 68,949,977 (2013 - loss of Rs. 151,627,115).

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 2014 are set out on pages 99 to 120. The Independent Auditor's Report on these Financial Statements is on pages 96 and 97.

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 fairy 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
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.
- state whether the requirements of the Code of Corporate Governance have been adhered to, subject to any departures disclosed and explained in the Corporate Governance Report.

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.

Annual Report ... *Contd.*

AUDITOR

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

	2014	2013
	Rs.	Rs.
Audit	**250,000**	183,750
Other services	**50,000**	38,115
	300,000	221,865

AUDITOR

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and will be automatically reappointed at the Annual General Meeting.

Authorised by the Board of Directors on 29 April 2014
and signed on its behalf by:

Zafar Siamwala
Véronique Magny-Antoine
Directors

Statement of Compliance

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

Name of FIE : EIH Flight Services Ltd.
Reporting Period : 1 April, 2013 to 31 March, 2014

We, the Directors of EIH Flight Services Ltd, confirm that, to the best of our knowledge, EIH Flight Services Ltd has complied with all Sections of the Code of Corporate Governance (the 'Code') that apply to EIH Flight Services Ltd except for the following:

(i) Under Section 8.4 of the Code:
- Directors dealing in company's shares
- Directors' share interest
- Share price information

The Company being a private company, need not comply with the above conditions of the Code which are specific to public listed companies.

(ii) Section 2.2.2 – Boards and Directors, Composition (Appointment of an Independent Director), as detailed in the Corporate Governance Report;

(iii) Section 3 – Board Committees, as detailed in the Corporate Governance Report; and

(iv) Section 2.10 – Boards and Directors, Board and Director Appraisal, as detailed in the Corporate Governance Report.

The Company, being newly qualified as a Public Interest Entity, the Board is in the process of putting in place various corporate governance measures that would be applicable to the Company.

SIGNED BY

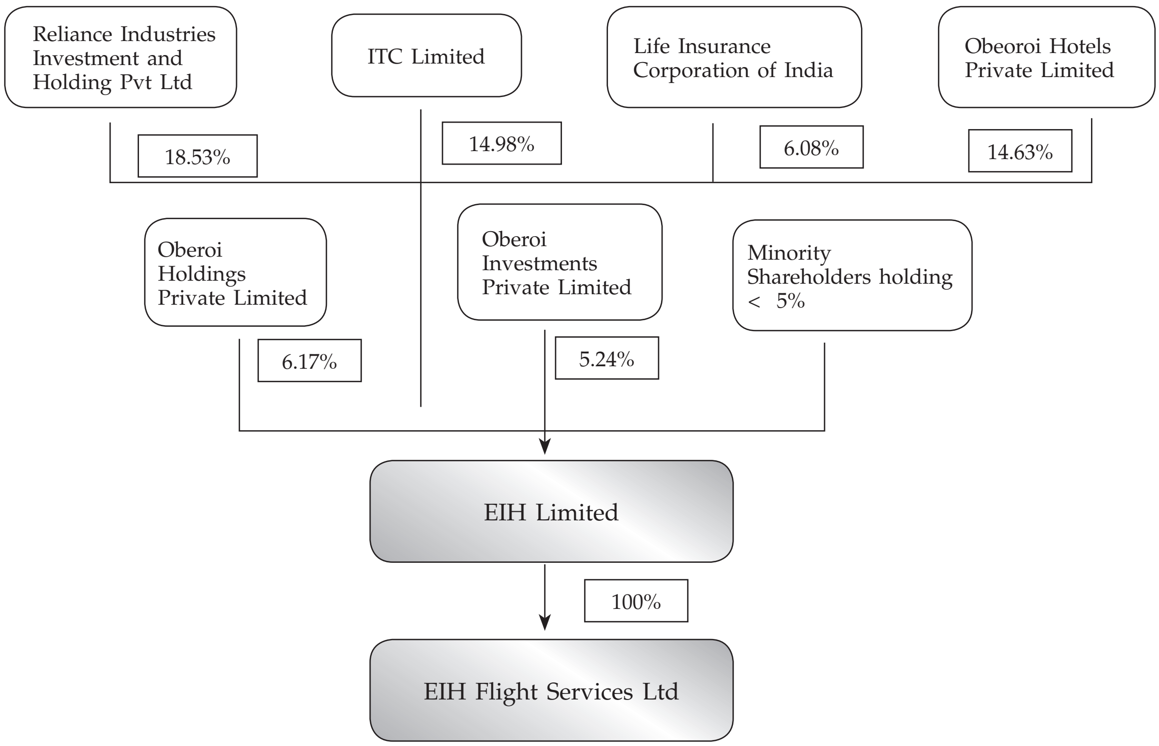
Zafar Siamwala	Véronique Magny-Antoine
Director	Director

Date: 29 April, 2014

Corporate Governance Report

HOLDING STRUCTURE AND COMMON DIRECTORS

The Company is held by EIH Limited (100%), a public listed company in India.



The list of common Directors at the cascading holding structure level is disclosed as follows:

Directors / Companies	Mr. Prithivi Raj Singh Oberoi	Mr. Shib Sanker Mukherji	Mr. Zafar Siamwala	Mrs. Véronique Magny-Antoine
EIH Limited	✓	✓		
Oberoi Hotels Private Limited	✓	✓		
Oberoi Holdings Private Limited	✓	✓		
Oberoi Investments Private Limited	✓	✓		

Mr Prithivi Raj Singh Oberoi is also a Director of all Oberoi companies.

SHAREHOLDERS HOLDING MORE THAN 5% OF THE COMPANY

EIH Limited held 100% of the Company's shares as at 31 March 2014

Divident Policy

There is no formal dividend policy in place as the Company never had distributable reserves since the start of its operations. A formal dividend policy will be considered when distributable reserves are available.

Corporate Governance Report *(Continued)*

BOARD OF DIRECTORS

The Board is comprised of four Directors.

The following Directors held office during the year ended 31 March 2014 and at the date of this report:

Mr Prithivi Raj Singh Oberoi
Mr. Shib Sanker Mukherji
Mr. Zafar Siamwala
Mrs. Véronique Magny Antonie

DIRECTORS' PROFILE

Mr. P. R. S. Oberoi (appointed on 29 June 2007)

Mr. P. R. S. Oberoi is the Executive Chairman of The Oberoi Group. He was educated in India, the United Kingdom and Switzerlan. Mr. Oberoi graduated with a degree in Hospitality from the University of Lausanne, Switzerland.

Mr. Oberoi has been instrumental in pioneering the development of the new Oberoi hotels and resorts. The "Oberoi" brand has come to represent fine luxury hotels.

Mr. Oberoi was awarded the 'Padma Vibhushan', India's second highest civilian honour, in recognition of his exceptional service to the country in 2008.

In September 2009. Mr Oberoi received the Lifetime Achievement Award at the first Economic Times TAAI Travel Awards 2009.

Mr. Oberoi was presented with the '2010 Corporate Hotelier of the World' award by HOTELS magazinie in November 2010. Mr. Oberoi hasa over 60 years' experience in the hospitality industry.

Mr. Shib Sanker Mukherji (appointed on 29 June 2007)

Mr. Shib Sankar Mukherji is a member of the Institute of Chartered Accountants of India and has completed an Advanced Management Programme from Harward University in the United States. He has over 35 years of working experience in the hospitality industry. He was appointed as Duputy Managing Director in 1998, then promoted as Managing Director. Mr Mukherji is now the Vice Chairman and Chief Executive of EIH Limited since January 2013. He is based in Kolkata.

Mr. Zafar Siamwala (appointed on 19 march 2007)

Mr. Zafar Siamwala is a qualified Chartered Accountant. He has completed a Hospitality Management course form Ecole Hoteliere de Lausanne in 2001. Mr Siamwala has 28 years of working experience with the Oberoi Group. He was initially in the finance department and has moved to the operations department since 1995.

Mrs. Véronique Magny-Antoine (appointed on 14 November 2008)

Mrs. Véronique Magny-Antoine is the Head of Company Secretarial at Abax Corporate

Corporate Governance Report *(Continued)*

Services Ltd. (ABAX). She is an Associate member of the Institue of Chartered Secretaries and Administrators (UK). From 1997 to 2006, she was a senior consultant at Pricewaterhouse Coopers Mauritius, where she was also acting as company secretary for a large portfolio of companies, including public listed companies. Véronique heads the company secretarial and investor services clusters of ABAX. She also serves as Director on the Board of several Global Business companies.

ATTENDANCE AT MEETINGS HELD IN 2013

The Board met three times during the year 2013

The overall attendance record at Board meetings is set out in the table below:

Directors	Category	Board Meetings
Prithivi Raj Singh Oberoi	Non-Executive	0 out of 3
Shib Sanker Mukherji	Non-Executive	0 out of 3
Zafar Siamwala	Executive	3 out of 3
Veronique Magny-Antonie	Non-Executive	3 out of 3
Zafar Slamwala (Alternate to Pritivi Raj Singh Oberoi) (newly appointed on 20 March 2014)	Executive	0 out of 3

The Directors do no have other directorships in listed companies.

Mr. Prithivi Raj Singh Oberoi indirectly holds 0.05% shareholding in the Company via EIH Limited.

Mr. Shib Sanker Mukherji Inidirectly holds 1.27% shareholding in the Compnay vis EIH Limited.

DIRECTORS ‘REMUNERATION

The Directors, being the representatives of the holding company, are not entitled to remuneration as the Company does not have a remuneration policy in place for its Directors, except for Mrs. Véronique Magny-Antoni who is a representative of Abax Corporate Administrators Ltd. (Abax). Abax is paid a fee for procurement of Director.

STATEMENT OF REMUNERATION PHILOSOPHY

For remuneration paid to employees of the Company, the Company ensures that the employes at all levels are paid in line with the market rate. The Company believes in recruiting and retaining the best talent in the industry.

BOARD COMPOSITION

Until now, the Company, being a private company and wholly owned by EIH Limited, was not required to have any board committees. The Board had the full responsibility of the Company. The Company now being classified as a Public Interest Entity, the Directors have taken note of the requirements of the Code and are currently reviewing the composition of the Board. The Directors are considering the appointement of an Independent Director.

BOARD COMMITTEES

The Company is planning to set up two Board Committees, namely, the Audit and Risk Committee and the Corporate Governance Committee. The Composition of the Committees and the terms of reference thereof would be finalised in the financial year ended 31 March 2015.

Corporate Governance Report *(Continued)*

BOARD APPRISAL – SELECTION, TRAINING AND DEVELOPMENT

Once the composition of the Board will be finalised the Company will then be in a position to proceed with an effective and meaningful evaluation of its Board as per Section 2.10.2 of the Code.

PROFILE OF SENIOR MANAGEMENT TEAM

Mr. Samar Kumar - Chief Accountant (appointed on 10 January 2013)

Mr Samar Kumar is the Chief Accountant of the Company. He has an experience of nearly 27 years in the hospitality industry. He holds a B.Com (Hons.) Chartered Accountancy Intermediate. He joined the Oberoi Group as an Accounts Executive in February 1987 and has been the Chief Accountant of the Oberoi Group since October 2000.

Mr Karthik Sukumar –Manager (appointed on 1 December, 2013)

Mr Karthik Sukumar is the Manager of the Company. He has 18 years of experience in the Airline catering operations under the Oberoi Group of companies. He holds a Bachelor of Hotel Management. He joined the Company on 15 January, 2000.

Mr. Sumeet Raina - General Manager (appointed on 1 September 2012)

Mr Sumeet Raina is the General Manager of the Company. He has more than 15 years in the hospitality industry in the Oberoi Group. He holds a Diploma in Hotel Management, a Bachelor's Degree in Tourism Studies, an Executive Program in Business Management from IIM Kolkata and a Certificate in Financial Management from Cornell University, USA.

RELATED PARTY TRANSACTIONS

Details of related party transactions have been disclosed in Note 19 to the financial statements.

MATERIAL CLAUSES OF THE COMPANY'S CONSTITUTION

There are no material clauses to the Constitution of the Company.

MATERIAL CLAUSES OF THE SHAREHOLDERS' AGREEMENT

The Company does not have a Shareholders' Agreement in place, as it is wholly owned by only one shareholders, namely EIH Limited.

TERMS OF MANAGEMENT AGREEMENT WITH THIRD PARTIES

The Company had entered into a Management and Licence Agreement (the "Agreement") with its parent company, namely EIH Limited ('EIH'). Under the terms of the Agreement, the Company has agreed to pay EIH management fees as disclosed in Note 5 of the financial statements. As part of this same agreement, Oberoi Hotels Private Limited ('OHP') was entitled to licence fees from the Company. The contractual obligations of the Company towards OHP were terminated by the latter effective from 31 March 2012.

Abax Corporate Administrators Ltd, being the Company's Secretary, ahs a third party Services Agreement with the Company during the year under review which is in the normal course of business. The mechanism of the company secretarial fees, administrative and other services are defined in the managment contract and depend on the level of work.

There was no other management agreement with third parties apart from the above.

Corporate Governance Report *(Continued)*

RISK MANAGEMENT

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 focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its 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. The holding company has various group policies in place which are also applicable at the level of the Company.

Compliance risk with local laws and regulations

Compliance risk is being monitored by Abax Corporate Administrators Ltd (ABAX) pursuat to a Service Agreement between ABAX and the Company.

Details of risk management and more details on the various types of risks faced by the Company have been disclosed in Note 3 of the financial statements.

SHARE OPTION PLAN

The Company does not have any employee share option plan.

CHARITABLE DONATIONS

The Company did not make any charitable donations during the year ended 31 march 2014.

POLITICAL DONATIONS

The Company did not make any political donations during the year ended 31 march 2014 (2013-NIL)

SOCIAL, ETHICAL, SAFETY, HEALTH AND ENVIRONMENTAL ISSUES

The Company has the following policies in place:

1. Occupational Health and Safety Policy

The objective of the Occupational Health and Safety Policy is to give practical advice on how to reduce health and safety risks associated with Operation work. It summarizes employers' responsibilities and provides a checklist for employers and staff themselves.

2. Food Safety Policy

The Company is committed to deliver Quality Food that is tasty, appealing, and safe and of the highest hygiene standards to its clients on time. The Company continuously strives to improve its Supply Chain Management, Food Safety Management System and HACCP System by adopting the latest Technology and respecting the International Standards.

The Company improves the skills and competency of its employees by training and developing its team members.

3. Environment Policy

The Oberoi Group sees itself as an organization which is committed to the environment by using natural products and recycled items thus ensuring proper use of diminishing natural resources.

Corporate Governance Report *(Continued)*

The Company is committed to continually improve the environment by:

(a) Optimizing the usage of resources such as energy, effluent treatment of water.

(b) Enhancing the practice of awareness amongst its suppliers and employees and minimising its carbon foot print.

(c) Providing a hygienic and safe working environment within its premises and also maintaining and increasing the greenery within and around its premises.

(d) Implementing Rain Water Harvesting Technology and using Solar energy in its premises.

(e) Minimizing adverse impact on the environment by constantly adopting improvements in available technology.

4. Health and Safety Policy

The Company ensures that the Health and Safety of its employees are always given priority and all measures are taken to safeguard it.

INTERNAL CONTROL AND AUDIT

The Company has internal controls in place which are in line with the EIH Group Policy and Standards. The internal controls in place are commensurate to the size and nature of the business of the Company. These controls are strictly monitored by the management by regular checks and are also reviewed on continuous basis to further strengthen them.

IMPORTANT EVENTS

The Calendar for the year ending 31 March 2015 is as follows:

	Events	Dates
1.	Quartely Board meetings	April 2014 September 2014 January 2015
2.	Annual Meeting	May 2014

Authorised for issue by the Board of Directors on 29 April 2014
and signed on its behalf by:

Zafar Siamwala
Véronique Magny-Antoine

Directors

SECRETARY'S CERTIFICATE

Under Section 166 (d) of the Mauritius Companies act 2001

We confirm that, based on records and information made available to us by the Directors and Shareholder of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 March 2014, all such returns as are required of the Company under the Mauritius Companies Act 2001.

NISHA PROAG DOOKUN

FOR ABAX CORPORATE ADMINISTRATORS LTD.

SECRETARY

Date: 29 April 2014

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 on pages 99 to 120 which comprise the statement of financial position at 31 March 2014 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 is 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 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 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 on page 99 to 120 give a true and fair view of the financial position of the Company at 31 March 2014 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

Mauritian Companies Act 2001

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.

Financial Reporting Act 2004

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of companies with the Code of Corporate Governance of Mauritius ("Code") as disclosed in the annual report and on wether the disclosure is consistent with the requirements of the Code.

Other Matters

This report, including the opinion, has been prepared for and only for the Company's shareholders, as a body, 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

Mushtaq Oosman, licensed by FRC — 29 April 2014

Statement of Comprehensive Income for the year ended 31 March 2014

	2014 Rupees	2013 Rupees
Revenue	**196,860,472**	172,454,627
Cost of Sales	**(94,958,032)**	(86,550,258)
Gross Profit	**101,902,440**	85,904,369
Other Income	**-**	70,644
Management expenses (Note 5)	**(7,853,020)**	(5,173,637)
Administrative expenses	**(146,807,613)**	(144,912,973)
Operating Loss (Note 6)	**(52,758,193)**	(64,111,597)
Finance costs - Net (Note 8)	**(16,191,784)**	(87,515,518)
Loss before Income Tax	**(68,949,977)**	(151,627,115)
Income Tax Expense (Note 9)	**–**	–
Loss and total comprehensive income for the year	**(68,949,977)**	(151,627,115)

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

Statement of Financial Position - 31 March 2014

	2014 Rupees	2013 Rupees
ASSETS		
Non Current Assets		
Property, plant and equipment (Note 10)	**459,671,363**	529,473,201
Current Assets		
Inventories (Note 11)	**5,564,350**	3,958,546
Trade and other receivables (Note 12)	**53,971,650**	41,735,155
Cash and cash equivalents (Note 13)	**2,478,391**	14,818,823
	62,014,391	60,512,524
Total Assets	**521,685,754**	589,985,725
EQUITY AND LIABILITIES		
Equity attributable to owners		
Share Capital (Note 14)	**353,380,066**	353,380,066
Accumulated losses	**(472,968,390)**	(404,018,413)
Shareholder's deficit	**(119,588,324)**	(50,638,347)
Liabilities		
Non-current Liabilities		
Borrowings (Note 16)	**583,300,000**	598,120,000
Current Liabilities		
Trade and other payables (Note 15)	**42,947,623**	42,504,072
Borrowings (Note 13)	**15,026,455**	-
	57,974,078	42,504,072
Total Liabilities	**641,274,078**	640,624,072
Total Equity and Liabilities	**521,685,754**	589,985,725

Authorised for issue by the Board of Directors on 29 April 2014
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 2014

	Share Capital Rupees	**Accumulated Losses Rupees**	**Total Rupees**
At 01 April 2012	160,147,215	(252,391,298)	(92,244,083)
Loss and total comprehensive income for the year	–	(151,627,115)	(151,627,115)
Transaction with owner:			
Issue of shares	193,232,851	-	193,232,851
At 31 March 2013	**353,380,066**	**(404,018,413)**	**(50,638,347)**
Loss and total comprehensive income for the year	–	**(68,949,977)**	**(68,949,977)**
At 31 March 2014	**353,380,066**	**(472,968,390)**	**(119,588,324)**

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

Statement of Cash Flows for the year ended 31 March 2014

	2014 Rupees	2013 Rupees
Cash flow from operating activities		
Loss before income tax	**(68,949,977)**	(151,627,115)
Adjustments for:		
Depreciation on property, plant and equipment (Note 10)	**69,837,803**	70,895,360
Unrealised exchange loss/(gain)	**(14,314,232)**	17,558,611
Profit on disposal of property, plant and equipment	**-**	(70,644)
Interest expense	**30,741,909**	37,500,211
Operating profit/(loss) before working capital changes	**17,315,503**	(25,743,577)
(Increase)/decrease in inventories	**(1,605,804)**	424,005
Increase in trade and other receivables	**(12,236,496)**	(15,425,406)
Increase in trade and other payables	**443,552**	4,822,959
Cash generated from/used in) operations	**3,916,755**	(35,922,019)
Interest paid	**(30,741,909)**	(34,770,200)
Net cash used in operating activities	**(26,825,154)**	**(70,692,219)**
Cash flow from Investing activities		
Payment for purchases of property, plant and equipment	**(35,964)**	(53,000)
Proceeds from sale of property, plant and equipment	**-**	245,000
Net cash (used in)/generated from investing activities	**(35,964)**	192,000
Cash flow from financing activities		
Payments for capital element on finance lease	-	(270,567)
Loan from immediate parent (Note 19)	-	(12,363,550)
Proceeds from new bank loans	-	582,540,000
Repayment of bank loans	-	(480,454,688)
Net cash (used in)/generated from financing activities	-	**89,451,195**
Net (decrease)/increase in cash and cash equivalents	**(26,861,118)**	**18,950,976**
Unrealised exchange difference on cash and cash equivalents	**(505,769)**	(1,978,611)
Cash and cash equivalents at beginning of year	**14,818,823**	(2,153,542)
Cash and cash equivalents at end of year (Note 13)	**(12,548,064)**	14,818,823

The cash and cash equivalents of **(Rs 12,548,064)** comprises of cash in hand and at bank of **Rs 2,478,391** and a bank overdraft of **Rs 15,026,455.**

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

Notes to the Financial Statements
31 March 2014

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 company is classified as a Public Interest Entity as per the Financial Reporting Act 2004.

The principal activity of the Company is the of provision of 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 on in note 2.

Going concern

The Company’s directors have made an assessment of the Company’s ability to continue as a going concern and are satisfied that the Company has received a bank guarantee in respect of the carring amount of the bank borrowings from its parent to continue in business for the foreseeable future. At 31 March 2014 the Company has incurred a loss of Rs. 68,949,977 (2013 – Rs 151,627,115) and has a shareholder’s deficit of Rs. 119,588,324 (2013 – Rs 50,638,347). Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Company’s ability to continue as a going concern. Thus, based on the validity of this assumption the financial statements have been prepared on the going concern basis.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Company

The following standards have been adopted by the Company for the first time for the year beginning on 1 April 2013 and have a material impact on the Company.

IAS 1 - Presentation of financial statements

Amendment to IAS 1, ‘Financial Statements Presentation’ regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (“OCI”) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

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

IFRS 7 - Financial instruments

Amendment to IFRS 7, Financial instruments: Disclosures', on asset and liability offsetting. This amendement includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP.

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.

IAS 19 - Employee benefits

IFRS 19, 'Employee benefits' was revised in June 2011. The changes on the Company's accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).

(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 2013, 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:

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 profit or loss, unless this creates an accounting mismatch. The directors are yet to assess IFRS 9's full impact.

Amendment to IAS 32 - Financial instruments: Presentation

The amendments are to the application guidance in IAS 32, 'Financial instruments; presentation', and clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. This amendment is effective for annual periods beginning on or after 01 January 2014.

The Directors are in the process of estimating the impact of adopting new standards and interpretations effective for the Company's financial year end 31 March 2015 and intend to adopt those not later than its effective date. There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expeceted 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

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

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

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.

(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.

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

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

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.

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 of financial assets

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.

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

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

Financial Assets *(Contd.)*

For loans and receivables category, 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 the income statement.

Trade and other receivables

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. It not, they are presented as non-current assets.

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

Cash and cash equivalents

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

Share Capital

Ordinary shares are classified as 'share capital' in equity.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operate and generate taxable income. Management periodically evaluates positions taken in 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 on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a

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

business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date 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 liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the company is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the company the ability to control the reversal of the temporary difference not recognised.

