

# **EIH Holdings Ltd**

**Annual Financial Report  
31 March 2018**

# ElH Holdings Ltd

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## **EIH Holdings Ltd Directors' Report**

### **DIRECTORS**

The directors have pleasure in submitting the Statement of Financial Position of EIH Holdings Ltd (the 'Company') as at 31 March 2018, 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  
Pathmanaban Selvadurai

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 \$1,099,323 (2017: \$464,432) after provision for income tax expense of \$46,921 (2017: \$21,225).

### **EVENTS AFTER THE BALANCE DATE**

No material matters or circumstances have arisen since the end of the year that requires 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, there is no dividend was declared and paid (2017: \$1,000,000).

## **EIH Holdings Ltd Directors' Report (continued)**

### **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.

9, May 2018

  
SD  
\_\_\_\_\_  
Deepak Madhok  
Director

**EIH Holdings Ltd**  
**Statement of Comprehensive Income**  
**For the year ended 31 March 2018**  
(Expressed in United States dollars)

	Note	31-Mar-18 \$	31-Mar-17 \$
<b>Continuing Operations</b>			
Turnover	3	2,648,550	2,073,138
Cost of sales		-	-
<b>Gross profit</b>		<b>2,648,550</b>	<b>2,073,138</b>
<b>Operating Expenses</b>			
Administration and general expenses		1,260,856	1,364,630
Project development expenses		277,366	124,836
<b>Total Operating Expenses</b>		<b>1,538,222</b>	<b>1,489,466</b>
<b>Other Income/(Expense)</b>			
Other income/(expense)		35,916	(98,015)
<b>Total Other Income/(Expense)</b>		<b>35,916</b>	<b>(98,015)</b>
<b>Profit before taxation</b>	4	<b>1,146,244</b>	<b>485,657</b>
Taxation	5	(46,921)	(21,225)
<b>Profit after taxation</b>		<b>1,099,323</b>	<b>464,432</b>
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>1,099,323</b>	<b>464,432</b>

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

ERNST & YOUNG



**EIH Holdings Ltd**  
**Statement of Financial Position**  
**As at 31 March 2018**  
(Expressed in United States dollars)

	Note	31-Mar-18 \$	31-Mar-17 \$
<b>Non-Current Assets</b>			
Investments	7	11,672,526	11,672,526
Amount due from related parties	8	25,165,514	24,604,713
		<u>36,838,040</u>	<u>36,277,239</u>
<b>Current Assets</b>			
Cash and cash equivalents	9	6,277,839	5,782,681
Receivables	10	378,088	281,373
<b>Total Current Assets</b>		<u>6,655,927</u>	<u>6,064,054</u>
<b>Total Assets</b>		<u>43,493,967</u>	<u>42,341,293</u>
<b>Current Liabilities</b>			
Payables	11	121,401	68,050
<b>Total Current Liabilities</b>		<u>121,401</u>	<u>68,050</u>
<b>Non-Current Liabilities</b>			
Amount due to related parties	12	-	-
<b>Total Non-Current Liabilities</b>		<u>-</u>	<u>-</u>
<b>Total Liabilities</b>		<u>121,401</u>	<u>68,050</u>
<b>Total Net Assets</b>		<u>43,372,566</u>	<u>42,273,243</u>
<b>Equity</b>			
Share Capital	13	37,085,714	37,085,714
Retained Earnings		6,286,852	5,187,529
<b>Total Equity</b>		<u>43,372,566</u>	<u>42,273,243</u>

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

Ernst & Young



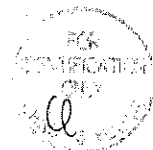
**EIH Holdings Ltd**  
**Statement of Changes in Equity**  
**For the year ended 31 March 2018**  
**(Expressed in United States dollars)**

	Note	Share Capital \$	Retained Earnings \$	Total Equity \$
As at 1 April 2017	13	37,085,714	5,187,529	42,273,243
Profit for year		-	1,099,323	1,099,323
Other Comprehensive income		-	-	-
Issue of capital		-	-	-
Dividend paid		-	-	-
<b>As at 31 March 2018</b>	<b>13</b>	<b><u>37,085,714</u></b>	<b><u>6,826,852</u></b>	<b><u>43,372,566</u></b>

	Note	Share Capital \$	Retained Earnings \$	Total Equity \$
As at 1 April 2016	13	37,085,714	5,723,097	42,808,811
Profit for year		-	464,432	464,432
Other Comprehensive income		-	-	-
Issue of capital		-	-	-
Dividend paid		-	(1,000,000)	(1,000,000)
<b>As at 31 March 2017</b>	<b>13</b>	<b><u>37,085,714</u></b>	<b><u>5,187,529</u></b>	<b><u>42,273,243</u></b>

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

FOR REPORT & SIGNING

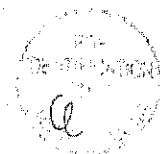


**EIH Holdings Ltd**  
**Statement of Cash Flows**  
**For the year ended 31 March 2018**  
(Expressed in United States dollars)

	31-Mar-18 \$	31-Mar-17 \$
<b>Cash flows from operating activities</b>		
Profit before taxation	1,146,244	485,657
<i>Adjustment for:</i>		
Interest income	(188,304)	(177,646)
Dividend income	(149,603)	(86,047)
Other	(35,916)	98,015
<i>(Increase)/Decrease in assets:</i>		
Decrease/(increase) in receivables	(96,715)	241,436
<i>(Decrease)/Increase in liabilities:</i>		
(Decrease)/increase in payables	53,351	(13)
<b>Cash generated from operations</b>	<b>729,055</b>	<b>561,402</b>
Tax paid	(46,921)	(21,225)
<b>Net cash flows from operating activities</b>	<b>682,134</b>	<b>540,177</b>
<b>Cash flows from investing activities</b>		
Dividends paid	-	(1,000,000)
Dividend