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. Trade and other 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.

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

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

Borrowings

Borrowings are recognised initially at 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.

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.

Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards or ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of nonfinancial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Revenue recognition

Revenue is recognised on delivery of food, net of value added tax and discount.

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

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 500 basis points per annum. The effective interest rate on the loan was 5.316% at 31 March 2014. Based on simulations performed, the impact on post tax loss of a 1% shift in interest rates would be an increase/(decrease) of Rs. 5,963,265 (2013 - Rs. 5,981,200).

- *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.

  As at 31 March 2014, if the USD had weakened/strengthened by 10% against the Mauritian rupee, the financial assets would have been higher by Rs. 4,671 (2013 - Rs. Nil) and financial liabilities would have been higher by Rs. 58,330,000 (2013 - Rs. 59,818,107).

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

3. FINANCIAL RISK MANAGEMENT *(Contd.)*

- *Currency profile*

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	Financial Assets 2014 Rs.	**Financial Liabilities 2014 Rs.**	Financial Assets 2013 Rs.	Financial Liabilities 2013 Rs.
US dollar	**46,709**	**583,300,000**	–	598,181,073
Mauritian rupee	**53,131,078**	**57,618,975**	56,482,209	42,442,999
	53,177,787	**640,918,975**	56,482,209	640,624,072

Prepayments of Rs. 3,272,254 (2013 - Rs. 71,769) have not been included in financial assets.

Social security and other taxes of Rs. 355,103 (2013 - Rs. Nil) have not been included in financial liabilities.

- *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.

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 2014				
Trade and other payables	42,947,623	–	–	–
Bank overdraft	15,026,455	–	–	–
Bank Loans	31,008,228	147,668,228	405,794,810	122,861,464
	88,982,306	147,668,228	405,794,810	122,861,464
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

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

3. FINANCIAL RISK MANAGEMENT *(Contd.)*

- *Fair values*

  Assets and liabilities not carried at fair value but for which fair value is disclosed

  The carrying amounts of trade and other receivables, cash and cash equivalents, borrowings and trade and other payables approximate their fair values.

  Trade and other receivables, borrowings and trade and other payables are classified within level 2 whereas cash and cash equivalents are classified within level 1 of the fair value hierarchy.

  The assets mentioned above are carried at amortised cost.

  Cash and cash equivalents include cash at bank in an active market.

  Borrowings and trade and other payables represent the contractual amounts and obligations due by the Company for settlement of its expenses and its operating activities.

- Financial instruments by category

	2014 Loans and receivables Rs.	2013 Loans and receivables Rs.
31 March 2014		
Assets as per the statement of financial position		
Cash and cash equivalents	**2,478,391**	14,818,065
Trade and other receivables	**50,699,396**	40,267,974
	53,177,787	55,086,039

Liabilities as per statement of financial position	**At amortised cost Rs.**	At amortised cost Rs.
Financial Liabilities		
Borrowings	**583,300,000**	598,120,000
Trade and other payables	**42,592,520**	42,504,071
Bank overdraft	**15,026,455**	–
	640,918,975	640,624,071

  Prepayments of Rs. 3,272,254 (2013 - Rs. 71,769) have not been included in financial assets. Social security and other taxes of Rs. 355,103 (2013 - Nil) have not been included in financial liabilities.

- *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 optimal structure to reduce cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the return capital to shareholders, issue new shares or sell assets to reduce

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

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 2014 and 2013 were as follows:

	2014	2013
	Rs.	Rs.
Total borrowings	**583,300,000**	598,120,000
Less: Cash in hand and at banks	**(2,478,391)**	(14,818,823)
Add: Bank overdraft	**15,026,455**	–
Net debt	**595,848,064**	583,301,177
Total Equity	**(119,588,324)**	(50,638,346)
Total Capital	**476,259,740**	532,662,831
Gearing ratio	**125%**	110%

The increase in the gearing ratio is due to the bank overdraft taken by the company and an increase in the shareholders' deficit. As per the agreement with the bank the gearing of the Company should not exceed 200%.

4 REVENUE

Revenue is based on the invoiced value net of Value Added Tax and discounts.

5 MANAGEMENT EXPENSES

	2014	2013
	Rs.	Rs.
Management fees		
Basic management fees	**5,905,814**	5,173,637
Inventive fees	**1,947,206**	–
Total management expenses	**7,853,020**	5,173,637

Management Agreement (the "Agreement") was entered into between the Company and EIH Limited ("EIH"). Under the terms of the Agreement, the Company has agreed to pay EIH the following fees:

Management fees to EIH

- Basic management fee – 3% of the Company's turnover; and
- Incentive management fee – 5% of the Company's gross operating profit.

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

6. OPERATING LOSS

	2014 Rs.	2013 Rs.
The following items have been charged in arriving at the operating loss:		
Depreciation of property, plant and equipment (Note 10)		
– Owned assets	**69,837,802**	70,796,998
– Leased assets	**–**	98,362
Auditor's remuneration	**250,000**	183,750
Lease rental	**5,498,992**	5,534,779
Cost of inventories expensed (Note 11)	**70,960,083**	66,202,460
Staff costs (Note 7)	**48,401,680**	44,967,801
Transportation costs	**5,095,416**	4,694,609
Utilities	**15,369,229**	16,083,884
Repairs and maintenance	**5,366,433**	4,738,457

7. STAFF COSTS

	2014 Rs.	2013 Rs.
Wages and Salaries	**46,494,622**	43,717,163
Social security costs	**1,907,058**	1,250,638
	48,401,680	44,967,801

	Number	Number
Average number of employees	**166**	127

8. FINANCE INCOME AND COSTS

	2014 Rs.	2013 Rs.
(i) *Finance Income:*		
Foreign exchange gains	**17,003,589**	842,173
(ii) *Finance costs:*		
Interest expense - bank overdraft	**(229,325)**	–
Interest expense - bank loans	**(30,512,584)**	(37,500,211)
Foreign exchange losses	**(2,453,464)**	(50,857,480)
	(33,195,373)	(88,357,691)
Net finance costs	**(16,191,784)**	(87,515,518)

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

9. INCOME TAX EXPENSE

The Company is liable to income tax at 17% (2013 - 17%) on its chargeable income. At 31 March 2014, the Company had accumulated tax losses of Rs. 177,789,972 (2013 – Rs. 163,454,745) 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 2014, which is attributable to tax losses, exchange differences and accelerated capital allowances amounted to Rs. 73,142,674 (2013 - Rs. 69,909,577).

The unrecognised deferred tax is attributable to the following items:

	2014 Rs.	2013 Rs.
Tax loss unutilised	**30,224,295**	27,698,453
Exchange differences	**(2,519,400)**	8,645,772
Excess of depreciation over capital allowance	**45,437,779**	33,565,352
	73,142,674	69,909,577

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% (2013 - 17%) follows:

	2014 Rs.	2013 Rs.
Loss before income tax	**(68,949,977)**	(151,627,115)
Tax at 17% (2013 - 17%)	**(11,721,496)**	(25,776,610)
Impact of:		
Unrecognised deferred tax asset	**2,525,843**	4,934,885
Other permanent differences	**–**	–
Non allowable expenses	**12,038,053**	20,908,049
Income not subject to tax	**(2,842,400)**	(66,324)
Actual tax credit	**–**	–

The expiry dates for the accumulated tax losses of the Company are as follows:

Expiry date	**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	29,028,735
31 March 2019	14,857,898
Total	177,789,972

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings on leasehold land Rs.	Furniture, fittings & Other Equipment Rs.	Office Equipment Rs.	Motor Vehicles Rs.	Total Rs.
Cost:					
At 01 April 2012	344,313,887	335,858,053	4,220,414	38,352,679	722,745,033
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
Additions	–	25,676	10,289	–	35,965
At 31 March 2014	344,313,887	335,936,729	4,230,703	37,788,179	722,269,498
Accumulated depreciation:					
At 01 April 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)
Charge for the year	(11,465,652)	(50,388,580)	(425,939)	(7,557,632)	(69,837,803)
At 31 March 2014	(43,003,993)	(188,932,604)	(4,215,353)	(26,446185)	(262,598.135)
Net book value:					
At 31 March 2014	301,309,894	147,004,125	15,350	11,341,994	459,671,363
At 31 March 2013	312,775,546	197,367,029	431,000	18,899,626	529,473,201

Borrowings are secured for an aggregate amount of USD 19,000,000 (2013: USD 19,000,000) with a fixed charge over the buildings on leasehold land and a floating charge on all other assets (Note 16).

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

11. INVENTORIES

	2014	2013
	Rs.	Rs.
Food and beverage, at cost	**3,558,161**	2,172,969
Other consumables, at cost	**2,006,189**	1,785,577
	5,564,350	3,958,546

The cost of inventories recognised as expense and included in cost of sales amounted to Rs. 70,960,083 (2013 - Rs. 66,202,460)

12. TRADE AND OTHER RECEIVABLES

	2014	2013
	Rs.	Rs.
Trade receivables	**46,903,791**	37,692,365
Less: provision for impairment of trade receivables	**–**	–
Trade receivables - net	**46,903,791**	37,692,365
Prepayments	**3,272,254**	71,769
Other receivables	**3,795,605**	3,971,021
	53,971,650	41,735,155

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 2014, trade receivables of Rs. 1,632,366 (2013 - Rs. Nil) were past due but not impaired. These relate to airline operators and other customers for whom there is no recent history of default. The ageing analysis of these trade receivables are as follows:

	2014	2013
	Rs.	Rs.
Up to 3 months	**45,271,425**	37,692,365
3 to 6 months	**1,079,150**	–
Over 6 months	**553,216**	–
	46,903,791	37,692,365

The carrying amounts of the Company's trade and other receivables are denominated in Mauritian Rupee.

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

As at reporting date, trade receivables were inclusive of Rs. 703,656 (2013: Nil) which was receivable from the immediate parent.

Notes to the Financial Statements - 31 March 2014 *(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:

	2014 Rs.	2013 Rs.
Cash at bank and in hand	**2,478,391**	14,818,823
Bank Overdraft	**(15,026,455)**	–
	(12,548,064)	14,818,823

The Company has been granted an overdraft limit of Rs. 25,000,000. The bank overdraft bears interest at 9.65%. The overdraft facility has been renewed on 3 January 2014 for a period of one year.

14 SHARE CAPITAL

	2014 Number	2013 Number	**2014 Rs.**	2013 Rs.
Issued and fully paid:				
Ordinary shares at Rs 10 each	**35,338,006**	35,338,006	**353,380,066**	353,380,066

15 TRADE AND OTHER PAYABLES

	2014 Rs.	2013 Rs.
Trade payables	**25,457,176**	17,321,554
Amount payable to related party (Note 19(b))	**9,453,756**	10,567,949
Accruals	**3,980,118**	7,100,675
Social security and other taxes	**1,773,228**	4,946,057
Other payables	**2,283,345**	2,567,837
	42,947,623	42,504,072

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

16 BORROWINGS

	2014 Rs.	2013 Rs.
Non-current:		
Bank borrowings (Note 16(a))	**583,300,000**	598,120,000
Total borrowings	**583,300,000**	598,120,000

(a) Bank borrowings

Later than 1 year and no later than 5 years	**466,640,000**	358,872,000
Later than 5 years	**116,660,000**	239,248,000
	583,300,000	598,120,000

The movement in the bank borrowings is attributable to unrealised exchange differences since the loan is denominated in USD.

The principal amount of bank borrowings of USD 19,000,000 will be repayable in quarterly instalments of USD 950,000 starting from April 2015 and ending January 2020.

The bank borrowings bear interest at the rate of 3 months LIBOR plus 500 basis points per annum. Interest is payable on a monthly basis. During the year ended 31 March 2014 the Company paid interest of Rs. 30,741,909 (2013 - Rs. 37,482,863).

The borrowings are secured for an aggregate amount of USD 19,000,000 (2013 - USD 19,000,000) based on fixed charges on the building on leasehold land and a floating charge on all other assets (Note 10).

The carrying amount of the bank borrowings approximates to the fair value, as the impact of discounting is not significant as the loan terms are at market rates.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	2014 Rs.	2013 Rs.
US dollar	**583,300,000**	598,120,000
	583,300,000	598,120,000

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.

17 CONTINGENT LIABILITIES

Bank guarantees

At 31 March 2014, 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 2014, Expatriate Guarantee and Custom Guarantee amounted to Rs. 305,000 (2013 - Rs. 345,000) and Rs. 9,000,000 (2013 - Rs. 4,000,000) respectively.

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

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.

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

	2014 Rs.	2013 Rs.
Immediate parent (management fees) (Note 5)	**7,853,020**	5,173,637

(b) Payable to immediate parent

	2014 Rs.	2013 Rs.
Amount due to immediate parent	**9,453,756**	10,567,949

The amount due to immediate parent is unsecured, interest free and repayable on demand.

(c) Loans from related party

	2014 Rs.	2013 Rs.
Immediate parent		
At 1 April	–	205,596,401
Loans advanced during year	–	90,589,407
Loans repaid during the year	–	(102,952,950)
Loan converted into equity	–	(193,232,858)
At 31 March	**–**	–

The loan due to its immediate parent is unsecured, interest free and repayable on demand.

(d) Receivable from immediate parent

	2014 Rs.	2013 Rs.
Amount due by immediate parent	**703,656**	–

The amount due by immediate parent is unsecured, interest free and repayable on demand.

Notes to the Financial Statements - 31 March 2014 *(Contd.)*

(e) Remuneration of key management personnel

Key management personnel include the General Manager, the Operations Manager and the Chief Accountant.

	2014 Rs.	2013 Rs.
Salaries and other short term employee benefits	**3,550,000**	3,150,000

20 IMMEDIATE AND ULTIMATE PARENT

The Directors consider EIH Limited, a Company incorporated in India, as its immediate and ultimate parent, respectively.

21 COMMITMENTS

Operating lease commitments

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

	2014 Rs.	2013 Rs.
Not later than 1 year	**3,578,520**	3,578,520
Later than 1 year and not later than 5 years	**21,295,772**	15,781,273
Later than 5 years	**68,736,046**	77,829,066
	93,610,338	97,188,859

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 rent charge was revised to Rs. 29.82 per square metre as at April 2013. The lease is non-cancellable from the standpoint of the lessee.

22 EVENTS AFTER REPORTING PERIOD

Effective from 1 May 2014, the Company will offer catering services to an additional client with expected revenues of USD 69,300 for the next financial year.

EIH INTERNATIONAL LTD

BOARD

Mr. P. R. S. Oberoi
Mr. S. S. Mukherji
Mr. Deepak Madhok
Mr. V. S. Oberoi (w.e.f. 20/03/2014)
Mr. A. S. Oberoi (w.e.f. 20/03/2014)

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 2014, 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

V S Oberoi (appointed 20 March 2014)

A S Oberoi (appointed 20 March 2014)

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 $2,776,474 (2013 : $938,237) for the Group and a profit of $1,323,395 (2013 : $1,197,310) for the Company, after provision for income tax expense of $623,801 (2013 : $556,077) for the Group and $Nil (2013 : $Nil) for the Company.

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 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 $1,045,773 (2013 : $1,000,000) 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

15 May, 2014 *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 2014, 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 International Ltd and its consolidated entities as of 31 March 2014 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
15 May 2014

DAVID SANDERS
Partner

Statement of Comprehensive Income for the year ended 31 March 2014

(Expressed in United States dollars)

	Note	Consolidated 31 March 2014 $	Consolidated 31 March 2013 $	Standalone 31 March 2014 $	Standalone 31 March 2013 $
Continuing Operaions					
Turnover	3	**13,749,621**	12,801,921	**1,357,269**	1,273,422
Cost of Sales		**(1,048,722)**	(1,067,193)	**–**	–
Gross Profit		**12,700,899**	11,734,728	**1,357,269**	1,273,422
Operating Expenses					
Other operating expenses		**1,439,950**	1,509,167	**–**	–
Payroll and related expenses		**2,395,041**	1,393,033	**–**	–
Administration and General Expenses		**2,020,620**	1,919,762	**31,478**	73,631
Marketing expenses		**556,247**	576,698	**–**	–
Upkeep and service cost		**1,879,816**	1,953,551	**–**	–
Project development expenses		**150,615**	107,663	**–**	–
Provision for furniture, fixture and equipment		**364,588**	361,548	**–**	–
Other Expenses		**90,143**	98,803	**2,396**	2,481
Depreciation and amortisation		**1,403,906**	1,466,562	**–**	–
Total Operating Expenses		**10,300,926**	9,386,787	**33,874**	76,112
Other Income/(Expense)					
Interest expense		**(1,587)**	(43,089)	–	–
Share of profit of investments accounted for using the equity method		**174,773**	(386,659)	–	–
Other Income/(expense)		**827,116**	(423,878)	–	–
Total Other Income/(Expense)		**1,000,302**	(853,627)	–	–
Profit before taxation		**3,400,275**	1,494,314	**1,323,395**	1,197,310
Taxation	5	**(623,801)**	(556,077)	–	–
Profit after taxation		**2,776,474**	938,237	**1,323,395**	1,197,310
Profit/(Loss) for the year is attributable to:					
Owners of the parents		**2,233,908**	481,876	**1,323,395**	1,197,310
Non-controlling Interest		**542,566**	456,361	–	–
		2,776,474	938,237	**1,323,395**	1,197,310
Other comprehensive income/(loss)					
Profit after taxation		**2,776,474**	938,237	**1,323,395**	1,197,310
Share of other comprehensive income of Investments accounted for using the equity method		**(10,557)**	–	**–**	–
Movement in foreign currency translation reserve		**(1,439,520)**	166,980	**–**	–
Total comprehensive income		**1,326,397**	1,105,217	**1,323,395**	1,197,310
Total comprehensive income/(loss) for the year is attributable to:					
Owners of the parents		**948,291**	704,841	**1,323,395**	1,197,310
Non-controlling interest		**378,106**	400,376	**–**	–
		1,326,397	1,105,217	**1,323,395**	1,197,310

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

Statement of Financial Position as at 31 March 2014

(Expressed in United States dollars)

	Note	Consolidated 31 March 2014 $	Consolidated 31 March 2013 $	Standalone 31 March 2014 $	Standalone 31 March 2013 $
Non-Current Assets					
Amount due from related parties	10	**8,283,092**	7,894,043	**5,117,564**	4,827,891
Investments	7	**17,200,615**	17,036,399	**81,675,314**	81,675,314
Property, plant and equipment	8	**8,719,073**	9,262,720	–	–
Intangibles assets	9	**64,408,758**	65,318,758	–	–
Deferred tax assets		**237,143**	275,832	–	–
Other assets		**557,253**	658,721	–	–
Total Non-Current Assets		**99,405,934**	100,446,473	**86,792,878**	86,503,205
Current Assets					
Cash and cash equivalents	11	**11,532,352**	11,014,098	**951,806**	938,084
Receivable	12	**1,008,673**	776,662	**–**	–
Inventories		**419,648**	511,729	**–**	–
Other assets		**271,821**	321,399	**–**	–
Total Current Assets		**13,232,494**	12,623,888	**951,806**	938,084
Total Assets		**112,638,428**	113,070,361	**87,744,684**	87,441,289
Current Liabilities					
Trade and other payables	13	**1,877,027**	2,032,821	**50,000**	70,000
Long-term loan - current portion	14	**–**	271,870	–	–
Provision for taxation		**316,017**	192,256	–	–
Total Current Liabilities		**2,193,044**	2,496,947	**50,000**	70,000
Non-Current Liabilities					
Amounts due to related parties	15	**3,120,000**	3,390,000	**181,087**	181,087
Long term bank loan	14	**–**	–	–	–
Deferred tax liabilities		**–**	–	–	–
Employee benefits liabilities		**572,207**	590,861	–	–
Total Non-Current Liabilities		**3,692,207**	3,980,861	**181,087**	181,087
Total Liabilities		**5,885,251**	6,477,808	**231,087**	251,087
Net Assets		**106,753,177**	106,592,553	**87,513,597**	87,190,202
Equity					
Share Capital	16	**93,607,800**	93,607,800	**93,607,800**	93,607,800
Retained Earnings		**13,764,358**	12,586,780	**(6,094,203)**	(6,417,598)
Translation reserve		**(2,096,536)**	(821,476)	**–**	–
Minority Interest	17	**1,477,555**	1,219,449	**–**	–
Total Equity		**106,753,177**	106,592,553	**87,513,597**	87,190,202

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 2014

(Expressed in United States dollars)

	Note	Consolidated				
		Share Capital $	Translation Reserve $	Retained earnings $	Non-Controlling Interest $	Total Equity $
As at 1 April 2013	16	93,607,800	(821,476)	12,586,780	1,219,449	106,592,553
Issued during the year		–	–	–	–	–
Translation reserve		–	(1,275,060)	–	(164,460)	(1,439,520)
Profit for year		–	–	2,233,908	542,566	2,776,474
Other Comprehensive Income		–	–	(10,557)	–	(10,557)
Dividend paid		–	–	(1,045,773)	(120,000)	(1,165,773)
As at 31 March 2014	16	**93,607,800**	**(2,096,536)**	**13,764,358**	**1,477,555**	**106,753,177**
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**

Statement of Changes in Equity – *(Contd.)* for the year ended 31 March 2014

(Expressed in United States dollars)

		Standalone		
	Note	**Share Capital $**	**Retained Earnings $**	**Total Equity $**
As at 1 April 2013	16	93,607,800	(6,417,598)	87,190,202
Profit for year		–	1,323,395	1,323,395
Other Comprehensive Income		–	–	–
Dividend paid		–	(1,000,000)	(1,000,000)
As at 31 March 2014	16	**93,607,800**	**(6,094,203)**	**87,513,597**
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**

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 2014

(Expressed in United States dollars)

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Cash Flows from Operating Activities				
Profit before taxation	**3,400,275**	1,494,314	**1,323,395**	1,197,310
Adjustment for:				
Depreciation	**1,403,906**	1,466,562	**–**	–
Share of associates net (profit)/loss	**(174,773)**	–	**–**	–
Interest income	**(439,070)**	(208,209)	**(289,717)**	(273,422)
Dividend received	**–**	–	**(1,067,552)**	(1,000,000)
Interest expense	**1,587**	43,089	**–**	–
Loss on disposal of fixed assets	**–**	–	**–**	–
Gain on remeasurement of pre-existing interest	–	–	–	–
Impact on foreign currency translation	**(827,018)**	460,232	**–**	–
(Increase)/Decrease in assets:				
Decrease in receivables	**(174,624)**	40,407	**–**	–
Decrease in Inventories	**92,081**	169,703	**–**	–
Decrease/(Increase) in prepayments	**152,841**	(3,596)	**–**	–
(Decrease)/Increase in Liabilities:				
(Decrease)/Increase in payables	**(222,384)**	(348,615)	**(20,000)**	(17,400)
Increase in provision	**230,365**	260,907	**–**	–
Cash generated from/(used by) operations	**3,443,186**	3,374,794	**(53,874)**	(93,512)
Interest paid	**1,587**	43,087	**–**	–
Taxes paid	**493,341**	639,580	**–**	**–**
Net Cash Flows (used by)/from operating activities	**2,948,258**	2,692,127	**(53,874)**	(93,512)
Cash Flows from Investing Activities				
Dividend received	**–**	–	**1,067,552**	1,000,000
Acquisition of fixed assets	**(626,355)**	(788,067)	**–**	–
Purchase of furniture, fixtures and equipment from provision for furniture, fixtures and equipment	**(406,418)**	(354,927)	**–**	–
Proceeds from sale of property, plant and equipment	**–**	–	**–**	–
Repayment of advance to related party	–	–	–	–
Share of associates net (profit)/loss	–	386,659	–	–
Payment for acquisition of investments	**–**	(3,189,000)	**–**	(4,000,000)
Interest received	**242**	1,214	**44**	145
Dividend paid	**(1,165,773)**	(1,000,000)	**(1,000,000)**	(1,000,000)
Net Cash Flows (used by)/from investing activities	**(2,198,304)**	(4,944,121)	**67,596**	(3,999,855)
Cash Flows from financing activities				
Proceeds from issuance of shares	**–**	4,000,000	**–**	4,000,000
Proceeds from related party borrowings	**–**	(272,155)	**–**	–
Repayment of bank loans	**(231,700)**	(771,393)	**–**	–
Net Cash Flows from financing activities	**(231,700)**	2,956,452	**–**	4,000,000
Net increase/(decrease) in cash and cash equivalents	**518,254**	704,458	**13,722**	(93,367)
Cash and cash equivalents at beginning of year	**11,014,098**	10,309,640	**938,084**	1,031,451
Effect of exchange rate changes on cash balances	–	–	–	–
Adjustment on account of inclusion of Subsidiaries	–	–	–	–
Cash and cash equivalents at end of year (Note 11)	**11,532,352**	11,014,098	**951,806**	938,084

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 2014

1. **Corporate Information**

   The financial report of EIH International Ltd and its controlled entities (the "Group") for the year ended 31 March 2014 was authorised for issue on 15th May 2014.

   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

   IFRS 11 Joint Arrangements and IAS 28 Investment in Associates and Joint Ventures

   The application of IFRS 11 impacted the Group's accounting of its interest in a joint venture, Oberoi Mauritius Limited (see Note 7). The Group has a 50% interest on Oberoi Mauritius Limited, a company whose principal activity during the period was investment and management. Prior to the transition to IFRS 11, Oberoi Mauritius Limited was classified as a jointly controlled entity and the Group's share of the assets, liabilities, revenue, income and expenses was proportionately consolidated in the consolidated financial statements. Upon adoption of IFRS 11, the Group has determined its interest in Oberoi Mauritius Limited to be classified as a joint venture under IFRS 11 and it is required to be accounted for using the equity method (refer Note 2(l) below). The transition was applied retrospectively as required by IFRS 11 and the comparative information for the immediately preceding period (2013) is restated. The effect of applying IFRS 11 on the Group's financial statements is as follows:

   Impact on Statement of Comprehensive Income

	2013
Increase/(decrease) in profit:	$
Reported revenue (sale of goods)	(4,577,167)
Cost of sales	493,433
Gross profit	**(4,083,734)**
Other operating expenses	571,072
Payroll and related expenses	1,187,737
Administration and general expenses	673,179
Marketing expenses	225,854
Upkeep and service cost	787,043
Other expenses	122
Depreciation and amortisation	362,912
Interest Expenses	207,009
Other Expenses	220,722
Share of profit of equity accounted investment	(386,659)
Profit before tax	**(234,743)**
Income tax	(234,743)
Net impact on profit after tax for the year	–
Increase/(decrease) in other comprehensive income:	
Foreign currency translation reserve	–
Share of other comprehensive income of equity accounted investment	–
Net impact on OCI for the period	–
Impact on Total Comprehensive Income	–

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

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

Impact on equity (increase/(decrease) in net equity):

	31 March 2013	1 April 2012
	$	$
Cash and bank balances	(1,970,163)	(1,660,555)
Trade receivables	(288,838)	(408,473)
Other receivables	(98,964)	(114,206)
Inventories	(571,477)	(550,390)
Total current assets	(2,929,444)	(2,733,624)
Property, Plant & Equipment	(5,383,421)	(6,017,440)
Intangible assets	(5,938,359)	(5,945,693)
Amounts due from related party	3,293,734	(523,573)
Investments in a joint venture	6,226,863	7,191,894
Total non-current assets	(1,801,183)	(5,294,812)
Creditors and accruals	566,628	595,548
Current tax liabilities	–	–
Total current liabilities	566,628	595,548
Amounts due to related party	3,656,901	6,889,814
Deferred tax liability	402,645	445,331
Employee benefits liability	104,453	97,743
Total non-current liabilities	4,163,999	7,432,888
Total liabilities	4,730,627	8,028,436
Foreign currency translation reserve	–	–
Net impact on other equity	–	–

Impact on cash flow statement (increase/(decrease) in cash flows):

	2013
	$
Operating	(745,027)
Investing	2,766,886
Financing	(2,773,704)
Net decrease in cash and cash equivalents	(751,845)

(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 2014 (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.

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

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

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.

(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.

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

2. Summary of Significant Accounting Policies (Contd…)

(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, parent entity investments in subsidiaries are recorded at cost less provision for any permanent diminution in value.

(l) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and it carrying value, then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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.

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

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

The reporting dates of the associate 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.

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.

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

(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.

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.

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

(r) 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.

(s) 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.

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 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Hotel revenues	**12,152,906**	12,059,075	**–**	–
Hotel management fees	**635,563**	290,567	**–**	–
Sales & Marketing	**518,974**	223,481	**–**	–
Royalty	**3,108**	20,589	**–**	–
Dividends	**–**	–	**1,067,552**	1,000,000
Interest	**439,070**	208,209	**289,717**	273,422
	13,749,621	12,801,921	**1,357,269**	1,273,422

4. Profit Before Taxation

Profit before taxation is arrived at after charging and crediting :

After charging:	**Consolidated**		**Standalone**	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Audit remuneration:				
– audit of financial report	**115,280**	128,948	**40,997**	38,643
– accounting advice	**–**	–	**–**	–
	115,280	128,948	**40,997**	38,643

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

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 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Profit before tax	**3,400,275**	1,494,315	**1,323,395**	1,197,310
Tax at the statutory tax rate of Nil% (2013 : Nil%)	–	–	**–**	–
Tax rate differential in foreign countries	**(623,801)**	(556,077)	**–**	–
Tax expense	**(623,801)**	(556,077)	**–**	–

6. Directors' Remuneration

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Fees	**–**	–	**–**	–
Other emoluments	–	–	**–**	–
	–	–	**–**	–

7. Investments

Investments in Subsidiaries

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Unlisted shares, at cost	**–**	–	76,043,814	76,043,814

Other Investments

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Other investments	**17,200,615**	17,036,399	5,631,500	5,631,500

Other investments represent investments in Oberoi Mauritius Limited, Tourism Investment Company at Sahl Hasheesh and La Roseraie De L'Atlas SA.

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Total Investments	**17,200,615**	17,036,399	81,675,314	81,675,314

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

Details of the subsidiaries are as follows:

Name	Place of Incorporation	Percentage of equity attributable to the Company		Principal Activities	Directors
		Directly	Indirectly		
EIH Holdings Ltd	British Virgin Islands	93.57	6.43	Hotel Investment and Management	Mr. P.R.S. Oberoi Mr. D. Madhok Mr. V.S. Oberoi Mr. A.S. Oberoi
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 Mr. Deepak Madhok
PT Waka Oberoi Indonesia	Indonesia	26.20	57.13	Hotel ownership	I Wayan Pasek I Ketut Siandana Mr. Deepak Madhok
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	Intertrust (Curacao) BV
EIH Management Services B.V.	Netherlands	–	100	Hotel Management and Investment	TMF Management B.V.
PT Astina Graha Ubud	Indonesia	–	60	Hotel Development	I Wayan Pasek Tjokorda Raka Kerthayasa Mr. Deepak Madhok

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

8. Property, Plant and Equipment

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Freehold Land				
At Cost	**5,559,584**	5,644,193	**–**	–
Accumulated depreciation	**–**	–	**–**	–
	5,559,584	5,644,193	**–**	–
Freehold Buildings				
At Cost	**4,151,661**	4,626,303	**–**	–
Accumulated depreciation	**(2,934,573)**	(3,217,580)	**–**	–
	1,217,088	1,408,723	**–**	–
Plant and Equipment				
At Cost	**2,221,048**	2,472,948	**–**	–
Accumulated depreciation	**(1,887,824)**	(2,120,327)	**–**	–
	333,224	352,621	**–**	–
Furniture & Fittings				
At Cost	**3,190,918**	3,528,029	**–**	–
Accumulated depreciation	**(2,789,141)**	(3,121,005)	**–**	–
	401,777	407,024	**–**	–
Motor Vehicles				
At Cost	**158,216**	166,676	**–**	–
Accumulated depreciation	**(142,321)**	(162,993)	**–**	–
	15,895	3,683	**–**	–
Project Expenses	**1,191,505**	1,446,476	**–**	–
Total property, plant and equipment, net	**8,719,073**	9,262,720	**–**	–
At cost	**16,472,932**	17,884,625	**–**	–
Accumulated depreciation	**(7,753,859)**	(8,621,905)	**–**	–
Written Down Value	**8,719,073**	9,262,720	**–**	–

9. Intangible Assets

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Goodwill	**30,738,758**	30,738,758	**–**	–
Management contracts	**36,400,000**	36,400,000	**–**	–
Less: Accumulated Amortisation	**(2,730,000)**	(1,820,000)	**–**	–
Management contracts, net	**33,670,000**	34,580,000	**–**	–
	64,408,758	65,318,758	**–**	–

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 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Cash at Bank	**11,524,403**	11,003,383	**951,806**	938,084
Cash on hand	**7,949**	10,715	**–**	–
	11,532,352	11,014,098	**951,806**	938,084

12. Receivables

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Trade receivables	**960,546**	719,387	**–**	–
Other receivables	**48,127**	57,275	**–**	–
	1,008,673	776,662	**–**	–

13. Payables

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Third parties	**1,877,027**	2,032,821	**50,000**	70,000
Related parties	**–**	–	**–**	–
	1,877,027	2,032,821	**50,000**	70,000

14. Long-Term Bank Loans

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Current portion	**–**	271,870	**–**	–
Non-current portion	**–**	–	**–**	–
	–	271,870	**–**	–

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 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Issued and fully paid: 93,607,800 (2013 : 93,607,800) ordinary shares	**93,607,800**	93,607,800	93,607,800	93,607,800

	Consolidated		Standalone	
	Number of Shares	**$**	**Number of Shares**	**$**
As at 31 March 2012	**89,607,800**	89,607,800	**89,607,800**	89,607,800
Shares 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
Share Issued	**–**	–	**–**	–
As at 31 March 2014	**93,607,800**	93,607,800	**93.607,800**	93,607,800

17. Non-controlling Interest

	Consolidated		Standalone	
	31 March 2014 $	31 March 2013 $	**31 March 2014 $**	31 March 2013 $
Contributed equity	**3,158,046**	3,158,046	**–**	–
Translation reserve	**(164,460)**	(478,678)	**–**	–
Dividend paid	**(120,000)**	–	–	–
Retained earnings	**(1,938,597)**	(1,916,280)	**–**	–
Current year profit	**542,566**	456,361	**–**	–
	1,477,555	1,219,449	**–**	–

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 2014, the assessed tax for the years ended 30 June 2001 to 30 June 2009 is US$597,960 and penalties of US$389,212.

Based on the advice received from Pricewaterhouse Coopers, the Company 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 total tax payable under this formula from 30 June 2001 to 31 March 2014 is US$38,764. The company has paid $32,660 as at 31 March 2014.

The company does not accept the methodology adopted by the MRA and lodged appeal with Assessment Review Committee (ARC). The company has made an on-account payment of US$300,792 in order to lodge the appeal with ARC.

The MRA did not agree with the Company and the matter has been presented and heard before the ARC and their ruling is awaited.

If successful, the amount of US$300,792 will be refunded. If not, the liability of the Company will be the US$597,960 and US$38,212 already assessed by the MRA as at 31 March 2014, plus US$221,714 (applying the same basis of calculation for the years ended 30 June 2010 to 31 March 2014) and any applicable penalties.

The total tax liability will therefore be US$1,208,946, plus penalties on tax for the years ended 30 June 2010 to 31 March 2014, estimated at US$144,114. No amount has been provided as the company believes that the ruling will be returned in its favour, and therefore no tax will be required to be paid.

There are no other outstanding commitments and contingencies at year end.

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 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 lodged tax returns every year on this basis and has paid tax of US$30,660.

The matter went for review by the Assessment Review Committee (ARC) and the Company made on-account payments 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 a 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 lodged a submission with ARC as it believes that interest expense should be allowed as deduction.

The ruling from ARC is awaited and if it is not in the company's favour, then the company has to pay US$1,282,926 and US$730,935 as above less US$635614, US$30,660 and US$323,045 already paid for the year 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 2010 to 31 March 2014 is US$439,469 plus applicable panalty on this amount.

In all, the outstanding tax liability will be US$1,464,012 plus penalty for years ended 30 June 2010 to 31 March 2014. No amount has been provided as the company believes that the ruling will be returned in its favour and therefore no tax will be required to be paid.

No provision for deferred taxation has been made as the effect of all timing differences is immaterial.

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 2014;

(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 2014; 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	DEEPAK MADHOK
15 May 2014	*Director*

EIH HOLDINGS LTD

BOARD

Mr. P. R. S. Oberoi
Mr. Deepak Madhok
Mr. V.S. Oberoi (w.e.f. 20/03/2014)
Mr. A.S. Oberoi (w.e.f. 20/03/2014)

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 2014, 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
V S Oberoi (appointed 20 March 2014)
A S Oberoi (appointed 20 March 2014)

The Directors were in office for the entire year unless otherwise stated.

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 $638,999 (2013: $1,373,574) after provision for income tax expense of $54,865 (2013: $63,603).

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 (2013: $1,000,000).

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'S 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
Director

14 May, 2014

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 2014, 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 2014 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 2014

DAVID SANDERS
Partner

Statement of Comprehensive Income for the year ended 31 March 2014

(Expressed in United States dollars)

	Note	**31 March 2014** **$**	31 March 2013 $
Continuing Operaions			
Turnover	3	**2,203,779**	1,644,654
Cost of Sales		**–**	–
Gross Profit		**2,203,779**	1,644,654
Operating Expenses			
Administration and General Expenses		**1,357,843**	99,610
Project Development Expenses		**150,615**	107,663
Total Operating Expenses		**1,508,458**	207,273
Other Income/(Expense)			
Other Income/(Expense)		**(1,457)**	(204)
Total Other Income/(Expense)		**(1,457)**	(204)
Profit before taxation	4	**693,864**	1,437,177
Taxation	5	**(54,865)**	(63,603)
Profit after taxation		**638,999**	1,373,574
Other Comprehensive Income			
Other Comprehensive Income		–	–
Total Comprehensive Income		**638,999**	1,373,574

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

Statement of Financial Position as at 31 March 2014

(Expressed in United States dollars)

	Note	31 March 2014 $	31 March 2013 $
Non-Current Assets			
Investments	7	**11,672,539**	11,672,539
Amount due from related parties	8	**19,458,460**	19,395,013
		31,130,999	31,067,552
Current Assets			
Cash and cash equivalents	9	**8,231,413**	8,870,759
Receivables	10	**775,978**	638,367
Total Current Assets		**9,007,391**	9,509,126
Total Assets		**40,138,390**	40,576,678
Current Liabilities			
Payables	11	**23,290**	100,577
Total Current Liabilities		**23,290**	100,577
Non-Current Liabilities			
Amounts due to related parties	12	**13**	13
Total Non-Current Liabilities		**13**	13
Total Liabilities		**23,303**	100,590
Total Net Assets		**40,115,087**	40,476,088
Equity			
Share Capital	13	**34,085,714**	34,085,714
Retained Earnings		**6,029,373**	6,390,374
Total Equity		**40,115,087**	40,476,088

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 2014

(Expressed in United States dollars)

	Note	Share Capital $	Retained Earnings $	Total Equity $
As at 1 April 2013	13	34,085,714	6,390,374	40,476,088
Profit for year		–	638,999	638,999
Other Comprehensive Income		–	–	–
Issue of capital		–	–	–
Dividend paid		–	(1,000,000)	(1,000,000)
As at 31 March 2014	13	34,085,714	6,029,373	40,115,087
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

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 2014

(Expressed in United States dollars)

	31 March 2014 $	31 March 2013 $
Cash Flows from Operating Activities		
Profit before taxation	**693,864**	1,437,177
Adjustment for:		
Interest income	**(149,155)**	(140,712)
Dividend income	**(176,004)**	–
Other	**1,457**	204
(Increase)/Decrease in assets:		
Decrease/(Increase) in receivables	**(137,611)**	103,203
(Decrease)/Increase in Liabilities:		
(Decrease)/Increase in payables	**(77,287)**	(322,029)
Cash generated from operations	**155,264**	1,077,843
Tax paid	**(54,865)**	(63,603)
Net Cash Flows from operating activities	**100,399**	1,014,240
Cash Flows from Investing Activities		
Dividends paid	**(1,000,000)**	(1,000,000)
Dividend income	**176,004**	–
Issue of share capital	**–**	4,000,000
Purchase of investments	**–**	(3,188,269)
Interest received	**150**	576
Net Cash Flows from/(used by) investing activities	**(823,846)**	(187,693)
Cash Flows from financing activities		
Payments on loans provided to related parties	**–**	(266,977)
Proceeds from related party borrowings	**85,708**	49,422
Net Cash Flows used by financing activities	**85,708**	(217,555)
Net increase in cash and cash equivalents	**(637,739)**	608,992
Cash and cash equivalents at beginning of year	**8,870,759**	8,262,402
Effect of exchange rate changes on cash balances	**(1,607)**	(635)
Cash and cash equivalents at end of year (Note 9)	**8,231,413**	8,870,759

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 2014

(Expressed in United States dollars)

1. Corporate Information

The financial report of EIH Holdings Ltd (the "Company") for the year ended 31 March 2014 was authorised for issue on 14th May 2014.

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 2014	31 March 2013
	$	$
Hotel Management Fees	**991,800**	803,488
Sales and Marketing	**883,562**	679,289
Royalty	**3,108**	20,589
Dividends	**176,004**	–
Interest	**149,305**	141,288
	2,203,779	1,644,654

4. Profit Before Taxation

Profit before taxation is arrived at after charging and crediting :

	31 March 2014	31 March 2013
	$	$
Interest Income (Note 3)	**149,305**	141,288
Auditor remuneration:		
– audit of financial report	**9,138**	18,643
– accounting advice	**–**	–
	9,138	18,643

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 2014	31 March 2013
	$	$
Profit before tax	**693,864**	1,437,177
Tax at the statutory tax rate of Nil % (2013 : Nil%)	–	–
Tax rate differential in Foreign Countries	**54,865**	63,603
Tax Expense	**54,865**	63,603

6. Directors' Remuneration

	31 March 2014	31 March 2013
	$	$
Fees	**–**	–
Other emoluments	**–**	–
	–	–

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

7. Investments

Investments in Subsidiaries

	31 March 2014	31 March 2013
	$	$
Unlisted shares, at cost	**1,566,013**	1,566,013

Details of the subsidiaries are as follows:

Name	Place of Incorporation	Percentage of equity attributable to the Company: Directly	Indirectly	Principal Activities	Directors
PT Widja Putra Karya	Indonesia	–	48.89	Hotel ownership	I Wayan Pasek I Ketut Siandana Mr. Deepak Madhok
PT Waka Oberoi Indonesia	Indonesia	–	57.13	Hotel ownership	Mr. I Ketut Siandana Mr. I Wayan Pasek Mr. Deepak Madhok
PT Astina Graha Ubud	Indonesia	60	–	Hotel development	Mr. I Wayan Pasek Mr. Tjokorda Raka Kerthayasa Mr. Deepak Madhok
EIH Investment N.V.	Netherlands Antilles	100	–	Investment and Management	Intertrust (Curaçao) B.V.
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

Other Investments

	31 March 2014	31 March 2013
	$	$
Other Investment at cost	**10,106,526**	10,106,526
	10,106,526	10,106,526

Other investments represent interests in joint ventures and are carried at cost, less provision for any permanent diminution in value.

	31 March 2014	31 March 2013
	$	$
Total Investments	**11,672,539**	11,672,539

8. Amount Due from Related Companies

The amounts due from related companies are unsecured, and without predetermined repayment terms. Of the total of $ 19,458,460, $ 2,635,065 are interest bearing, and $ 16,823,395 are non-interest bearing

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

9. Cash and Cash Equivalents

	31 March 2014 $	31 March 2013 $
Cash at Bank	**8,231,413**	8,870,759

10. Receivables

Trade receivables	**775,978**	638,367
	775,978	638,367

11. Payables

Third parties	**23,290**	100,577
	23,290	100,577

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 2014 $	31 March 2013 $
Issued and fully paid :		
34,085,714 ordinary shares	**34,085,714**	34,085,714

	Number of Shares	$
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
Shares issued	–	–
As at 31 March 2014	34,085,714	34,085,714

14. Events After Statement of Financial Position Date

No material subsequent events or transactions have been identified.

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 2014, the assessed tax for the years ended 30 June 2001 to 30 June 2009 is US$597,960 and penalties of US$389,212.

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

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 total tax payable under the company's formula from 30 June 2001 to 31 March 2014 is US$38,764. The company has paid $32,660 as at 31 March 2014.

The company does not accept the methodology adopted by the MRA and lodged appeal with Assessment Review Committee (ARC). The company has made an on-account payment of US$300,792 in order to lodge the appeal with ARC.

The MRA did not agree with the company and the matter has been presented and heard before the ARC and their rulling is awaited.

If successful, this amount of US$300,792 will be refunded. If not, the liability of the Company will be the US$597,960 and US$38,212 already assessed by the MRA as at 31 March 2014, plus US$221,714 (applying the same basis of calculation for the years ended 30 June 2010 to 31 March 2014) and any applicable penalties.

The total tax liability will therefore be US$1,208,946, plus penalties on tax for the years ended 30 June 2010 to 31 March 2014, estimated at US$144,114. No amount has been provided as the company believes that the rulling will be returned in its favour, and therefore no tax will be required to be paid.

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 2014;

(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 2014; 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 2014

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 2014.

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 (2013: $Nil) after providing for income tax of $Nil (2013: $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 2014.

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, 2014

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 Statement of financial position as at 31 March 2014, 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 basis of preparation described in Note 2 to the financial report is appropriate to meet their financial reporting requirements meet the needs of the members. The directors are also responsible for such controls as they determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with International Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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.

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.

Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of EIH Marrakech Ltd as of 31 March 2014 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

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

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist the directors of EIH Marrakech Ltd to meet their financial reporting requirements. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the members of EIH Marrakech Ltd and should not be distributed to parties other than the members.

ERNST & YOUNG

Adelaide
14 May 2014

DAVID SANDERS
Partner

Statement of Comprehensive Income for the year ended 31 March 2014

(Expressed in United States dollars)

	Note	**31 March 2014** $	31 March 2013 $
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 2014

(Expressed in United States dollars)

	Note	**31 March 2014** $	31 March 2013 $
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 2014

(Expressed in United States dollars)

	Share Capital $	Retained earnings $	Total Equity $
As at 1 April 2013	100	–	100
Profit for year	–	–	–
Other Comprehensive Income	–	–	–
As at 31 March 2014	100	–	100
As at 1 April 2012	100	–	100
Profit for year	–	–	–
Other Comprehensive Income	–	–	–
As at 31 March 2013	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 2014

1. Corporate Information

The financial report of EIH Marrakech Ltd. (the "Company") for the year ended 31 March 2014 was authorised for issue on 14th May 2014.

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 2014**	31 March 2013
	$	$
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 2014	31 March 2013
	$	$
Fees	**–**	–
Other emoluments	**–**	–
	–	–

7. Share Capital

	31 March 2014	31 March 2013
	$	$
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 2014;

(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 2014; 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 2014 *Director*

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

Level 54
Hopewell Centre
183 Queen's Road East
Hongkong

Report of the Directors

The Directors present their report and the audited financial statements of the J&W Hong Kong Limited (the "Company") for the year ended 31 March 2014.

PRINCIPAL ACTIVITY
The Company's principal activity is investments holding.

RESULTS
The Company's result for the year ended 31 March 2014 and its state of affairs at 31 March 2014 are set out in the financial statements on pages 174 to 182.

A dividend of US$0.05678 per ordinary share totalling US$56,780 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 2014

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 set out on pages 174 to 182, which comprise the balance sheet as at 31 March 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity for the year ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation of financial statement that give 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 control 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 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 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 statements 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 the Company's affairs as at 31 March 2014, and of its profit 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 2014

Ernst & Young
Certified Public Accountants

Statement of Profit or Loss and Other Comprehensive Income year ended 31 March 2014

(Expressed in United States dollars)

	Note	**31 March 2014** **$**	31 March 2013 $
Revenue	3	**56,780**	64,330
Profit before tax		**56,780**	64,330
Income tax expense	6	**–**	–
Profit for the year and total Comprehensive Income for the year		**56,780**	64,330

Balance Sheet
31 March 2014

(Expressed in United States dollars)

	Note	**31 March 2014** **$**	31 March 2013 $
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 2014 DEEPAK MADHOK *Director*

Statement of Changes in Equity year ended 31 March 2014

(Expressed in United States dollars)

	Issued Capital $	Retained profit $	Total $
At 1 April 2012	10,000,000	–	10,000,000
Profit for the year	–	64,330	64,330
Other Comprehensive Income for the year	–	–	–
Dividend paid	–	(64,330)	(64,330)
At 31 March 2013	10,000,000	–	10,000,000
Profit for the year	–	56,780	56,780
Other Comprehensive Income for the year	–	–	–
Dividend paid	–	(56,780)	(56,780)
At 31 March 2014	10,000,000	–	10,000,000

Notes to the Financial Statements
31 March 2014

1. CORPORATE INFORMATION

J&W Hong Kong Limited is a limited liability company incorporated in Hong Kong. Its registered office is located at Level 54, Hopewell Centre, 183 Queen's Road East, 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 Commerce House, 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 2014, the Company adopted, for the first time, the following new and revised HKFRSs:

HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of items of Other Comprehensive Income*
HKFRS 13	*Fair Value Masurement*

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 effective for the accounting year ended 31 March 2014, 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*[1]
HKAS 39 Amendments	HKAS 39'

[1] No mandatory effective date yet determined but available for adoption

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

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 Financial Instruments: Recognition and Measurement. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address the classification and measurement of financial liabilities and derecognition of financial instruments. HKFRS 9 retains the current derecognition principles and the classification and measurement requirements for financial liabilities under HKAS 39 except for the measurement of financial liabilities that are designated at fair value through profit or loss using the fair value option. For financial liabilities measured at fair value through profit or loss, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 but HKFRS 9 is available for application now. A mandatory effective date will be determined after the entire replacement is completed.

The Company has assessed and concluded that there is no material impact on the financial statements upon adoption of the new and revised HKFRSs that have been issued but are not yet effective.

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.

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

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.

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.

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

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

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.

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

(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 $56,780 (2013: $64,330).

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 (2013: Nil).

6. INCOME 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 (2013: Nil).

There was no unprovided deferred tax in respect of the period and as at the balance sheet date (2013: Nil).

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014 US$	2013 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

	2014 US$	2013 US$
Authorised, issued and fully paid:		
10,000,000 ordinary shares of US$ 1.00 each	**10,000,000**	10,000,000

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

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 2014.

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 54, Hopewell Centre
183 Queen's Road East
Hongkong

Report of the Directors

The directors present their report and the audited financial statements of EIHH Corporation Limited (the "Company") for the year ended 31 March 2014.

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 2014 and its state of affairs at 31 March 2014 are set out in the financial statements on pages 186 to 193.

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
Chairman

14 May 2014

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 set out on pages 186 to 193, which comprise the balance sheet as at 31 March, 2014 and the statement of profit or loss and other comprehensive income, 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 statements that give 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 control 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 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 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 statements that give 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 the Company's affairs as at 31 March 2014 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 2014

Ernst & Young
Certified Public Accountants

Statement of Profit or Loss and Comprehensive Income year ended 31 March 2014

(Expressed in United States dollars)

	Note	**31 March 2014** **$**	31 March 2013 $
Revenue	3	**–**	–
Profit before tax		**–**	–
Income tax expense	6	**–**	–
Profit for the year and total Comprehensive Income for the year		**–**	–

Balance Sheet
31 March 2014

(Expressed in United States dollars)

	Note	**31 March 2014** $	31 March 2013 $
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 2014 DEEPAK MADHOK *Director*

Statement of Changes in Equity
year ended 31 March 2014

(Expressed in United States dollars)

	Issued Capital $	Retained Profit $	Total $
At 1 April 2012	13	–	13
Profit for the year	–	–	–
Other Comprehensive Income for the year	–	–	–
Dividend paid	–	–	–
As at 31 March 2013	13	–	13
Profit for the year	–	–	–
Other Comprehensive Income for the year	–	–	–
Dividend paid	–	–	–
As at 31 March 2014	13	–	13

Notes to the Financial Statements
31 March 2014

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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The Company was incorporated on 19 January 2007.

During the year ended 31 March 2014, 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 2014, the Company adopted for the first time the following new and revised HKFRSs:

HKAS 12 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKFRS 13	*Fair Value Measurement*

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 for the accounting year ended 31 March 2014, 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*[1]
HKAS 39 Amendments	HKAS 39[1]

[1] No mandatory effective date yet determined but available for adoption

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

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 Financial Instruments: Recognition and Measurement. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address the classification and measurement of financial liabilities and derecognition of financial instruments. HKFRS 9 retains the current derecognition principles and the classification and measurement requirements for financial liabilities under HKAS 39 except for the measurement of financial liabilities that are designated at fair value through profit or loss using the fair value option. For financial liabilities measured at fair value through profit or loss, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 but HKFRS 9 is available for application now. A mandatory effective date will be determined after the entire replacement is completed.

The Company has assessed and concluded that there is no material impact on the financial statements upon adoption of the new and revised HKFRSs that have been issued but are not yet effective.

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.

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

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, carry forward 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 carry forward of unused tax credits and unused tax losses can be utilised.

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

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.

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 period.

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

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 year (2013: Nil).

There was no unprovided deferred tax in respect of the period and as at the balance sheet date (2013: Nil).

7. DUE FROM A SHAREHOLDER

The amount is unsecured, interest-free, and not repayable within the next twelve months.

8. SHARE CAPITAL

	2014	2013
	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.

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

	2014	2013
	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 2014.

EIH INVESTMENT N.V.

BOARD

Intertrust (Curaco) B.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 2014.

The name of the Company's Director in office during the year and until the date of this report is as follows:

Intertrust (Curaçao) B.V.
Kaya W.F.G. (Jombi) Mensing 14, 2nd Floor
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 $180,893 (2013: $11,641) after providing for income tax of $4,699 (2013: $4,692).

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

During the year a dividend totalling $176,004 (2013: $Nil) was declared.

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
13 May, 2014

Intertrust (Curaco) B.V.
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 2014, the statement of comprehensive income and statement of changes in equity 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 has determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet their financial reporting requirements meet the needs of the members. The directors are also responsible for such controls as they determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with International Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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.

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.

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 2014 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

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

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist the directors of EIH Investment N.V. to meet their financial reporting requirements. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the members of EIH Investment N.V. and should not be distributed to parties other than the members.

ERNST & YOUNG

Adelaide
14 May 2014

DAVID SANDERS
Partner

Statement of Comprehensive Income for the year ended 31 March 2014

(Expressed in United States dollars)

	31 March 2014 $	31 March 2013 $
Revenue		
Royalty Income	**383,050**	353,911
Expenses		
Royalty Expenses	**356,237**	329,137
Administration and general expenses	**7,897**	8,441
Total Expenses	**364,134**	337,578
Other Income/(Expense)		
Dividend Income	**166,676**	–
Total Other Income	**166,676**	–
Profit before taxation	**185,592**	16,333
Taxation (expense)/benefit	**(4,699)**	(4,692)
Profit after taxation	**180,893**	11,641
Other Comprehensive Income	**–**	–
Total Comprehensive Income	**180,893**	11,641

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

Statement of Financial Position as at 31 March 2014

(Expressed in United States dollars)

	Note	31 March 2014 $	31 March 2013 $
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		**371,181**	452,000
Total Current Assets		**371,181**	452,000
Total Assets		**16,529,158**	16,609,977
Current Liabilities			
Amount due to shareholder		**232,223**	317,931
Total Current Liabilities		**232,223**	317,931
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		**16,390,200**	16,475,908
Net Assets		**138,958**	134,069
Shareholders' Equity			
Share Capital	1	**6,000**	6,000
Retained Earnings		**132,958**	128,069
		138,958	134,069

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 2014

(Expressed in United States dollars)

	Note	Share Capital $	Retained Earnings $	Total Equity $
As at 1 April 2013	1	6,000	128,069	134,069
Profit for year		–	180,893	180,893
Other Comprehensive Income		–	–	–
Dividend paid		–	(176,004)	(176,004)
As at 31 March 2014	1	6,000	132,958	138,958
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

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 2014

(Expressed in United States dollars)

1. Corporate Information

The financial report of EIH Investment N.V. (the "Company") for the year ended 31 March 2014 was authorised for issue on May 13, 2014.

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 B.V. 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 2013/14 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 2013/14 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 2014	31 March 2013
	$	$
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 2014;

(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 2014; 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 13, 2014

Intertrust (Curaco) B.V.
Director

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 2014.

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 €810,320 (2013: loss of €338,172) after providing for income tax of €Nil (2013: €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

A dividend of €128,166 (2013: €Nil) has been declared and paid during the proceding year ended 31 March 2014.

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 2014;

(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 2014; 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.

Sd/- Sd/-

Amsterdam TMF Management B.V.

12 May, 2014

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 2014, 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 directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet their financial reporting requirements meet the needs of the members. The directors are also responsible for such controls as they determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with International Auditing Standards. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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.

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.

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 2014 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

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

Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist the directors of EIH Management Services B.V. to meet their financial reporting requirements. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the members of EIH Management Services B.V. and should not be distributed to parties other than the members.

ERNST & YOUNG
Chartered Accountants

Adelaide
12 May 2014

DAVID SANDERS
Partner

Statement of Comprehensive Income for the year ended 31 March 2014

(Expressed in Euros)

	Note	**31 March 2014** €	31 March 2013 €
Turnover	3	**377,741**	363,095
Dividend Income		**131,141**	–
Interest Income		**36**	383
Unrealised foreign exchange gain		**618,415**	–
Total Income		**1,127,333**	363,478
Expenses			
Management fee expenses		**285,837**	274,754
Administration and other expenses		**31,176**	69,757
Unrealised foreign exchange loss		**–**	357,139
Total Expenses		**317,013**	701,650
Profit/(Loss) before taxation		**810,320**	(338,172)
Taxation expense		**–**	–
Profit/(Loss) after taxation		**810,320**	(338,172)
Other Comprehensive Income		–	–
Total Comprehensive Income/(Loss)		**810,320**	(338,172)

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

Statement of Financial Position as at 31 March 2014

(Expressed in Euros)

	Note	31 March 2014 €	31 March 2013 €
Non-Current Assets			
Investment in subsidiary	4	**2,549,683**	2,549,683
Investment in associate	4	**7,632,705**	7,632,706
Amount due from related parties	5	**3,300,942**	3,541,836
Total Non-Current Assets		**13,483,330**	13,724,225
Current Assets			
Cash and cash equivalents		**9,235**	11,928
Other receivables and prepayments		**10,506**	15,062
Total Current Assets		**19,741**	26,990
Total Assets		**13,503,071**	13,751,215
Current Liabilities			
Accruals		**12,732**	24,480
Amount due to related parties	6	**269,918**	352,676
Total Current Liabilities		**282,650**	377,156
Non-Current Liabilities			
Amount due to shareholder	6	**11,452,751**	12,288,543
Total Non-Current Liabilities		**11,452,751**	12,288,543
Total Liabilities		**11,735,401**	12,665,699
Net Assets		**1,767,670**	1,085,516
Equity			
Issued Share Capital		**18,200**	18,200
Share Premium		**375,000**	375,000
Retained Earnings		**1,374,470**	692,316
Total Equity		**1,767,670**	1,085,516

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 2014

(Expressed in Euros)

	Share Capital €	Retained earnings €	Total Equity €
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
As at 1 April 2013	393,200	692,316	1,085,516
Profit for year	–	810,320	810,320
Dividend paid	–	(128,166)	(128,166)
Other Comprehensive Income	–	–	–
As at 31 March 2014	393,200	1,374,470	1,767,670

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 2014

(Expressed in Euros)

	31 March 2014 €	31 March 2013 €
Cash Flows from Operating Activities		
(Loss)/Profit before taxation	**810,320**	(338,172)
Adjustment for:		
Interest income	**(36)**	(383)
Unrealised foreign currency (gain)/loss	**(618,415)**	357,139
(Increase)/Decrease in assets:		
Decrease in receivables and prepayments	**4,557**	4,951
Decrease in related party receivables	**240,894**	–
(Decrease)/Increase in Liabilities:		
Increase/(Decrease) in accruals	**(11,748)**	6,295
Increase/(Decrease) in related party payables	**(300,134)**	(30,343)
Cash generated from operations	**125,438**	(513)
Interest paid	**–**	–
Net Cash Flows generated/(used) in operating activities	**125,438**	(513)
Cash Flows from Investing Activities		
Interest received	**36**	383
Dividend paid	**(128,167)**	–
Net cash flows from investing activities	**(128,131)**	383
Cash flows from financing activities	**–**	–
Net increase/(decrease) in cash and cash equivalents	**(2,693)**	(130)
Cash and cash equivalents at beginning of year	**11,928**	12,058
Cash and cash equivalents at end of year	**9,235**	11,928

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 2014
(Expressed in Euro)

1. Corporate Information

The financial report of EIH Management Services B.V. (the "Company") for the year ended 31 March 2014 was authorised for issue in May, 2014.

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 2014, 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 3,300,942 (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 the Settlement Agreement, dated 1 May 2009 (amended March 31, 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 amount which represents loans of US$15,749,365 due to EIH Investments N.V., and is unsecured. The loan of US$10,866,542 bears an interest of 5% per annum and loan of US$4,882,823 bears interest at LIBOR + 2% per annum. The interest on these loans for the year 2013/14 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 outstanding commitments and contingencies at year end.

11. Auditor's Remuneration

	31 March 2014	31 March 2013
	€	€
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

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
Indonesia Stock Exchange Building
Tower 2, 7th Floor,
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190,
Indonesia

REGISTERED OFFICE

Jl. Kayu Aya – Seminyak Beach,
Kuta , Denpasar 80033,
Bali,
Indonesia

Independent Auditor's Report

Report No. RPC-5842/PSS/2014

The Stockholders, Boards of Commissioners and Directors
PT Widja Putra Karya

We have audited the accompanying statements of PT Widja Putra Karya which comprise the statement of financial position as of March 31, 2014, 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 information.

Management's responsibility for the financial statements.

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines 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 such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. 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 tree 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 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 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 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, the accompanying financial statements present fairly, in all material respects, the financial position of PT Widja Putra Karya as of March 31, 2014, and its financial performance and cash flows for the year then ended, in accordance with indonesian Financial Accounting Standards.

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

Other matter

Our audits was 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

Benyanto Suherman
Public Accountant Registration No. AP.0685

May 5, 2014

Statement of Financial Position
As of March 31, 2014

(Expressed in Rupiah, with Translations into United States Dollars)

		March 31,			
		Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	Notes	**2014**	**2013**	**2014**	**2013**
ASSETS					
CURRENT ASSETS					
Cash on hand and in banks	2m,4,16	17,362,761,768	5,464,563,171	1,522,515	562,256
Trade receivables	2m,5,16				
Third parties		4,298,455,315	4,067,138,353	376,926	418,474
Related parties	6	39,600,000	77,700,000	3,472	7,994
Other receivable - third party	2m,16	13,189,999	3,199,999	1,157	329
Inventories - Net	2c,7	3,095,128,664	3,518,561,251	271,407	362,029
Prepayments and advances	2d	1,890,981,481	1,985,929,467	165,817	204,335
Other current financial assets	2m,16	348,643,629	279,742,448	30,572	28,783
TOTAL CURRENT ASSETS		**27,048,760,856**	**15,396,834,689**	**2,371,866**	**1,584,200**
NON-CURRENT ASSETS					
Due from related parties	2b,2m,6,16	6,179,423,164	5,330,735,759	541,865	548,486
Fixed assets - net	2e,2f,8	14,970,589,011	12,239,004,338	1,312,749	1,259,286
Deferred tax assets - net	2k,10e	1,051,819,130	1,076,619,118	92,232	110,775
Other non-current assets	2m,16	6,228,294,355	6,275,489,619	546,150	645,693
TOTAL NON-CURRENT ASSETS		**28,430,125,660**	**24,921,848,834**	**2,492,996**	**2,564,240**
TOTAL ASSETS		**55,478,886,516**	**40,318,683,523**	**4,864,862**	**4,148,440**

Statement of Financial Position *(Contd...)*
As of March 31, 2014

(Expressed in Rupiah, with Translations into United States Dollars)

		March 31,			
		Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	Notes	**2014**	**2013**	**2014**	**2013**
LIABILITIES AND EQUITY					
LIABILITIES					
CURRENT LIABILITIES					
Trade payables - third parties	2m,9,16	2,605,181,758	2,075,288,204	228,445	213,529
Other payables	2m,16				
Third parties		308,398,941	589,747,104	27,043	60,680
Related parties	2b,6	543,695,453	1,078,400,799	47,676	110,958
Taxes payables	2k,10 a	3,244,219,938	1,537,821,716	284,481	158,228
Accrued expenses	2m,11,16	2,735,381,106	2,414,011,487	239,861	248,381
Due to hotel operator	2b,2m,6,12,16	564,383,960	1,337,424,509	49,490	137,609
Reserve for replacement of furniture, fixtures and equipment	2g,13	646,055,696	286,537,822	56,652	29,482
Current portion of long-term bank loan	2m,14,16	-	2,642,301,323	-	271,870
Other current financial liabilities	2m,16	3,551,274,608	1,497,635,373	311,406	154,094
TOTAL CURRENT LIABILITIES		**14,198,591,460**	**13,459,168,337**	**1,245,054**	**1,384,831**
NON-CURRENT LIABILITIES					
Long-term employee benefits liability	2h,15	4,914,382,786	4,332,924,896	430,935	445,820
TOTAL LIABILITIES		**19,112,974,246**	**17,792,093,233**	**1,675,989**	**1,830,651**
EQUITY					
Capital stock - Rp100,000 par value per share Authorized, issued and fully paid - 11,070 shares	17	1,107,000,000	1,107,000,000	659,603	659,603
Translation adjustment	2l	-	-	(2,273,401)	(1,812,226)
Retained earnings		35,258,912,270	21,419,590,290	4,802,671	3,470,412
NET EQUITY		**36,365,912,270**	**22,526,590,290**	**3,188,873**	**2,317,789**
TOTAL LIABILITIES AND EQUITY		**55,478,886,516**	**40,318,683,523**	**4,864,862**	**4,148,440**

The accompanying notes form an integral part of these Financial Staments.

Statement of Comprehensive Income
For the Year Ended March 31, 2014

(Expressed in Rupiah, with Translations into United States Dollars)

		For the Year Ended March 31,			
		Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	Notes	**2014**	**2013**	**2014**	**2013**
DEPARTMENTAL REVENUES	2i				
Rooms department	18	68,362,905,428	57,996,442,857	6,288,183	6,115,475
Food and beverages department	19	21,791,929,178	19,748,071,477	2,007,423	2,083,185
Other operating departments	20	4,603,333,680	3,944,190,691	421,554	415,702
Others		425,171,666	391,094,043	39,150	41,204
Total Departmental Revenues		**95,183,339,952**	**82,079,799,068**	**8,756,310**	**8,655,566**
DEPARTMENTAL COSTS AND EXPENSES	2i				
Cost of sales					
Food and beverages	19	6,208,949,019	5,616,936,908	571,927	592,473
Other operating departments	20	1,575,928,175	1,270,400,694	143,319	134,000
Total Cost of Sales		7,784,877,194	6,887,337,602	715,246	726,473
Payroll and related expenses	18,19,20	10,904,687,232	9,460,134,518	997,591	996,075
Other expenses	18,19,20	10,629,436,884	10,008,277,938	974,549	1,054,374
Total Departmental Costs and Expenses		**29,319,001,310**	**26,355,750,058**	**2,687,386**	**2,776,922**
DEPARTMENTAL PROFIT		**65,864,338,642**	**55,724,049,010**	**6,068,924**	**5,878,644**
HOTEL OPERATING EXPENSES	2i,21				
Property operations, maintenance and energy expenses		12,018,774,705	10,793,426,305	1,098,093	1,135,715
General and administrative expenses		7,270,988,622	6,096,910,041	664,058	642,806
Marketing expenses		3,845,000,720	3,671,927,992	350,825	386,900
Provision for replacement of furniture, fixtures and equipment expenses	2g	2,855,500,199	2,462,393,972	262,689	259,667
Marketing and sales promotion expenses		2,855,500,199	2,462,393,972	262,689	259,667
Insurance expenses		269,600,266	239,596,250	24,720	25,278
Total Hotel Operating Expenses		**29,115,364,711**	**25,726,648,532**	**2,663,074**	**2,710,033**
HOTEL GROSS OPERATING PROFIT		**36,748,973,931**	**29,997,400,478**	**3,405,850**	**3,168,611**

The accompanying notes form an integral part of these Financial Staments.

Statement of Comprehensive Income *(Contd...)*
For the Year Ended March 31, 2014

(Expressed in Rupiah, with Translations into United States Dollars)

		For the Year Ended March 31,			
		Indonesian Rupiah		**Translations into U.S. Dollars - (Note 2l)**	
	Notes	2014	2013	2014	2013
OWNER'S OPERATING INCOME (EXPENSES)	2i				
Finance income		8,922,788	7,947,298	811	830
Management fee	22,23	(4,593,621,741)	(3,749,675,058)	(425,731)	(396,076)
General and administrative	22	(4,131,418,658)	(3,865,536,269)	(378,018)	(405,284)
Depreciation and amortization	2e,8	(2,862,827,839)	(2,803,700,411)	(260,246)	(292,782)
Other operating expenses		(687,476,438)	(777,272,679)	(39,530)	(39,259)
Finance costs		(23,464,825)	(418,716,337)	(2,398)	(43,919)
INCOME BEFORE INCOME TAX		**24,459,087,218**	**18,390,447,022**	**2,300,738**	**1,992,121**
Income tax expense - net	2k,10b	(6,464,965,238)	(4,879,461,988)	(568,479)	(502,054)
INCOME FOR THE YEAR		**17,994,121,980**	**13,510,985,034**	**1,732,259**	**1,490,067**
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**17,994,121,980**	**13,510,985,034**	**1,732,259**	**1,490,067**

The accompanying notes form an integral part of these Financial Staments.

Statement of Changes In Equity
For the Year Ended March 31, 2014

(Expressed in Rupiah, with Translations into United States Dollars)

	Notes	Indonesian Rupiah		
		Capital Stock	Retained Earnings	Net Equity
Balance as of March 31, 2012		**1,107,000,000**	**7,908,605,256**	**9,015,605,256**
Total 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**
Total comprehensive income for the year		-	17,994,121,980	17,994,121,980
Cash dividend	17	-	(4,154,800,000)	(4,154,800,000)
Balance as of March 31, 2014		**1,107,000,000**	**35,258,912,270**	**36,365,912,270**

	Notes	Translations Into U.S. Dollars - (Note 2l)			
		Capital Stock	Translation Adjustment	Retained Earning	Net Equity
Balance as of March 31, 2012		**659,603**	**(1,657,856)**	**1,980,345**	**982,092**
Total 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**
Total comprehensive income for the year		-	-	1,732,259	1,732,259
Cash dividend	17	-	-	(400,000)	(400,000)
Translation adjustment		-	(461,175)	-	(461,175)
Balance as of March 31, 2014		**659,603**	**(2,273,401)**	**4,802,671**	**3,188,873**

Statement of Cash Flows
For the Year Ended March 31, 2014

(Expressed in Rupiah, with Translations into United States Dollars)

		For the Year Ended March 31,			
		Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	Notes	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES					
Total comprehensive income		17,994,121,980	13,510,985,034	1,732,259	1,490,067
Adjustments to reconcile total comprehensive income to net cash provided by operating activities:					
Depreciation and amortization	22	2,862,827,839	2,803,700,411	260,246	292,782
Provision for replacement of furniture, fixtures and equipment	13	2,855,500,199	2,462,393,972	262,689	259,667
Provision for employee benefits	15	1,117,319,113	815,798,197	100,859	85,577
Payments of employee benefits liability	15	(535,861,223)	(887,053,408)	(46,989)	(93,052)
Deferred income tax expense (benefit) - net	10	24,799,988	145,076,929	3,750	14,927
Unrealized loss (gain) on foreign exchange		-	(6,643,347)	-	-
Translation adjustment		-	-	(385,428)	(93,902)
Changes in operating assets and liabilities:					
Trade receivables		(193,216,962)	(944,093,566)	46,070	(77,803)
Other receivables		(9,990,000)	83,926,318	(828)	9,162
Inventories		423,432,587	1,092,575,820	90,622	140,274
Prepayments and advances		94,947,986	(237,472,771)	38,518	(13,871)
Other current financial assets		(68,901,181)	35,480,755	(1,789)	5,555
Due from related parties		(848,687,405)	32,615,338	6,621	35,757
Other non-current assets		9,666,666	9,666,663	96,252	38,645
Trade payables		529,893,554	(310,616,812)	14,916	(46,374)
Other payables		(816,053,509)	523,438,579	(96,919)	46,942
Taxes payable		1,706,398,222	(730,356,891)	126,253	(88,850)
Accrued expenses		321,369,619	459,861,335	(8,520)	35,511
Due to Hotel Operator		(773,040,549)	743,777,534	(88,119)	72,942
Other current financial liabilities		2,053,639,235	(475,027,429)	157,312	(60,793)
Net Cash Provided by Operating Activities		**26,748,166,159**	**19,128,032,661**	**2,307,775**	**2,053,163**

The accompanying notes form an integral part of these Financial Staments.

Statement of Cash Flows *(Contd...)*
For the Year Ended March 31, 2014

(Expressed in Rupiah, with Translations into United States Dollars)

		For the Year Ended March 31,			
		Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	Notes	**2014**	**2013**	**2014**	**2013**
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of fixed assets		(5,556,883,916)	(3,773,307,746)	(490,499)	(405,838)
Utilization of reserve for replacement of furniture, fixtures and equipment		(2,495,982,325)	(2,549,174,954)	(225,317)	(269,434)
Net Cash Used in Investing Activities		**(8,052,866,241)**	**(6,322,482,700)**	**(715,816)**	**(675,272)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment of long-term bank loan		(2,642,301,323)	(6,934,846,498)	(231,700)	(771,393)
Payment of due to Hotel Operator		-	(6,262,182,900)	-	(682,155)
Cash Dividend	17	(4,154,800,000)	-	(400,000)	-
Net cash Used in Financing Activities		**(6,797,101,323)**	**(13,197,029,398)**	**(631,700)**	**(1,453,548)**
NET DECREASE IN CASH ON HAND AND IN BANKS		**11,898,198,596**	**(391,479,437)**	**960,259**	**(75,657)**
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	4	**5,464,563,172**	**5,856,042,608**	**562,256**	**637,913**
CASH ON HAND AND IN BANKS AT END OF YEAR	4	**17,362,761,768**	**5,464,563,171**	**1,522,515**	**562,256**
Supplemental cash flow information					
Cash paid during the year for:					
Income taxes		4,733,767,029	5,464,741,950	438,476	575,977
Interest		38,128,561	461,817,751	4,070	48,703

The accompanying notes form an integral part of these Financial Staments.

Notes to the Financial Statements
As of March 31, 2014 and For the Year Then ended

(Expressed in Rupiah, with Translations into United States Dollars)

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. 1 dated June 14, 2013 of Irwan Azwir Tanjung, S.H., regarding the changes article related to the interim dividend. 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.01.10-32661 dated August 12, 2013.

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) up to 2032 with option to extend for 10 or 20 years (Note 23).

The composition of the Company's Boards of Commissioners and Directors as of March 31, 2014 and 2013 are as follows:

		2014	2013
Board of Commissioners			
President Commissioner	:	I Made Sutarjana	I Made Sutarjana
Commissioner	:	Sudarshan Rao	Sudarshan Rao
		I.B. Yudana	I.B. Yudana
Board of Directors			
President Director	:	I Wayan Pasek	I Wayan Pasek
Directors	:	Deepak Madhok	Deepak Madhok
		I Ketut Siandana	I Ketut Siandana

The Company employed a total of 198 and 190 permanent employees as of March 31, 2014 and 2013, respectively (unaudited).

The management of the Company is responsible for the preparation of the accompanying financial statements that were completed on May 5, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Presentation of the Financial Statements

The financial statements have been prepared and presented in accordance with Financial Accounting Standards ("SAK"), which consist of the Statements and Interpretations issued by the Financial Accounting Standards Board ("DSAK") of the Indonesian Institute of Accountants.

Except for the statement of cash flows, the financial statements have been prepared on the accrual basis, using the historical cost basis of accounting, except for certain accounts which are measured on the bases described in the related accounting policies for those accounts.

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

The statement of cash flows, which have been prepared using the indirect method, present cash receipts and disbursements of cash on hand and in banks classified into operating, investing and financing activities.

The reporting currency used in the preparation of the financial statements is the Indonesian rupiah, which is the functional currency of the Company with translations into United States dollars.

b. Transactions with Related Parties

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 stated at the lower of cost or net realizable value. Cost is primarily determined using the weighted-average method. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale.

Allowance for decline in market value of inventories is provided, if any, to reduce the carrying value of inventories to their net realizable values.

d. Prepayments

Prepayments are amortized and charged to operations over the periods benefited using the straight-line method. The portion to be amortized within more than one year period after the end of the reporting period is presented as part of “Other Non-current Assets” in the statement of financial position.

e. Fixed Assets

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.

At the end of each reporting period, the residual values, useful lives and methods of depreciation of fixed assets are reviewed by management and adjusted prospectively, if appropriate.

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 computed 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land is stated at cost and is not depreciated.

Construction in progress represents the accumulated cost of materials and other costs related to the asset under construction. The accumulated cost will be reclassified to the appropriate fixed asset account when the construction is completed and the constructed asset is ready for its intended use.

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 is credited or charged to operations in the year the asset is derecognized.

The costs incurred in order to acquire legal rights over land in form of "Hak Guna Usaha" (HGU), "Hak Guna Bangunan" (HGB) and "Hak Pakai" (HP) upon initial acquisition of land be recognized as part of the acquisition cost of the land and are not amortized. Meanwhile, costs incurred in connection with the extension or renewal of the above rights are recognized as intangible asset (presented as part of "Other Non-current Assets" in the statement of financial position) and are amortized throughout the validity period of the rights or the economic useful life of the land, whichever is shorter.

f. Impairment of Non-financial Assets

The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If such indication exists, recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Company determines the recoverable amount of the Cash-Generating Unit (CGU) to which the asset belongs (the asset's CGU).

An asset's (either individual asset or CGU) recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Where the carrying amount of the 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 profit or loss 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.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the asset. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, if any, are recognized in profit or loss under expense categories that are consistent with the functions of the impaired assets.

An assessment is made at the end of each 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 exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior periods. Reversal of an impairment loss is recognized in profit or loss. After such a reversal, the depreciation 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.

g. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) where, 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 reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

h. Employee Benefits Liability

Short-term employee benefits

The Company recognizes short-term employee benefits liability when services are rendered and the compensation for such services are to be paid within twelve months after the rendering of such services, which are presented as part of "Accrued Expenses" in the statement of financial position.

Post-employment benefits

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.

Provisions for current service costs are charged directly to current operations. Actuarial gains or losses are recognized as income or expenses when the net cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceed the greater of:

- 10% of the present value of the defined benefit obligation (before deducting plan assets); and
- 10% of the fair value of any plan assets.

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.

i. Revenue and Expense Recognition

Hotel rooms revenue is recognized based on room occupancy while other hotel revenues are recognized when the goods are delivered or services are rendered to the customers.

Expenses are recognized as these are incurred (accrual basis).

j. Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded at the rates of exchange prevailing 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 average buying and selling rates of exchange published by Bank Indonesia at the last banking transaction date of the year. The resulting gains or losses are credited or charged to current operations.

As of March 31, 2014 and 2013, the rates of exchange used were Rp11,404 and Rp9,719, respectively, to US$1.

k. Taxation

Current income tax

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 income tax relating to items debited or credited to equity is recognized in 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 an 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 liability 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 (if any), 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 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.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

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

made at the following rates:

Assets and liabilities	-	Middle rate as of reporting date (Rp11,404 to US$1 and Rp9,719 to US$1 as last quoted by Bank Indonesia as of March 31, 2014 and 2013, 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 statement of financial position.

m. Financial instruments

i. 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 and available-for-sale financial assets. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at the end of each reporting period. Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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 purchases) are recognized on the trade date, i.e., the date that the buyers or sellers commit to purchase or sell the assets.

As of March 31, 2014 and 2013, the Company's financial assets included cash on hand and in banks, trade receivables, other receivables, other current financial assets (employee loan), due from related parties and other non-current assets (deposits). The Company has determined that all of these financial assets are categorized 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 profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

ii. Financial liabilities

Initial recognition

Financial liabilities within the scope of PSAK No. 55 are classified as financial liabilities at fair value through profit or loss, financial liabilities measured at amortized cost, 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 financial liabilities measured at amortized cost, include directly attributable transaction costs.

As of March 31, 2014 and 2013, the Company's financial liabilities included trade and other payables, accrued expenses (excluding accruals relating to employee benefits), due to hotel operator and other current financial liabilities (deposits from customers and employee payable). The Company has determined that all of these financial liabilities are categorized as financial liabilities measured at amortized cost.

Subsequent measurement

After initial recognition, financial liabilities measured at amortized cost are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

iii. 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.

iv. 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 period. 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 transaction, 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 observable 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.

v. Amortized cost of financial instruments

Amortized cost is computed using the effective interest rate 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.

vi. Impairment of financial assets

The Company assesses at the end of each reporting period 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.

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

If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed 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 loan has a variable interest rate, the discount rate for measuring impairment loss is the current effective interest rate.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the financial 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 year, 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 for impairment account. If a future write-off is later recovered, the recovery is recognized in profit or loss.

vii. Derecognition of Financial Assets and Liabilities

<u>Financial assets</u>

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.

<u>Financial liabilities</u>

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.

3. MANAGEMENT'S USE OF JUDGMENTS, 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 end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes in future periods that require material adjustment to the carrying amounts of the assets or liabilities affected.

a. Judgments

The following judgments are 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. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Note 2m.

<u>Impairment of Trade Receivables</u>

The Company evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Company uses judgment, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customers and the customers' current credit status based on any third-party credit reports (if available) and known market factors, to record specific provisions for customers against amounts due to reduce the receivable amounts that it expects to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for impairment of trade receivables. Further details are disclosed in Note 5.

b. Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that may cause a material adjustment to the carrying amounts of assets and liabilities in future periods 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 as they occur.

<u>Estimation of Post-employment Benefits Liability</u>

The cost of defined benefit plan and present value of the pension obligation are determined using the projected-unit-credit method. Actuarial valuation includes making various assumptions which consist of, among others, discount rates, expected rates of return on plan assets, rates of compensation increases and mortality rates. Actual results that differ from the Company's assumptions are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceed 10% of the present value of defined benefit obligation. Due to the complexity of the valuation, the underlying assumptions and their long-term nature, a defined benefit obligation is highly sensitive to changes in assumptions.

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

While the Company believes that its assumptions are reasonable and appropriate, significant differences in the Company's actual experience or significant changes in its assumptions may materially affect the costs and obligations of pension and other long-term employee benefits. Further details are disclosed in Note 15.

Estimating Useful Lives of Fixed Assets

The Company estimates the useful lives of its fixed assets based on expected asset utilization as anchored on business plans and strategies that also consider expected future technological developments and market behavior. The estimation of the useful lives of fixed assets is based on the Company's collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives are reviewed at least at the end of each financial year and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limitations on the use of the assets.

It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in the factors mentioned above

The amounts and timing of recorded expenses for any year will be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the Company's fixed assets will increase the recorded operating expenses and decrease non-current assets. Further details are disclosed in Note 8.

Estimation of Tax Liability

In certain circumstances, the Company may not be able to determine the exact amount of its current or future tax liabilities due to ongoing investigations by, or negotiations with, the taxation authority. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. In determining the amount to be recognized in respect of an uncertain tax liability, the Company applies similar considerations as it would use in determining the amount of a provision to be recognized in accordance with PSAK No. 57, "Provisions, Contingent Liabilities and Contingent Asset". The Company makes an analysis of all tax positions related to income taxes to determine if a tax liability for unrecognized tax benefit should be recognized.

Allowance for Inventory Obsolescence and Decline in Market Value of Inventories

Allowance for decline in market value of inventories is estimated based on available facts and circumstances, including, but not limited to, the inventories' own physical conditions, their market selling prices, estimated costs of completion and estimated costs to be incurred to sell them.

The provisions are re-evaluated and adjusted as additional information are received which affects the amount estimated. Further details are disclosed in Note 7.

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

(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:

	March 31,			
	Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	2014	**2013**	**2014**	**2013**
Cash on hand				
Rupiah	10,013,400	23,668,500	878	2,435
Cash in banks				
U.S. dollars				
Bank Negara Indonesia (Persero) Tbk.	11,173,044,854	2,361,468,096	979,747	242,975
Bank Internasional Indonesia Tbk.	834,962,183	1,531,404,267	73,217	157,568
Rupiah				
Bank Negara Indonesia (Persero) Tbk.	5,202,785,198	451,623,842	456,225	46,468
Bank Internasional Indonesia Tbk.	141,956,133	1,096,398,466	12,448	112,810
Total	**17,362,761,768**	**5,464,563,171**	**1,522,515**	**562,256**

As of March 31, 2014 and 2013, none of the Company's cash on hand and in banks are restricted in use or used as collateral.

5. TRADE RECEIVABLES

This account consists of the following:

	March 31,			
	Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	2014	**2013**	**2014**	**2013**
<u>Third parties</u>				
City ledger	3,351,005,954	2,896,167,491	293,846	297,991
Guest ledger	947,449,361	1,170,970,862	83,080	120,483
Total third parties	4,298,455,315	4,067,138,353	376,926	418,474
<u>Related parties</u>				
Oberoi advantage	39,600,000	68,200,000	3,472	7,017
The Oberoi Mauritius	-	9,500,000	-	977
Total related parties	39,600,000	77,700,000	3,472	7,994
Total	**4,338,055,315**	**4,144,838,353**	**380,398**	**426,468**

Notes to the Financial Statements (Contd...)

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

The ageing of trade receivables are as follows:

	March 31,					
	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)		Percentage to Total (%)	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Current	3,744,408,561	3,835,089,678	328,342	394,597	86.32	92.53
Over due:						
1 - 30 days	567,082,306	240,958,759	49,727	24,793	13.07	5.81
31- 60 days	-	52,134,179	-	5,364	-	1.26
Over 60 days	26,564,448	16,655,737	2,329	1,714	0.61	0.40
Total	**4,338,055,315**	**4,144,838,353**	**380,398**	**426,468**	**100.00**	**100.00**

Based on the review of the status of the individual receivable accounts at the end of the reporting period, management believes that all of the above trade receivables are fully collectible hence, no allowance for impairment was provided as of March 31, 2014 and 2013.

6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In the normal course of business, the Company entered into transactions with related parties. Details of transactions and balances with related parties are as follows:

	March 31,					
	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)		Percentage to Total assets or liabilities (%)	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Due from related parties						
PT Waka Gae Selaras	2,793,980,000	2,381,155,000	245,000	245,000	5.03	5.91
EIH International Limited	2,065,116,148	1,759,984,553	181,087	181,087	3.72	4.37
EIH Management Services B.V.	1,214,776,888	1,035,287,318	106,522	106,522	2.19	2.57
PT Waka Oberoi Indonesia	105,550,128	154,308,888	9,256	15,877	0.19	0.38
Trade receivables						
EIH Limited	39,600,000	68,200,000	3,472	7,017	0.07	0.17
The Oberoi Mauritius	-	9,500,000	-	977	-	0.02
Other payable						
EIH Holdings Limited	543,695,453	1,078,400,799	47,676	110,958	3.13	6.06
Due to hotel operator						
EIH Management Services B.V. (Note 12)	564,383,960	1,337,424,509	49,490	137,609	3.25	7.52

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

Nature of relationship and types of transaction with related parties are as follows:

No.	Related Parties	Nature of Relationship	Types of Transaction
1.	EIH Limited	Other related parties	Service revenue
2.	The Oberoi Mauritius	Other related parties	Service revenue
3.	PT Waka Gae Selaras	Shareholders	Advance paid
4.	EIH International Limited	Shareholders	Advance paid and operating expenses
5.	EIH Management Services B.V.	Shareholders	Advance paid and management service
6.	PT Waka Oberoi Indonesia	Other related parties	Operating expenses

7. INVENTORIES

Inventories consist of the following:

	March 31,			
	Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	2014	2013	2014	2013
Materials and supplies	1,217,422,082	2,838,571,262	106,754	292,063
Food	1,067,717,384	769,117,122	93,627	79,135
Beverages	804,384,453	881,438,436	70,535	90,692
Tobacco	5,604,745	7,723,960	491	796
Total	3,095,128,664	4,496,850,780	271,407	462,686
Allowance for decline in market value of inventory	-	(978,289,529)	-	(100,657)
Net	**3,095,128,664**	**3,518,561,251**	**271,407**	**362,029**

Management believes that no allowance for losses is necessary on the inventories as of March 31, 2014 since the inventories are fully usable.

8. FIXED ASSETS

The details of fixed assets are as follows:

	For the Year Ended March 31, 2014			
	Indonesian Rupiah			
	Beginning Balance	Additions	Reclassification	Ending Balance
<u>Cost</u>				
Land	94,854,375	-	-	94,854,375
Buildings	10,333,579,712	1,779,487,158	-	12,113,066,870
Structures and improvements	5,518,663,626	-	-	5,518,663,626
Machinery and equipment	4,824,918,883	853,136,664	-	5,678,055,547
Furniture, fixtures and equipment	18,364,980,734	2,593,040,745	-	20,958,021,479
Motor vehicles	1,198,375,280	-	-	1,198,375,280
Construction in progress	921,806,610	331,219,350	-	1,253,025,960
Total Cost	41,257,179,220	5,556,883,917	-	46,814,063,137

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

8. FIXED ASSETS *(Contd...)*

	For the Year Ended March 31, 2014			
	Indonesian Rupiah			
	Beginning Balance	Additions	Reclassification	Ending Balance
Accumulated Depreciation				
Buildings	4,247,887,147	450,950,275	-	4,698,837,422
Structures and improvements	5,083,350,106	147,327,307	-	5,230,677,413
Machinery and equipment	3,252,023,585	303,837,441	-	3,555,861,026
Furniture, fixtures and equipment	15,272,353,541	1,887,369,450	-	17,159,722,991
Motor vehicles	1,162,560,503	35,814,771	-	1,198,375,274
Total Accumulated Depreciation	29,018,174,882	2,825,299,244	-	31,843,474,126
Net Book Value	**12,239,004,338**			**14,970,589,011**

	For the Year Ended March 31, 2013			
	Indonesian Rupiah			
	Beginning Balance	Additions	Reclassification	Ending Balance
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	1,824,928,623	-	15,272,353,541
Motor vehicles	1,047,911,055	114,649,448	-	1,162,560,503
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**

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

8. FIXED ASSETS *(Contd...)*

	For the Year Ended March 31, 2014				
	Translations into U.S. Dollars - (Note 2l)				
	Beginning Balance	Additions	Reclassification	Translation Adjustment	Ending Balance
Cost					
Land	9,760	-	-	(1,442)	8,318
Buildings	1,063,235	153,411	-	(154,469)	1,062,177
Structures and improvements	567,822	-	-	(83,898)	483,924
Machinery and equipment	496,442	77,440	-	(75,982)	497,900
Furniture, fixtures and equipment	1,889,596	229,749	-	(348,929)	1,770,416
Motor vehicles	123,302	-	-	(18,218)	105,084
Construction in progress	94,845	29,899	-	(14,869)	109,875
Total Cost	4,245,002	490,499	-	(697,807)	4,037,694
Accumulated Depreciation					
Buildings	437,070	40,994	-	(66,030)	412,034
Structures and improvements	523,033	13,393	-	(77,756)	458,670
Machinery and equipment	334,605	27,621	-	(50,418)	311,808
Furniture, fixtures and equipment	1,571,391	171,579	-	(305,621)	1,437,349
Motor vehicles	119,617	3,256	-	(17,789)	105,084
Total Accumulated Depreciation	2,985,716	256,843	-	(517,614)	2,724,945
Net Book Value	**1,259,286**				**1,312,749**

	For the Year Ended March 31, 2013				
	Translations into U.S. Dollars - (Note 2l)				
	Beginning Balance	Additions	Reclassification	Translation Adjustment	Ending Balance
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

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

8. FIXED ASSETS *(Contd...)*

	For the Year Ended March 31, 2013				
	Translations into U.S. Dollars - (Note 2l)				
	Beginning Balance	Additions	Reclassification	Translation Adjustment	Ending Balance
<u>Accumulated Depreciation</u>					
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**

Depreciation charged to operations amounted to Rp2,825,299,244 (US$256,843) and Rp2,766,171,814 (US$288,860) for the years ended March 31, 2014 and 2013, respectively.

The Company's land properties are covered by the following landrights ownership or Hak Guna Bangunan (HGB)certificates, HGB no. 31 that valid up to 2019.

Fixed assets are covered by insurance against losses from fire and other risks under blanket policies for US$58,500,000 as of March 31, 2014. The Company's management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

As of March 31, 2014 and 2013, the Company's management believes that there is no impairment in the asset values as contemplated in PSAK No. 48.

9. TRADE PAYABLES

This account consists mainly of liabilities to the Hotel's suppliers of goods and services.

10. TAXATION

a. Taxes payable consist of the following:

	March, 31			
	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2014	2013	2014	2013
Corporate income tax	1,744,397,871	212,607,123	152,963	21,875
Development tax I	813,865,992	723,893,167	71,367	74,482
Income tax				
Article 4(2)	8,797,928	10,101,218	773	1,040
Article 21	138,928,304	81,672,780	12,182	8,403
Article 23	12,102,063	13,087,897	1,061	1,347
Article 25	394,384,688	382,101,896	34,583	39,315
Value added tax	131,743,092	114,357,635	11,552	11,766
Total	**3,244,219,938**	**1,537,821,716**	**284,481**	**158,228**

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

10. TAXATION *(Contd...)*

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:

	March 31,	
	2014	**2013**
Income before income tax	24,459,087,218	18,390,447,022
Tax expense at the applicable rate	6,114,771,805	4,597,611,756
Tax effect on permanent differences:		
Interest income already subjected to final tax	(33,056,703)	(14,428,172)
Non-deductible expenses		
Salaries, wages and employee benefits	32,772,329	93,433,029
Taxes	1,986,556	-
Others	348,491,251	202,845,375
Income tax expense - net	**6,464,965,238**	**4,879,461,988**

c. Computation of estimated current income tax expense and estimated income tax payable:

	March 31,			
	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2014	**2013**	**2014**	**2013**
Current income tax expense	6,440,165,250	4,734,385,059	564,729	487,126
Prepayments of Income tax article 25	4,695,767,379	4,521,777,936	411,765	465,251
Estimated corporate income tax payable	**1,744,397,871**	**212,607,123**	**152,964**	**21,875**

d. Deferred income tax benefit (expense) consists of:

	March 31,			
	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2014	**2013**	**2014**	**2013**
Provision (payment of reserve) for replacement of furniture, fixtures and equipment - net	89,879,469	(21,695,245)	9,343	(2,442)
Provision (payment of liability) for employee benefits - net	145,364,473	(17,816,052)	13,468	(1,869)
Depreciation and amortization - net	(15,471,548)	(105,565,632)	(1,397)	(10,616)
Allowance for inventory Obsolescence	(244,572,382)	-	(25,164)	-
Net	**(24,799,988)**	**(145,076,929)**	**(3,750)**	**(14,927)**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

e. Deferred tax assets (liabilities) consist of:

	March 31,			
	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2014	2013	2014	2013
Deferred tax assets				
Employee benefits liability	1,228,595,697	1,083,231,224	132,658	119,190
Reserve for replacement of furniture, fixtures and equipment	161,513,925	71,634,456	19,177	9,834
Allowance for inventory obsolescence	-	244,572,382	-	26,261
Total deferred tax assets	1,390,109,622	1,399,438,062	151,835	155,285
Deferred tax liabilities				
Depreciation and amortization - net	(338,290,492)	(322,818,944)	(42,647)	(41,250)
Translation adjustment	-	-	(16,956)	(3,260)
Net deferred tax assets	**1,051,819,130**	**1,076,619,118**	**92,232**	**110,775**

11. ACCRUED EXPENSES

The details of this account are as follows:

	March 31,			
	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2014	2013	2014	2013
Tax consultant fee	1,008,102,652	991,515,275	88,399	102,018
Heat, light and power	508,110,019	392,145,618	44,555	40,348
Audit fee	447,699,373	399,722,060	39,258	41,128
Salary and employee benefit	298,466,947	290,249,083	26,172	29,864
Others	473,002,115	340,379,451	41,477	35,023
Total	**2,735,381,106**	**2,414,011,487**	**239,861**	**248,381**

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

12. DUE TO HOTEL OPERATOR

The movements of this account are as follows:

	March 31,			
	Indonesian Rupiah		**Translations into U.S. Dollars - (Note 2l)**	
	2014	**2013**	**2014**	**2013**
Balance as of March 31, 2013	1,337,424,509	593,646,975	137,609	64,667
Management fee - 12.5% of hotel gross operating profit (Notes 1 and 23)	4,593,621,741	3,749,675,058	425,731	396,076
Payments	(5,345,466,384)	(3,022,926,697)	(513,850)	(323,134)
Unrealized loss on foreign exchange - net	(21,195,906)	17,029,173	-	-
Balance as of March 31, 2014	**564,383,960**	**1,337,424,509**	**49,490**	**137,609**

13. RESERVE FOR REPLACEMENT OF FURNITURE, FIXTURES AND EQUIPMENT

The movements of this account are as follows:

	March 31,			
	Indonesian Rupiah		**Translations into U.S. Dollars - (Note 2l)**	
	2014	**2013**	**2014**	**2013**
Balance as of March 31, 2013	286,537,822	373,318,804	29,482	40,667
Provisions during the year (Note 21)	2,855,500,199	2,462,393,972	262,689	259,667
Utilization of reserve	(2,495,982,325)	(2,549,174,954)	(225,317)	(269,434)
Translation adjustment	-	-	(10,202)	(1,418)
Balance as of March 31, 2014	**646,055,696**	**286,537,822**	**56,652**	**29,482**

14. 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, 2014, the Company has fully paid the March 31, 2013's outstanding balance of the loan which were amounted to US$271,870 (equivalent to Rp2,642,301,323).

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

15. LONG-TERM EMPLOYEE BENEFITS LIABILITY

The Company's long-term employee benefits liability consists only of post-employment benefits.

The Company provide post-employment benefits to their employees based on the provisions of Labor Law No. 13/2003 dated March 25, 2003.

The components of post-employment benefits expense recognized in the statement of comprehensive income and post-employment benefits liability recognized in the statement of financial position as determined by PT Gemma Mulia Inditama, an independent actuary, using the "projected-unit-credit" method are as follows:

a. Details of post-employment benefits expense are as follows:

	For the Year Ended March 31,			
	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2014	**2013**	**2014**	**2013**
Current service cost	464,120,072	378,470,124	41,896	39,702
Interest cost	306,791,521	262,339,503	27,694	27,520
Amortization of unrecognized past service cost - unvested	334,394,645	174,979,570	30,185	18,355
Recognized actuarial losses	12,012,875	-	1,084	-
Total post-employee benefits expense	**1,117,319,113**	**815,789,197**	**100,859**	**85,577**

b. Details of post-employment benefits liability are as follows:

	March 31,			
	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2014	**2013**	**2014**	**2013**
Present value of employee benefits obligation	6,021,914,949	5,255,730,774	528,053	540,768
Unrecognized past service cost - unvested	177,419,353	(156,975,292)	15,558	(16,151)
Unrecognized actuarial loss	(1,284,951,516)	(765,830,586)	(112,676)	(78,797)
Net post-employee benefits liability	**4,914,382,786**	**4,332,924,896**	**430,935**	**445,820**

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

c. Movements in post-employment benefits liability are as follows:

	For the year ended March 31,			
	Indonesian Rupiah		**Translations into U.S. Dollars - (Note 2l)**	
	2014	**2013**	**2014**	**2013**
Beginning balance	4,332,924,896	4,404,189,107	445,820	479,759
Provision during the year	1,117,319,113	815,789,197	100,859	85,577
Payments during the year	(535,861,223)	(887,053,408)	(46,989)	(93,052)
Translation adjustment	-	-	(68,755)	(26,464)
Ending balance	**4,914,382,786**	**4,332,924,896**	**430,935**	**445,820**

The key assumptions used in determining the employee benefits liability are as follows:

Discount rate	:	8.7% in 2014 and 6.5% in 2013
Annual salary increase	:	8% in 2014 and 2013
Mortality	:	TMI II
Retirement age	:	55 years
Disability rate	:	10% of mortality table TMI II

As of March 31, 2014, 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 Rp62,761,905 (US$5,503)/Rp77,459,656 (US$6,792).

16. FINANCIAL ASSETS AND LIABILITIES

The following table sets forth the estimated fair values, which are equal to the carrying amounts, of the financial assets and financial liabilities of the Company:

	March 31,			
	Indonesian Rupiah		**Translations into U.S. Dollars - (Note 2l)**	
	2014	**2013**	**2014**	**2013**
Financial Assets - Loans and Receivables				
Cash on hand and in banks	17,362,761,768	5,464,563,171	1,522,515	562,256
Trade receivables				
Third parties	4,298,455,315	4,067,138,353	376,926	418,474
Related parties	39,600,000	77,700,000	3,472	7,994
Other receivables – third party	13,189,999	3,199,999	1,157	329
Other current financial assets - employee loan	348,643,629	279,742,448	30,572	28,783
Due from related parties	6,179,423,164	5,330,735,759	541,865	548,486
Other non-current assets - deposits	80,283,464	80,283,464	7,040	8,260
Total Financial Assets	**28,322,357,339**	**15,303,363,194**	**2,483,547**	**1,574,582**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

16. FINANCIAL ASSETS AND LIABILITIES *(Contd...)*

	March 31,			
	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2014	**2013**	**2014**	**2013**
Financial Liabilities - Financial Liabilities Measured at Amortized Cost				
Trade payables - third parties	2,605,181,758	2,075,288,204	228,445	213,529
Other payables	852,094,394	1,668,147,903	74,719	171,638
Accrued expenses*)	2,436,914,159	2,123,762,404	213,690	218,517
Due to hotel operator	564,383,960	1,337,424,509	49,490	137,609
Current portion of long-term bank loan	-	2,642,301,323	-	271,870
Other current financial liabilities - deposit from customers and employee payable	3,551,274,608	1,497,635,373	311,406	154,094
Total Financial Liabilities	**10,009,848,879**	**11,344,559,716**	**877,750**	**1,167,257**

*) Accruals relating to employee benefits have been excluded

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments presented in the statements of financial position as of March 31, 2014 and 2013 are carried at amortized cost. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

a. Short-term financial assets and liabilities

Short-term financial instruments with remaining maturities of one year or less (cash on hand and in banks, trade receivables, other receivables - third party, other current financial assets - employee loan, trade payables - third parties, other payables - related parties, accrued expenses, due to hotel operator, bank loan and other current financial liabilities) approximate their carrying amounts due to their short-term nature.

b. Non-current financial assets

The Company's long-term financial instrument only consists of amount due from related parties and other non-current assets - deposits. The fair values of these financial assets are assumed to be the same as their undiscounted cash values since they are considered insignificant.

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

17. CAPITAL STOCK

The share ownership details as of March 31, 2014 and 2013 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**

Based on the Company's minutes of the annual general meeting of shareholders dated June 3, 2013, the shareholders resolved to, among others, declare cash dividend amounting to Rp4,154,800,000 (equivalent to US$400,000) for financial year 2013. The dividend was fully paid in August 2013.

18. ROOMS DEPARTMENT

The details of rooms departmental revenues and expenses are as follows:

	For the Year Ended March 31,			
	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2014	2013	2014	2013
Room Revenues	68,362,905,428	57,996,442,857	6,288,183	6,115,475
Payroll and Related Expenses:				
Employee benefits	2,671,194,469	2,418,533,514	244,917	254,587
Salaries and wages	1,939,112,952	1,694,525,667	177,720	178,410
	4,610,307,421	4,113,059,181	422,637	432,997
Other Expenses:				
Cleaning and guest supplies	1,312,496,896	1,293,131,680	120,707	136,270
Travel agents	1,165,657,442	842,808,399	106,627	88,532
Linens and uniforms	827,775,567	766,072,085	76,085	80,736
Welcome drinks, fruit baskets and amenities	727,274,874	638,713,136	66,974	67,315
Laundry	663,435,239	731,130,946	61,281	77,053
Security	612,303,979	569,309,307	56,010	59,926
Printing and stationery	277,533,257	291,528,210	25,702	30,736
Decoration	276,035,028	250,997,608	25,430	26,472
Transportation and travel	242,890,808	286,488,080	22,379	30,332
Guest newspaper	218,887,514	168,676,386	20,075	17,822
Cable television and music	217,750,500	177,003,213	19,832	18,697
Telephone and facsimile	97,212,103	118,921,721	8,864	12,535
Others	219,817,550	162,664,819	20,115	17,199
	6,859,070,757	6,297,445,590	630,081	663,625
Total Departmental Expenses	11,469,378,178	10,410,504,771	1,052,718	1,096,622
Departmental Profit	**56,893,527,250**	**47,585,938,086**	**5,235,465**	**5,018,853**

In 2014 and 2013, the average Hotel room occupancy rates were 67.74% and 71.83%, respectively (unaudited).

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

19. FOOD AND BEVERAGES DEPARTMENT

The details of food and beverages departmental revenues and expenses are as follows:

	For the Year Ended March 31,			
	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2014	**2013**	**2014**	**2013**
Net Sales	21,791,929,178	19,748,071,477	2,007,423	2,083,185
Cost of Sales	6,208,949,019	5,616,936,908	571,927	592,473
Payroll and Related Expenses				
Salaries and wages	2,903,029,354	2,470,953,108	265,467	260,174
Employee benefits	2,829,712,432	2,437,810,121	258,256	256,744
	5,732,741,786	4,908,763,229	523,723	516,918
Other Expenses				
Cultural music and shows	693,901,530	694,066,105	63,763	73,092
Cleaning and guest supplies	588,867,828	529,441,368	53,972	55,757
Laundry	427,762,990	468,929,984	39,523	49,422
Linens, uniforms and housewares	385,684,901	393,292,339	35,440	41,430
Kitchen fuel	440,752,451	329,384,245	40,429	34,604
Mineral water and ice	119,682,198	125,197,378	11,059	13,203
Others	568,902,881	589,070,769	50,957	61,837
	3,225,554,779	3,129,382,188	295,143	329,345
Total Departmental Cost and Expenses	15,167,245,584	13,655,082,325	1,390,793	1,438,736
Departmental Profit	**6,624,683,594**	**6,092,989,152**	**616,630**	**644,449**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

20. OTHER OPERATING DEPARTMENTS

The details of other operating departmental revenues cost and expenses are as follows:

	For the Year Ended March 31,			
	Indonesian Rupiah		**Translations into U.S. Dollars - (Note 2l)**	
	2014	**2013**	**2014**	**2013**
Revenues				
Health club	2,128,101,991	1,781,221,638	195,910	187,571
Boutique	1,917,795,909	1,552,750,799	174,151	163,761
Beauty salon	269,091,630	266,456,585	24,653	28,090
Laundry	229,043,418	260,267,290	21,243	27,474
Cigar and cigarettes	31,539,000	27,618,000	2,995	2,913
Telephone and communication	27,761,732	55,876,379	2,602	5,893
	4,603,333,680	3,944,190,691	421,554	415,702
Cost of Sales				
Boutique	1,263,903,173	922,800,454	114,352	97,364
Laundry	174,031,216	199,617,747	16,205	21,095
Health club	62,446,265	71,174,973	5,744	7,474
Beauty salon	34,160,431	30,158,670	3,162	3,154
Cigar and cigarettes	27,108,742	23,263,215	2,529	2,450
Telephone and communication	14,278,348	23,385,635	1,327	2,463
	1,575,928,175	1,270,400,694	143,319	134,000
Payroll and Related Expenses				
Salaries and wages	301,487,133	265,027,866	27,536	27,910
Employee benefits	260,150,892	173,284,242	23,696	18,250
	561,638,025	438,312,108	51,232	46,160
Other Expenses				
Consultant fees	246,503,521	208,024,156	22,270	21,935
Others	298,307,827	373,426,004	27,054	39,469
	544,811,348	581,450,160	49,324	61,404
Total Departmental Cost and Expenses	2,682,377,548	2,290,162,962	243,875	241,564
Other Departmental Profit	**1,920,956,132**	**1,654,027,729**	**177,679**	**174,138**

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

21. HOTEL OPERATING EXPENSES

The details of hotel operating expenses are as follows:

	For the Year Ended March 31,			
	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2014	**2013**	**2014**	**2013**
Property Operations, Maintenance and Energy				
Electricity	2,893,726,346	2,417,986,699	264,038	254,462
Water	2,223,363,492	2,012,510,545	203,137	212,069
Light bulbs	167,444,145	158,357,197	15,348	16,647
Fuel	49,332,543	18,392,635	4,443	1,926
Gas	3,312,727	30,804,584	273	3,261
Repairs and maintenance	5,160,143,368	4,716,684,761	472,113	496,112
Salaries and wages	851,638,628	814,055,481	77,316	85,551
Cleaning supplies	486,380,770	462,240,199	44,691	48,543
Laundry	30,703,792	36,934,612	2,834	3,893
Uniforms	30,000,000	25,410,722	2,752	2,686
Telephone	8,895,221	11,590,003	816	1,222
Others	113,833,673	88,458,867	10,332	9,343
Total	12,018,774,705	10,793,426,305	1,098,093	1,135,715
General and Administrative Expenses				
Salaries and wages	3,668,695,649	2,641,822,864	334,266	277,436
Commission on credit cards	1,648,199,571	1,298,148,028	150,724	136,871
Professional fees	631,796,725	701,098,792	57,950	74,698
Executive	416,435,328	495,110,738	38,211	52,499
Telephone and communication	265,667,792	239,203,770	24,246	25,156
Transportation and traveling	186,282,546	229,703,296	17,066	24,210
Others	453,911,011	491,822,553	41,595	51,936
Total	7,270,988,622	6,096,910,041	664,058	642,806
Marketing Expenses				
Advertising and promotion	1,471,381,058	1,299,261,242	134,569	137,009
Public relations	1,071,626,886	933,140,510	96,210	98,270
Sales representation	379,018,934	648,379,413	35,569	68,413
Transportation and travel	419,006,029	435,370,909	38,109	45,747
Salaries and wages	402,777,172	273,359,400	37,034	28,786
Telephone and communication	37,792,196	52,235,734	3,498	5,507
Printing and stationery	62,944,304	29,388,784	5,791	3,084
Others	454,141	792,000	45	84
Total	3,845,000,720	3,671,927,992	350,825	386,900
Provision for Replacement of Furniture, Fixtures and Equipment (Note 13)	2,855,500,199	2,462,393,972	262,689	259,667
Marketing and Sales Promotion Expenses (Note 23)	2,855,500,199	2,462,393,972	262,689	259,667
Insurance	269,600,266	239,596,250	24,720	25,278
Total Hotel Operating Expenses	**29,115,364,711**	**25,726,648,532**	**2,663,074**	**2,710,033**

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

22. OWNER'S OPERATING EXPENSES

The details of this account are as follows:

	For the Year Ended March 31,			
	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2l)	
	2014	2013	2014	2013
General and administrative				
Salaries and wages	1,388,281,944	1,140,221,047	127,131	119,882
Professional fees	672,898,787	856,320,975	62,331	89,290
Rental	1,022,134,943	791,590,334	92,265	82,666
Insurance	643,956,581	555,194,633	61,485	58,884
Miscellaneous	404,146,403	522,209,280	34,806	54,562
Total	**4,131,418,658**	**3,865,536,269**	**378,018**	**405,284**
Management fee (Note 23)	4,593,621,741	3,749,675,058	425,731	396,076
Depreciation and amortization	2,862,827,839	2,803,700,411	260,246	292,782
Total Owner's Operating Expenses	**11,587,868,238**	**10,418,911,738**	**1,063,995**	**1,094,142**

23. 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 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.

24. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Information concerning monetary assets and liabilities denominated in foreign currencies as of March 31, 2014 and their rupiah equivalents converted using the middle exchange rates that were published by Bank Indonesia follows:

	Amount in Foreign Currencies		Rupiah Equivalents
Assets			
Cash on hand and in banks	US$	1,052,964	12,008,007,037
Trade receivable	US$	160,094	1,825,711,976
Due from related parties	US$	532,609	6,073,873,036
Total			19,907,592,049
Liabilities			
Other payables - related parties	US$	47,676	543,695,452
Accrued expenses	US$	127,657	1,455,801,569
Due to hotel operator	US$	49,490	564,383,960
Total			2,563,882,708
Net Assets			**17,343,709,341**

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

The translation of the foreign currency liabilities, net of foreign currency assets, should not be construed as a representation that these foreign currency assets and liabilities have been, could have been, or could in the future be, converted into rupiah at the prevailing exchange rates of the rupiah as of March 31, 2014 or at any other rates of exchange.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are foreign currency risk, credit risk and liquidity risk. The management reviews and approves policies for managing each of these risks, which are described in more detail as follows:

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. As the Company's reporting currency is rupiah, it is exposed to exchange rate fluctuations primarily from its trade receivables from revenues in foreign currencies.

The Company does not have any formal hedging policy for foreign exchange exposure since it is not considered as necessary. However, the Company maintains transactions and balances in foreign currencies other than rupiah in connection with regular operations at a minimum level.

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

In the management of liquidity risk, the Company monitors and maintains a level of cash on hand and in banks deemed adequate to finance the Company's operations and capital expenditures, service its maturing debts and to mitigate the effects of fluctuation in cash flows.

The Company also regularly evaluates its projected and actual cash flows and continuously assesses conditions in the financial markets to maintain its payable and receivable days' stability.

<u>Capital Management</u>

The primary objective of the Company's capital management is to ensure that it maintains healthy cash flows in order to support its business.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return on capital or issue new shares.

26. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following are several issued accounting standards by the Indonesian Financial Accounting Standards Board (DSAK) that are considered relevant to the financial reporting of the Company but not yet effective for 2014 financial statements:

- PSAK 1 (2013): Presentation of Financial Statements, effective January 1, 2015

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

(Expressed in Rupiah, unless otherwise stated with Translations into United States Dollars)

- This PSAK changes the grouping of items presented in Other Comprehensive Income. Items that could be reclassified to profit or loss would be presented separately from items that will never be reclassified.
- PSAK 24 (2013): Employee Benefits, effective January 1, 2015

  This PSAK removes the corridor mechanism and contingent liability disclosures and requires only simple clarifications and disclosures.
- PSAK 68: Fair Value Measurement, effective January 1, 2015

  This PSAK provides guidance on how to measure fair value when fair value is required or permitted.

Company is presently evaluating and has not yet determined the effects of these accounting standards on its financial statements.

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-5475/PSS/2014

The Stockholders and the Boards of Commissioners and Directors
PT Waka Oberoi Indonesia

We have audited the accompanying financial statements of PT Waka Oberoi Indonesia (the "Company"), which comprise the statement of financial position as of March 31, 2014, and the statement of comprehensive income, statement of changes in capital deficiency, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Indonesian rupiah.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines 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 such financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such 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 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 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, the accompanying financial statements present fairly, in all material respects, the financial position of PT Waka Oberoi Indonesia as of March 31, 2014, and its financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Emphasis of mater

The accompanying financial statement have been prepared assuming that the Company will continue to operate as a gong concern. Note 26 to the financial statements summarizes the effects of the economic conditions in Indonesia to the Company, including 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. These economic conditions have contributed to total comprehensive loss of Rp41,573,485,740 in 2014 and Rp13,246,802,424 in 2013, and capital deficiency of Rp280 104,524,836 in 2014 and Rp238,531,039,096 in 2013. These conditions raise substantial doubt on 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.

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

Other matter

Our audit was 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 audit of the basic financial statements and, accordingly, we do not express an opinion thereon.

Purwantono, Suherman & Surja

Benyanto Suherman
Public Accountant Registration No. AP.0685

May 5, 2014

Statement of Financial Position
As of March 31, 2014

(Expressed in Rupiah, with Translations into United States Dollars)

	Notes	Indonesian Rupiah March, 31 2014	Indonesian Rupiah March, 31 2013	Translations into U.S. Dollars (Note 2k) March, 31 2014	Translations into U.S. Dollars (Note 2k) March, 31 2013
ASSETS					
CURRENT ASSETS					
Cash on hand and in banks	2l,4,23,24	9,280,795,552	6,099,747,663	813,819	627,611
Trade receivables - net	2l,5,23,24	1,270,815,489	1,718,692,966	111,436	176,838
Other receivables	2l,23,24	-	325,000	-	33
Inventories	2c,6,13	1,690,536,006	1,454,936,467	148,241	149,700
Prepayments and advances		1,208,868,727	1,137,746,888	106,004	117,064
Other current financial assets	2l,23,24	22,241,228	85,765,436	1,950	8,825
TOTAL CURRENT ASSETS		**13,473,257,002**	**10,497,214,420**	**1,181,450**	**1,080,071**
NON-CURRENT ASSETS					
Fixed assets - net	2d,2e,7,13	14,290,677,196	15,358,346,488	1,253,129	1,580,239
Deferred tax assets - net	2j,9d	1,652,566,466	1,604,188,546	144,911	165,057
Other non-current financial assets	2l,23,24	126,615,000	126,615,000	11,103	13,028
TOTAL NON-CURRENT ASSETS		**16,069,858,662**	**17,089,150,034**	**1,409,143**	**1,758,324**
TOTAL ASSETS		**29,543,115,664**	**27,586,364,454**	**2,590,593**	**2,838,395**
LIABILITIES AND CAPITAL DEFICIENCY					
LIABILITIES					
CURRENT LIABILITIES					
Trade payables	2l,23,24	706,878,090	497,829,493	61,985	51,222
Other payables	2l,8,23,24	905,828,417	1,676,493,415	79,429	172,497
Taxes payable	2j,9a	253,144,265	330,720,313	22,197	34,028
Accrued expenses	2l,10,23,24	2,281,321,671	2,356,259,718	200,046	242,439
Due to a related party	2b,2l,11,23,24	105,550,129	154,308,888	9,256	15,877
Due to hotel operator	2b,2l,11,12,23,24	181,356,136	58,141,888	15,903	5,982
Loan payable	2b,2l,11, 13,23,24	296,692,166,000	252,854,363,500	26,016,500	26,016,500
Reserve for replacement of furniture, fixtures and equipment	2f,14	5,306,133,798	5,291,888,003	465,287	544,489
Other current financial liabilities	2l,23,24	1,604,200,680	1,487,734,908	140,670	153,075
TOTAL CURRENT LIABILITIES		**308,036,579,186**	**264,707,740,126**	**27,011,273**	**27,236,109**
NON-CURRENT LIABILITY					
Employee benefits liability	2g,15	1,611,061,314	1,409,663,424	141,272	145,042
TOTAL LIABILITIES		**309,647,640,500**	**266,117,403,550**	**27,152,545**	**27,381,151**
CAPITAL DEFICIENCY					
Capital stock – Rp180,000 par value Authorized, issued and fully paid - 129,385 shares	16	23,289,300,000	23,289,300,000	11,450,000	11,450,000
Translation adjustment	2k	-	-	(5,943,788)	(5,788,111)
Deficit	26	(303,393,824,836)	(261,820,339,096)	(30,068,164)	(30,204,645)
NET CAPITAL DEFICIENCY		**(280,104,524,836)**	**(238,531,039,096)**	**(24,561,952)**	**(24,542,756)**
TOTAL LIABILITIES AND CAPITAL DEFICIENCY		**29,543,115,664**	**27,586,364,454**	**2,590,593**	**2,838,395**

The accompanying notes form an integral part of these Financial Statements.

Statement of Comprehensive Income
year ended March 31, 2014

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
		year ended March, 31		year ended March, 31	
	Notes	**2014**	**2013**	**2014**	**2013**
DEPARTMENTAL REVENUES	2h				
Rooms	17	23,193,728,080	20,306,100,289	2,137,553	2,135,096
Food and beverages	18	11,209,134,030	9,771,340,970	1,033,413	1,027,784
Other operating departments	19	2,100,708,190	1,927,841,458	193,014	202,445
Others		351,910,217	362,424,129	32,616	38,184
Total Departmental Revenues		36,855,480,517	32,367,706,846	3,396,596	3,403,509
DEPARTMENTAL COSTS AND EXPENSES	2h				
Cost of sales					
Food and beverages	18	3,136,544,309	2,770,858,398	287,881	291,360
Other operating departments	19	496,231,690	469,742,688	45,595	49,360
Total Cost of Sales		3,632,775,999	3,240,601,086	333,476	340,720
Payroll and related expenses	17,18,19	3,961,828,999	3,770,880,020	364,955	396,958
Others	17,18,19	5,039,856,295	4,320,546,571	465,401	454,793
Total Departmental Costs and Expenses		12,634,461,293	11,332,027,677	1,163,832	1,192,471
DEPARTMENTAL PROFIT		24,221,019,224	21,035,679,169	2,232,764	2,211,038
HOTEL OPERATING EXPENSES	2h,20				
Property operations, maintenance and energy		8,496,313,775	7,777,200,493	781,723	817,836
General and administrative expenses		4,226,801,129	3,964,134,668	388,933	417,152
Marketing expenses		2,217,095,927	1,800,477,165	205,422	189,798
Provision for replacement of furniture, fixtures and equipment	2f,14	1,105,664,416	968,843,315	101,899	101,881
Marketing and sales promotion expenses		1,105,664,416	968,843,315	101,899	101,881
Insurance		98,792,879	89,994,772	9,045	9,473
Total Hotel Operating Expenses		17,250,332,542	15,569,493,728	1,588,921	1,638,021
HOTEL GROSS OPERATING PROFIT		6,970,686,682	5,466,185,441	643,843	573,017

The accompanying notes form an integral part of these Financial Statements.

Statement of Comprehensive Income *(Contd...)* year ended March 31, 2014

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
		year ended March, 31		year ended March, 31	
	Notes	**2014**	**2013**	**2014**	**2013**
OWNER'S OPERATING INCOME (EXPENSES)	2h				
General and administrative	21	(2,111,790,883)	(1,794,267,920)	(187,983)	(191,230)
Depreciation	2d,7,21	(2,571,610,529)	(2,524,190,465)	(233,660)	(263,780)
Operating fees	12,21	(871,335,836)	(683,273,181)	(80,480)	(71,627)
Finance Income		1,092,348	529,985	97	55
Other operating expenses	22	(43,038,905,442)	(13,936,977,397)	(9,578)	(14,121)
Other operating income	22	-	88,622,878	-	9,119
INCOME (LOSS) BEFORE INCOME TAX		**(41,621,863,660)**	**(13,383,370,659)**	**132,239**	**41,433**
Income tax benefit	2j,9c	48,377,920	136,568,235	4,242	14,270
INCOME (LOSS) FOR THE YEAR		**(41,573,485,740)**	**(13,246,802,424)**	**136,481**	**55,703**
Other comprehensive income (loss)		–	–	–	–
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**(41,573,485,740)**	**(13,246,802,424)**	**136,481**	**55,703**

The accompanying notes form an integral part of these Financial Statements.

Statement of Changes in Capital Deficiency year ended March 31, 2014

(Expressed in Rupiah, with Translations into United States Dollars)

	Indonesian Rupiah		
	Capital Stock (Note 16)	**Deficit**	**Net Capital Deficiency**
Balance as of April 1, 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)**
Total comprehensive loss for the year	–	(41,573,485,740)	(41,573,485,740)
Balance as of March 31, 2014	**23,289,300,000**	**(303,393,824,836)**	**(280,104,524,836)**

	Translations Into U.S. Dollars (Note 2k)			
	Capital Stock (Note 16)	**Translation Adjustment**	**Deficit (Note 2k)**	**Net Capital Deficiency**
Balance as of April 1, 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)**
Total comprehensive loss for the year	-	-	136,481	136,481
Translation adjustment	-	(155,677)	-	(155,677)
Balance as of March 31, 2014	**11,450,000**	**(5,943,788)**	**(30,068,164)**	**(24,561,952)**

The accompanying notes form an integral part of these Financial Statements.

Statement of Cash Flows
year ended March 31, 2014

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
		year ended March, 31		year ended March, 31	
	Notes	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES					
Total comprehensive income (loss)		(41,573,485,740)	(13,246,802,424)	136,481	55,703
Adjustments to reconcile total comprehensive income (loss) to net cash provided by operating activities:					
Unrealized loss on foreign exchange		43,854,695,115	14,022,893,497	-	-
Depreciation	7	2,571,610,529	2,524,190,465	233,660	263,780
Provision for replacement of furniture, fixtures and equipment	14	1,105,664,416	968,843,315	101,899	101,881
Provision for employee benefits	15	431,583,038	387,930,986	38,959	40,694
Provision of impairment of trade receivables	5	36,855,481	72,795,596	3,397	7,369
Deferred income tax benefit	9	(48,377,920)	(136,568,235)	(4,242)	(14,270)
Interest Income		(1,092,348)	(529,985)	(97)	(55)
Translation adjustment		-	-	76,067	12,844
Decrease (increase) in:					
Trade receivables		411,021,938	(1,015,936,808)	62,005	(99,724)
Other receivables		325,000	34,056,000	33	3,712
Inventories		(235,599,539)	189,476,313	1,459	29,430
Prepayments and advances		(71,121,839)	(340,726,529)	11,060	(30,243)
Other current financial assets		63,524,208	(25,060,698)	8,800	(2,212)
Increase (decrease) in:					
Trade payables		202,160,704	205,010,975	10,763	19,325
Other payables		(770,664,998)	484,601,939	(93,068)	42,661
Taxes payable		(77,576,048)	161,513,182	(11,831)	15,596
Accrued expenses		(74,938,047)	436,334,775	(42,393)	33,297
Due to a related party		(48,758,759)	(319,691,586)	(6,621)	(35,757)
Due to hotel operator		113,209,584	(72,987,256)	9,921	(8,302)
Other current financial liabilities		116,465,772	385,973,691	(12,405)	33,057
Payments of employee benefits	15	(230,185,148)	(20,754,625)	(20,779)	(2,177)
Net Cash Generated from Operations		**5,775,315,399**	**4,694,562,588**	**503,068**	**466,609**
Interest received		1,092,348	529,985	97	55
Net Cash Provided by Operating Activities		**5,776,407,747**	**4,695,092,573**	**503,165**	**466,664**

Statement of Cash Flows *(Contd...)* year ended March 31, 2014

(Expressed in Rupiah, with Translations into United States Dollars)

		Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
		year ended March, 31		year ended March, 31	
	Notes	**2014**	**2013**	**2014**	**2013**
Cash flows from investing Activities					
Acquisitions of fixed assets	7	(1,503,941,237)	(1,095,818,334)	(135,856)	(115,251)
Utilization of reserve for replacement of furniture, fixtures and equipment	14	(1,091,418,621)	(819,847,113)	(181,101)	(85,493)
Net Cash Used in Investing Activities		**(2,595,359,858)**	**(1,915,665,447)**	**(316,957)**	**(200,744)**
Net increase in cash On hand and in banks		**3,181,047,889**	**2,779,427,126**	**186,208**	**265,920**
Cash on hand and in banks At beginning of year	4	6,099,747,663	3,320,320,537	627,611	361,691
Cash on hand and in banks At end of year	4	**9,280,795,552**	**6,099,747,663**	**813,819**	**627,611**

The accompanying notes form an integral part of these Financial Statements.

Notes to the Financial Statements
As of March 31, 2014 and for the Year Then Ended

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 had been amended several times, the latest amendment of which was covered by notarial deed No. 2 dated June 14, 2013 of Irwan Azwir Tanjung, S.H., regarding the changes article related to the interim dividend. 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.01.10.33063 dated August 15, 2013.

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 in April 1997. The Hotel is currently being managed and operated by EIH Management Services B.V. under a management agreement which will expire in 2034, with an option to extend for another 20 years (Note 25).

The composition of the Company's Boards of Commissioners and Directors is as follows:

		2014	2013
<u>Board of Commissioners</u>			
President Commissioner	:	Sudarshan Rao	Sudarshan Rao
Commissioner	:	Ida Bagus Gede Yudana	Ida Bagus Gede Yudana
<u>Board of Directors</u>			
President Director	:	I Ketut Siandana	I Ketut Siandana
Directors	:	Deepak Madhok	Deepak Madhok
	:	I Wayan Pasek	I Wayan Pasek

The Company employed a total of 116 and 113 permanent employees as of March 31, 2014 and 2013, 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 authorized for issue on May 5, 2014.

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.

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 bases described in the related accounting policies for those accounts.

The statement of cash flows presents 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 dollar. The rupiah is also the Company's functional currency.

b. Transactions with Related Parties

PSAK No. 7 (Revised 2010) requires disclosures of related party relationships, transactions and outstanding balances in the financial statements.

An individual or family member is related to the Company if it:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or the parent of the Company.

A party is considered to be related to the Company if:

a. directly, or indirectly through one or more intermediaries, the party (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 of the Company;
c. the party is a joint venture in which the Company is a venturer;
d. the party is a member of the key management personnel of the Company;
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.

The details of the accounts and the significant transactions entered into with related parties are presented in Note 11.

c. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the average cost method. Net realizable value is the estimated selling price in the ordinary course of business. Allowance for inventory losses is provided to reduce the carrying value of inventories to their net realizable value.

d. Fixed Assets

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	

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 statement 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 method 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 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's (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 the 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 asset. 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 statement 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 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 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.

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) provides 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.

g. Employee Benefits Liability

<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 is 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 that 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.

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

h. Revenue and Expense 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 they are incurred.

i. Foreign Currency Transactions and Balances

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, 2014 and 2013, the rates of exchange used were Rp11,404 and Rp9,719, respectively, to US$1.

j. Income Tax

<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 a Tax Assessment Letter (SKP) are recognized as 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 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 income 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 income 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 income 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.

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. dollar were made at the following rates:

Assets and liabilities	-	Middle rate as of statement of financial position date (Rp11,404 to US$1 and Rp9,719 to US$1 as published by Bank Indonesia as of March 31, 2014 and 2013, 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 statement of comprehensive income accounts is presented as "Translation adjustment" under the capital deficiency section of the statement of financial position.

l. **Financial Instruments**

l.1. 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, 2014 and 2013, the Company's financial assets included cash on hand and in banks, trade receivables, other receivables, 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 statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

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

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.

l.2. 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, 2014 and 2013, the Company's financial liabilities included trade payables, other payables, accrued expenses, loan payable, due to a related party, due to hotel operator, 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.

l.3. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement 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.

l.4. 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.

l.5. 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.

l.6. 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.

l.7. Impairment of financial assets

The Company assesses at the end of each reporting period 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 the group 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 financial 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 financial 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 statement of comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGMENT, ESTIMATES AND ASSUMPTIONS

TThe 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,

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

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 judgments are 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:

Determination of Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Indonesian rupiah. The Indonesian rupiah is the currency of the primary economic environment in which the Company operates and the currency that mainly influences revenue, costs and expenses.

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 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 expense 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 amounts of the Company's estimated employee benefits liability as of March 31, 2014 and 2013 amounted to Rp1,611,061,314 and Rp1,409,663,424, 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, 2014 and 2013 amounted to Rp14,290,677,196 and Rp15,358,346,488, 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 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 income, together with future tax planning strategies. Net deferred tax assets of the Company as of March 31 2014 and 2013 amounted to Rp1,652,566,466 and Rp1,604,188,546, respectively. Further details are disclosed in Note 9.

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.

4. CASH ON HAND AND IN BANKS

Cash on Hand and in Banks consists of the following:

	Indonesian Rupiah		**Translations into U.S. Dollars (Note 2k)**	
	March 31,		**March 31,**	
	2014	**2013**	**2014**	**2013**
Cash on hand				
Rupiah	79,500,004	79,500,000	6,971	8,180
Cash in banks				
U.S. dollars	8,600,051,048	5,276,242,911	754,126	542,879
Rupiah	601,244,500	744,004,752	52,722	76,552
Total	**9,280,795,552**	**6,099,747,663**	**813,819**	**627,611**

5. TRADE RECEIVABLES

Trade Receivables consists of the following:

	Indonesian Rupiah		**Translations into U.S. Dollars (Note 2k)**	
	March 31,		**March 31,**	
	2014	**2013**	**2014**	**2013**
City ledger	1,163,082,556	1,223,671,515	101,989	125,905
Guest ledger	237,385,664	587,818,701	20,816	60,481
Total	1,400,468,220	1,811,490,216	122,805	186,386
Less allowance for impairment	129,652,731	92,797,250	11,369	9,548
Net	**1,270,815,489**	**1,718,692,966**	**111,436**	**176,838**

City ledger represents receivable from H2O sports for the facilities used in the hotel.

Guest ledger represents receivables from guests that are currently checked in at the hotel as of March 31, 2014.

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

The ageing analysis of these receivables is as follows:

	Indonesian Rupiah		Translations into U.S. Dollars - (Note 2k)		Percentage to Total (%)	
	March 31,		March 31,		March 31,	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Current	959,045,207	1,646,127,003	84,097	169,372	68.48	90.87
Past due						
1-30 days	314,619,591	10,975,608	27,589	1,128	22.47	0.61
31-60 days	30,499,040	5,846,755	2,674	602	2.18	0.32
Over 60 days	96,304,382	148,540,850	8,445	15,284	6.87	8.20
Total	1,400,468,220	1,811,490,216	122,805	186,386	100.00	100.00
Less allowance for impairment	129,652,731	92,797,250	11,369	9,548	9.26	5.12
Net	**1,270,815,489**	**1,718,692,966**	**111,436**	**176,838**	**90.74**	**94.88**

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.

Movement in allowance for impairment is as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2014	**2013**	**2014**	**2013**
Balance at the beginning of year	92,797,250	20,001,654	9,548	2,179
Additional provision during the year	36,855,481	72,795,596	3,397	7,369
Translation adjustment	-	-	(1,576)	-
Balance at the end of year	**129,652,731**	**92,797,250**	**11,369**	**9,548**

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

6. INVENTORIES

Inventories consist of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2014	**2013**	**2014**	**2013**
Materials and supplies	1,212,316,961	1,016,005,307	106,306	104,538
Beverages	296,262,436	270,969,135	25,979	27,880
Food	179,116,859	165,228,643	15,706	17,001
Tobacco	2,839,750	2,733,382	250	281
Total	**1,690,536,006**	**1,454,936,467**	**148,241**	**149,700**

Inventories are used as collateral for long-term loan (Note 13).

7. FIXED ASSETS

The details of fixed assets are as follows:

	Year Ended March 31, 2014		
	Indonesian Rupiah		
	Beginning Balance	Additions	Ending Balance
2013-2014 Movements			
Cost			
Land	5,470,511,683	-	5,470,511,683
Buildings	34,629,450,111	603,023,545	35,232,473,656
Structures and improvements	6,231,325,428	-	6,231,325,428
Machinery and equipment	7,459,672,792	441,109,453	7,900,782,245
Furniture, fixtures and equipment	15,923,939,911	275,464,739	16,199,404,650
Motor vehicles	421,576,000	184,343,500	605,919,500
Total Cost	70,136,475,925	1,503,941,237	71,640,417,162
Accumulated Depreciation			
Buildings	27,023,778,430	1,743,252,651	28,767,031,081
Structures and improvements	5,735,448,821	89,869,861	5,825,318,682
Machinery and equipment	6,536,628,966	380,272,790	6,916,901,756
Furniture, fixtures and equipment	15,060,697,224	355,142,831	15,415,840,055
Motor vehicles	421,575,996	3,072,396	424,648,392
Total Accumulated Depreciation	54,778,129,437	2,571,610,529	57,349,739,966
Net Book Value	**15,358,346,488**		**14,290,677,196**

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

7. FIXED ASSETS *(Contd.)*

The details of fixed assets are as follows:

	Year Ended March 31, 2014		
	Indonesian Rupiah		
	Beginning Balance	Additions	Ending Balance
2012-2013 Movements			
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**

	Year Ended March 31, 2014			
	Translations into U.S. Dollar - (Note 2k)			
	Beginning Balance	Additions	Translation Adjustment	Ending Balance
2013-2014 Movements				
Cost				
Land	562,868	-	(83,167)	479,701
Buildings	3,563,068	54,924	(528,508)	3,089,484
Structures and improvements	641,149	-	(94,733)	546,416
Machinery and equipment	767,535	40,321	(115,048)	692,808
Furniture, fixtures and equipment	1,638,434	25,225	(243,157)	1,420,502
Motor vehicles	43,374	15,386	(5,628)	53,132
Total	**7,216,428**	**135,856**	**(1,070,241)**	**6,282,043**
Accumulated Depreciation				
Buildings	2,780,510	158,394	(416,365)	2,522,539
Structures and improvements	590,127	8,166	(87,480)	510,813
Machinery and equipment	672,562	34,552	(100,581)	606,533
Furniture, fixtures and equipment	1,549,614	32,269	(230,091)	1,351,792
Motor vehicles	43,376	279	(6,418)	37,237
Total Accumulated Depreciation	5,636,189	233,660	(840,935)	5,028,914
Net Book Value	**1,580,239**			**1,253,129**

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

7. FIXED ASSETS ***(Contd.)***

	Year Ended March 31, 2013			
	Translations into U.S. Dollar - (Note 2k)			
	Beginning Balance	**Additions**	**Translation Adjustment**	**Ending Balance**
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**

Depreciation charged to operations amounted to Rp2,571,610,529 (US$233,660) and Rp2,524,190,465 (US$263,780) for the years ended March 31, 2014 and 2013, respectively (Note 21).

Land and buildings are used as collateral for long-term loan (Note 13)

Fixed assets are covered by insurance against losses from fire and other risks under blanket policies for US$40,500,000 as of March 31, 2014. The Company's management believes that the insurance coverage is adequate to cover possible losses arising from such risks.

As of March 31, 2014 and 2013, the Company's management believes that there is no impairment in the value of the Company's fixed assets.

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

8. OTHER PAYABLES

This account consists of payables to third parties for:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2014	**2013**	**2014**	**2013**
Loss and breakage	410,592,060	867,533,825	36,002	89,262
Marketing and sales promotion expenses	173,979,424	379,208,481	15,256	39,017
Others	321,256,933	429,751,109	28,171	44,218
Total	**905,828,417**	**1,676,493,415**	**79,429**	**172,497**

9. TAXATION

a. Taxes payable consists of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2014	**2013**	**2014**	**2013**
Development tax	185,674,276	277,766,732	16,282	28,580
Income tax				
Article 21	37,870,509	18,998,884	3,321	1,954
Article 23	4,180,965	10,900,050	366	1,122
Article 26	3,759,600	3,202,000	330	329
Value added tax	21,658,915	19,852,647	1,898	2,043
Total	**253,144,265**	**330,720,313**	**22,197**	**34,028**

b. A reconciliation between loss before income tax, as shown in the statement of comprehensive income, and estimated tax loss follows:

	Years Ended March 31,	
	2014	**2013**
Loss before income tax per statements of comprehensive income	(41,621,863,660)	(13,383,370,659)
Temporary differences:		
Provision for employee benefits	431,583,038	387,930,986
Provision for impairment of trade receivables - net	36,855,481	72,795,596
Provision for replacement of furniture, fixtures and equipment – net	14,245,795	148,996,202
Depreciation	58,987,488	(42,695,224)
Employee benefit payments	(230,185,148)	(20,754,625)
Permanent differences:		
Interest income already subjected to final tax	(41,863,977)	(25,788,952)
Non-deductible expenses – salaries, wages and employees' welfare	119,741,883	69,848,920
Others	61,494,177	315,542,312
Estimated tax loss for the year	(41,171,004,923)	(12,477,495,444)
Accumulated tax losses carry-forward at beginning of year	(95,821,734,275)	(83,344,238,831)
Accumulated tax losses carry-forward at end of year	**(136,992,739,198)**	**(95,821,734,275)**

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

9. TAXATION *(Contd.)*

c. Details of deferred income tax benefit (expense) follow:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2014	**2013**	**2014**	**2013**
Provision for employee benefits	50,349,473	96,982,747	4,545	10,173
Provision for impairment of trade receivables - net	9,213,870	18,198,899	849	1,842
Provision for replacement of furniture, fixtures and equipment - net	3,561,449	37,249,051	19,801	4,097
Allowance for loss on operating equipment		-	-	-
Depreciation	(14,746,872)	(10,673,806)	(1,331)	(1,298)
Employee benefit payments	-	(5,188,656)	-	(544)
Adjustment to deferred tax assets	-	-	(19,622)	-
Net	**48,377,920**	**136,568,235**	**4,242**	**14,270**

d. Deferred tax assets (liabilities) consist of the following:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2014	**2013**	**2014**	**2013**
Reserve for replacement of furniture, fixtures and equipment	1,326,533,450	1,322,972,001	173,723	153,922
Employee benefits liability	402,765,329	352,415,856	46,031	41,486
Allowance for doubtful accounts	32,413,183	23,199,313	3,708	2,859
Depreciation	(109,145,496)	(94,398,624)	(19,258)	(17,927)
Translation adjustment	-	-	(59,293)	(15,283)
Net	**1,652,566,466**	**1,604,188,546**	**144,911**	**165,057**

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).

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

10. ACCRUED EXPENSES

The details of accrued expenses due to third parties are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2014	2013	2014	2013
Professional fees	1,232,710,779	1,088,058,774	108,094	111,952
Utilities	296,555,592	279,904,560	26,005	28,800
Repair and maintenance	126,980,936	263,334,284	11,135	27,095
Others	625,074,364	724,962,100	54,812	74,592
Total	**2,281,321,671**	**2,356,259,718**	**200,046**	**242,439**

11. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

In the normal course of its business, the Hotel has entered into transactions with related parties as follows:

Related parties	Nature of relationships	Balances and transactions
PT Widja Putra Karya	Entity under common control	Intercompany advances and share in proceeds from sale of vacation packages
EIH Management Services B.V.	Parent Company	Management fee and loan payable to finance hotel operations

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2014	2013	2014	2013
PT Widja Putra Karya				
Due to a related party	105,550,129	154,308,888	9,256	15,877
EIH Management Services B.V.				
Loan payable (Note 13)	296,692,166,000	252,854,363,500	26,016,500	26,016,500
Due to hotel operator (Note 12)	181,356,136	58,141,888	15,903	5,982
Total	**296,873,522,136**	**252,912,505,388**	**26,032,403**	**26,022,482**

Salaries and wages of the Company's key management personnel amounted to Rp1,723,885,723 in 2014 and Rp1,905,745,513 in 2013.

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

12. DUE TO HOTEL OPERATOR

The movements of this account during the year are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2014	2013	2014	2013
Balance at beginning of year	58,141,888	131,129,144	5,982	14,284
Operating fees during the year - 12.5% of hotel gross operating profit (Note 21)	871,335,836	683,273,181	80,480	71,627
Payment during the year	(738,116,924)	(759,325,500)	(70,559)	(79,929)
Unrealized loss (gain) on foreign exchange - net	(10,004,664)	3,065,063	-	-
Balance at end of year (Note 11)	**181,356,136**	**58,141,888**	**15,903**	**5,982**

13. LOAN PAYABLE

The details of this account are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2014	2013	2014	2013
EIH Management Services B.V. (Note 11)	296,692,166,000	252,854,363,500	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 balances held by PT Bank Arta Niaga Kencana Tbk and PT Bank DKI, making EPHL the sole creditor of the Company for the loan. 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.

Based on an Assignment of Receivable Agreement dated March 31, 2009 between EPHL and EIH Management Services B.V. (EIH, the Hotel Operator - Note 25), EPHL assigned the loan to EIH.

Based on the 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 March 31, 2015, during which time no interest will be charged and no principal installment will be paid. In the event that the loan is not settled on March 31, 2015, the following shall prevail:

a. The loan will bear interest at the annual rate of 11.5% starting April 1, 2015.
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 (the Company's) assets including the Hotel.

No interest expense was recognized as well as no principal payment was made during the year in accordance with the settlement agreement.

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 movement of this account during the year are as follow:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2014	2013	2014	2013
Balance at beginning of year	5,291,888,003	5,142,891,801	544,489	560,229
Provision during the year (Note 20)	1,105,664,416	968,843,315	101,899	101,881
Utilization of reserve	(1,091,418,621)	(819,847,113)	(181,101)	(85,493)
Translation adjustment	-	-	-	(32,128)
Balance at end of year	**5,306,133,798**	**5,291,888,003**	**465,287**	**544,489**

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 statement of comprehensive income and amounts recognized in the statement of financial position as employee benefits liability as of March 31, 2014 and 2013 as determined by PT Gemma Aktuaria and PT Mega Jasa Aktuaria, independent actuaries, in their reports dated April 5, 2014 and April 5, 2013, respectively.

a. Employee benefit expense

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2l)	
	Year Ended March 31,		Year Ended March 31,	
	2014	2013	2014	2013
Current service cost	280,486,508	255,554,114	25,320	26,808
Interest cost	135,671,619	108,571,078	12,247	11,389
Amortization of unvested past service cost	8,191,111	8,191,111	739	859
Recognized actuarial losses	7,233,800	15,614,683	653	1,638
Total employee benefit expense	**431,583,038**	**387,930,986**	**38,959**	**40,694**

b. Employee benefits liability

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2014	2013	2014	2013
Present value of employee benefits obligation	2,796,906,524	2,317,440,833	245,257	238,444
Unrecognized past service cost - unvested	(74,659,432)	(82,850,543)	(6,547)	(8,525)
Unrecognized actuarial gain	(1,111,185,778)	(824,926,866)	(97,438)	(84,877)
Employee benefits liability	**1,611,061,314**	**1,409,663,424**	**141,272**	**145,042**

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

15. EMPLOYEE BENEFITS LIABILITY *(Contd...)*

c. Movements in the employee benefits liability are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31	
	2014	**2013**	**2014**	**2013**
Beginning balance	1,409,663,424	1,042,487,063	145,042	113,561
Employee benefit expense	431,583,038	387,930,986	38,959	40,694
Benefit payments	(230,185,148)	(20,754,625)	(20,185)	(2,135)
Translation adjustment	-	-	(22,544)	(7,078)
Ending balance	**1,611,061,314**	**1,409,663,424**	**141,272**	**145,042**

d. Changes in the present value of defined benefits liability are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31	
	2014	**2013**	**2014**	**2013**
Present value of obligation at beginning of year	2,317,440,833	1,571,770,020	238,444	171,217
Interest cost	135,671,619	108,571,078	11,897	11,171
Current service cost	280,486,508	255,554,114	24,595	26,294
Benefit payments	(230,185,148)	(20,754,625)	(20,185)	(2,135)
Actuarial losses on obligation	293,492,712	402,300,246	25,736	41,393
Translation adjustment	-	-	(35,230)	(9,496)
Present value of obligation at end of year	**2,796,906,524**	**2,317,440,833**	**245,257**	**238,444**

The principal assumptions used in determining the employee benefits liability as of March 31, 2014 and 2013 are as follows:

Discount rate	: 8.7% in 2014 and 7.5% in 2013
Annual salary increase	: 8% per annum in 2014 and 2013
Mortality	: TMI II
Retirement age	: 55 years old
Disability rates	: 10% mortality table TMI II

As of March 31, 2014, 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 Rp35,027,898 (US$3,072)/ Rp41,911,717 (US$3,675).

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

16. CAPITAL STOCK

The share ownership details as of March 31, 2014 and 2013 are as follows:

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**

17. ROOMS

The details of rooms departmental revenues and expenses are as follows:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2014	**2013**	**2014**	**2013**
Room Revenues	23,193,728,080	20,306,100,289	2,137,553	2,135,096
Payroll and Related Expenses				
Salaries and wages	892,247,887	771,527,323	82,140	81,160
Employee benefits	477,545,021	526,175,496	44,072	55,532
	1,369,792,908	1,297,702,819	126,212	136,692
Other Expenses				
Travel agents	573,336,810	205,077,110	51,254	21,557
Cleaning and guest supplies	472,496,410	455,740,980	43,761	47,942
Linens and uniforms	240,498,248	255,941,533	22,576	26,997
Welcome drinks, fruit baskets and amenities	213,611,350	166,637,157	19,734	17,493
Cable television	143,865,631	130,292,500	13,146	13,706
Transportation and travel	93,198,565	84,845,694	8,570	8,925
Telephone and communication	67,580,320	73,314,690	6,248	7,705
Decoration	54,348,993	67,864,200	5,116	7,151
Others	813,337,925	786,837,072	75,414	82,793
	2,672,274,252	2,226,550,936	245,819	234,269
Total Departmental Expenses	4,042,067,160	3,524,253,755	372,031	370,961
Departmental Profit	**19,151,660,920**	**16,781,846,534**	**1,765,522**	**1,764,135**

In 2014 and 2013, the average Hotel room occupancy rates were 36.8% and 37.5%, respectively (unaudited).

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

18. FOOD AND BEVERAGES

The details of food and beverages departmental revenues and expenses follow:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2014	2013	2014	2013
Net Sales	11,209,134,030	9,771,340,970	1,033,413	1,027,784
Cost of Sales	3,136,544,309	2,770,858,398	287,881	291,360
Payroll and Related Expenses				
Salaries and wages	1,448,825,018	1,196,638,655	133,107	125,854
Employee benefits	709,182,771	756,819,678	65,769	79,717
	2,158,007,789	1,953,458,333	198,876	205,571
Other Expenses				
Kitchen fuel	426,694,603	379,108,871	39,406	39,732
Cultural music and shows	193,272,397	176,250,000	17,643	18,583
Linen and uniform	192,690,648	207,037,178	18,091	21,839
Local transport	145,726,633	119,517,545	13,430	12,571
Cleaning and guest supplies	142,533,084	133,659,232	13,204	14,057
Loss and damages	93,173,262	68,943,928	8,501	7,306
Others	711,169,803	761,178,503	66,265	80,131
	1,905,260,430	1,845,695,257	176,540	194,219
Total Departmental Cost and Expenses	7,199,812,528	6,570,011,988	663,297	691,150
Departmental Profit	**4,009,321,502**	**3,201,328,982**	**370,116**	**336,634**

19. 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)	
	Year Ended March 31,		Year Ended March 31,	
	2014	2013	2014	2013
Revenues				
Health club	1,242,289,512	1,186,560,372	114,319	124,551
Boutique	739,715,489	634,520,581	67,727	66,669
Laundry	112,132,120	98,714,149	10,374	10,370
Telephone and communication	6,571,069	8,046,356	594	855
	2,100,708,190	1,927,841,458	193,014	202,445
Cost of Sales				
Health club	60,119,659	62,675,623	5,531	6,597
Boutique	432,928,501	403,294,191	39,776	42,362
Telephone and communication	3,183,530	3,772,874	288	401
	496,231,690	469,742,688	45,595	49,360

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

19. OTHER OPERATING DEPARTMENTS *(Contd...)*

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2014	2013	2014	2013
Payroll and Related Expenses				
Salaries and wages	281,765,300	281,168,478	25,812	29,568
Employee benefits	152,263,002	238,550,390	14,055	25,127
	434,028,302	519,718,868	39,867	54,695
Other Expenses	462,321,613	248,300,378	43,042	26,305
Total Costs and Expenses	1,392,581,605	1,237,761,934	128,504	130,360
Other Operating Departments' Profit	**708,126,585**	**690,079,524**	**64,510**	**72,085**

20. HOTEL OPERATING EXPENSES

The details of hotel operating expenses follow:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2014	2013	2014	2013
Property Operations, Maintenance and Energy				
Electricity, energy and water				
Fuel	2,254,222,429	2,062,625,673	208,482	216,259
Electricity	2,218,358,287	1,910,547,423	203,296	201,037
Water	400,825,000	164,736,400	36,481	17,418
	4,873,405,716	4,137,909,496	448,259	434,714
Repairs and maintenance	2,129,675,067	2,275,341,015	196,271	231,356
Supplies	763,682,383	751,443,548	70,410	86,984
Salaries and wages	530,700,808	421,545,059	48,565	44,418
Others	198,849,801	190,961,375	18,218	20,364
	3,622,908,059	3,639,290,997	333,464	383,122
Total	8,496,313,775	7,777,200,493	781,723	817,836
General and Administrative Expenses				
Salaries and wages	1,441,852,248	1,307,847,549	132,342	137,674
Employee benefits	624,830,416	669,041,814	57,643	70,408
Commission on credit cards	582,432,231	471,118,620	53,691	49,520
Transportation and travel	202,899,602	181,678,254	18,822	19,158
Licenses and taxes	185,558,441	158,518,889	17,122	16,664
Printing and stationery	132,198,789	122,468,757	12,133	12,888
Telephone and communication	104,138,923	102,311,806	9,577	10,775
Bank charges	94,861,599	89,772,234	8,668	9,430
Others	858,028,880	861,376,745	78,935	90,635
Total	4,226,801,129	3,964,134,668	388,933	417,152

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

20. HOTEL OPERATING EXPENSES *(Contd...)*

The details of hotel operating expenses follow:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2014	**2013**	**2014**	**2013**
Marketing Expenses				
Advertising and promotion	1,551,103,891	1,326,814,444	144,141	139,587
Transportation and travel	522,919,967	345,934,813	47,753	36,603
Salaries and wages	120,954,533	96,402,816	11,100	10,173
Others	22,117,536	31,325,092	2,428	3,435
Total	2,217,095,927	1,800,477,165	205,422	189,798
Provision for Replacement of Furniture, Fixtures and Equipment (Notes 2f and 14)	1,105,664,416	968,843,315	101,899	101,881
Marketing and Sales Promotion Expenses (Note 25)	1,105,664,416	968,843,315	101,899	101,881
Insurance	98,792,879	89,994,772	9,045	9,473
Total Operating Expenses	**17,250,332,542**	**15,569,493,728**	**1,588,921**	**1,638,021**

21. OWNER'S OPERATING EXPENSES

The details of Owner's operating expenses follow:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	Year Ended March 31,		Year Ended March 31,	
	2014	**2013**	**2014**	**2013**
Depreciation (Note 7)	2,571,610,529	2,524,190,465	233,660	263,780
General and administrative				
Professional fees	762,267,044	649,239,279	70,686	69,711
Payroll, tax and employee benefits	628,557,435	577,553,609	57,633	60,558
Insurance	566,987,804	508,031,871	45,562	54,766
Land and building tax	78,698,302	46,409,507	7,204	4,839
Miscellaneous	75,280,298	13,033,654	6,898	1,356
Total	2,111,790,883	1,794,267,920	187,983	191,230
Operating fees (Note 12)	871,335,836	683,273,181	80,480	71,627
Total Owner's Operating Expenses	**5,554,737,248**	**5,001,731,566**	**502,123**	**526,637**

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

22. OTHER OPERATING INCOME AND EXPENSE

Other operating income for the years ended March 31, 2013 consists of income from insurance claim.

Other operating expenses for the years ended March 31, 2014 and March 31, 2013 consist of foreign exchange loss amounting to Rp43,038,905,442 and Rp13,936,977,397, respectively.

23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Company has various financial assets such as cash on hand and in banks, trade receivables, other receivables and other current financial assets which arise directly from the Company's operations.

The Company's principal financial liabilities consist of trade payable, other payable, accrued expense, due to related party, due to hotel operator, and loan payable. The main purpose of these financial liabilities is 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 statement of financial position as of March 31, 2014 and 2013:

	Indonesian Rupiah		Translations into U.S. Dollars (Note 2k)	
	March 31,		March 31,	
	2014	2013	2014	2013
Current Financial Assets				
Cash on hand and in banks	9,280,795,552	6,099,747,663	813,819	627,611
Trade receivables	1,270,815,489	1,718,692,966	111,436	176,838
Other receivables	-	325,000	-	33
Other current financial assets	22,241,228	85,765,436	1,950	8,825
Total current financial assets	**10,573,852,269**	**7,904,531,065**	**927,205**	**813,307**
Non-current Financial Assets				
Other non-current financial assets	126,615,000	126,615,000	11,103	13,028
Total Financial Assets	**10,700,467,269**	**8,031,146,065**	**938,308**	**826,335**
Financial Liabilities				
Trade payables	706,878,090	497,829,493	61,985	51,222
Other payables	905,828,417	1,676,493,415	79,429	172,497
Accrued expenses	2,281,321,671	2,356,259,718	200,046	242,439
Due to a related party	105,550,129	154,308,888	9,256	15,877
Due to hotel operator	181,356,136	58,141,888	15,903	5,982
Loan payable	296,692,166,000	252,854,363,500	26,016,500	26,016,500
Other current financial liabilities	1,604,200,680	1,487,734,908	140,670	153,075
Total Financial Liabilities	**302,477,301,123**	**259,085,131,810**	**26,523,789**	**26,657,592**

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:

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

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, trade payables, other payables, accrued expenses, due to a related party, due to hotel operator, and other current financial liabilities and loan payable)
- 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.

Non-current financial asset:

- 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.

24. 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, trade receivables, other payables 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. dollar. To the extent the Indonesian rupiah depreciates further from the exchange rates in effect at March 31, 2014, 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.

	As of March 31, 2014		
	Amount in Foreign Currency		Rupiah Equivalent
Assets			
Cash on hand and in banks	US$	754,126	8,600,052,904
Trade receivables	US$	122,805	1,400,468,220
Total			10,000,521,124
Liabilities			
Other payables	US$	15,256	173,979,424
Loan payable	US$	26,016,500	296,692,166,000
Total			296,866,145,424
Net Liabilities			**286,865,624,300**

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

(Expressed in Rupiah, unless otherwise stated, with Translations into United States Dollars)

B. Credit Risk

Credit risk arises when one party to a financial asset or liability fails to discharge an obligation and cause the Company to incur a financial loss. 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 23.

With respect to credit risk arising from financial assets, primarily cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to carrying amount of these financial assets.

The table below shows the maximum exposure to credit risk for the Company's financial assets without taking into account any collateral and other credit enhancements:

	March 31,	
	2014	**2013**
Cash*	9,201,295,548	6,020,247,663
Trade receivables	1,270,815,489	1,718,692,966
Other receivables	-	325,000
Other financial assets	148,856,228	212,380,436
Total credit risk exposure	10,620,967,265	7,951,646,065

**Excluding cash on hand.*

C. Liquidity Risk

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.

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 as of March 31, 2014 based on contractual undiscounted payments:

	2014			
	0–30 Days	**31–90 Days**	**Over 90 Days**	**Total**
Trade payables	697,563,090	9,015,000	300,000	706,878,090
Other payables	905,828,417	–	–	905,828,417
Accrued expenses	2,281,321,671	–	–	2,281,321,671
Due to hotel operator	181,356,136	–	–	181,356,136
Due to a related party	105,550,129	–	–	105,550,129
Loan payable	296,692,166,000	–	–	296,692,166,000
Other current financial liabilities	195,276,845	17,649,892	1,391,273,943	1,604,200,680
	301,059,062,288	**26,664,892**	**1,391,573,943**	**302,477,301,123**

	2013			
	0–30 Days	**31–90 Days**	**Over 90 Days**	**Total**
Trade payables	497,709,493	120,000	–	497,829,493
Other payables	1,676,493,415	–	–	1,676,493,415
Accrued expenses	2,356,259,716	–	–	2,356,259,716
Due to hotel operator	58,141,888	–	–	58,141,888
Due to a related party	154,308,891	–	–	154,308,891
Loan payable	252,854,363,500	–	–	252,854,363,500
Other current financial liabilities	-	205,227,843	1,282,507,065	1,487,734,908
	257,597,276,903	**205,347,843**	**1,282,507,065**	**259,085,131,811**

25. 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.

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 in 2006, 2009, 2012 up to 2014, which resulted in net capital deficiency of Rp280.2 billion and Rp238.5 billion as of March 31, 2014 and 2013, respectively. The Company also had negative working capital as of March 31, 2014 and 2013.

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 which are beyond the Company's control.

27. RECENT DEVELOPMENT AFFECTING ACCOUNTING STANDARDS

The following are revised accounting standards issued by the Indonesian Financial Accounting Standards Board that are relevant to the financial statements covering the periods beginning on or after either January 1, 2014 or January 1, 2015:

Effective beginning on or after January 1, 2014:

- ISAK No. 27: "Transfer of Assets from Customers", adopted from International Financial Reporting Interpretations Committee (IFRIC) 18.
- ISAK No. 28: "Extinguishing Financial Liabilities with Equity Instruments", adopted from IFRIC 19.

The Company has determined that the effects of these accounting standards on the financial statements are not material.

Effective beginning on or after January 1, 2015:

- PSAK No. 1 (2013): "Presentation of Financial Statements", adopted from International Accounting Standards (IAS) 1.

  This PSAK changed the grouping of items presented in Other Comprehensive Income. Items that can be reclassified to profit or loss are presented separately from items that will never be reclassified.

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

- PSAK No. 24 (2013): "Employee Benefits", adopted from IAS 19.

  This PSAK removed the corridor mechanism and contingent liability disclosures and requires only simple clarifications and disclosures.

- PSAK No. 68: "Fair Value Measurement", adopted from IFRS 13.

  This PSAK provides guidance on how to measure fair value when fair value is required or permitted.

The Company is presently evaluating and has not yet determined the effects of these accounting standards on the financial statements.

PT ASTINA GRAHA UBUD

BOARD

Drs. Ec. I Wayan Pasek
Mr. Tjokorda Raka Kerthayasa
Mr. Deepak Madhok

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 2014.

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. Tjokorda Raka Kerthayasa
Mr. Deepak Madhok

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 (2013: $Nil) after providing for income tax of $Nil (2013: $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 2014.

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, 2014 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 statement of financial position as at 31 March 2014, 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 basis of preparation described in Note 2 to the financial report is appropriate to meet their financial reporting requirements meet the needs of the members. The directors are also responsible for such controls as they determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with International Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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.

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.

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 2014 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

Basis of Accounting and Restriction on Distribution
Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared to assist the directors of PT Astina Graha Ubud to meet their financial reporting requirements. As a result the financial report may not be suitable for another purpose. Our report is intended solely for the members of PT Astina Graha Ubud and should not be distributed to parties other than the members.

ERNST & YOUNG

DAVID SANDERS
Partner

Adelaide
14 May 2014

Statement of Comprehensive Income for the year ended 31 March 2014

(Expressed in United States Dollars)

	Note	**31 March 2014** $	31 March 2013 $
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 2014

(Expressed in United States Dollars)

	Note	31 March 2014 $	31 March 2013 $
Current Assets			
Amount due to related parties		**–**	–
Total Current Assets		**–**	–
Non-Current Assets			
Property, plant and equipment		**6,153,195**	6,423,195
Total Current Assets		**6,153,195**	6,423,195
Total Assets		**6,153,195**	6,423,195
Current Liabilities			
Amount due to related parties		**–**	–
Total Current Liabilities		**–**	–
Non-Current Liabilities			
Amounts due to shareholder		**3,553,195**	3,823,195
Total Non-Current Liabilities		**3,553,195**	3,823,195
Total Liabilities		**3,553,195**	3,823,195
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 2014

(Expressed in United States Dollars)

	Share Capital $	Retained earnings $	Total Equity $
As at 1 April 2013	2,600,000	–	2,600,000
Profit for year	–	–	–
Other Comprehensive Income	–	–	–
As at 31 March 2014	2,600,000	–	2,600,000
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

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 2014

(Expressed in United States Dollars)

1. Corporate Information

The financial report of PT Astina Graha Ubud (the "Company") for the year ended 31 March 2014 was authorised for issue on 14th May 2014.

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 2014**	31 March 2013
	$	$
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 2014**	31 March 2013
	$	$
Fees	–	–
Other emoluments	–	–
	–	–

7. Share Capital

	31 March 2014	31 March 2013
	$	$
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 2014;

(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 2014; 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 2014 DEEPAK MADHOK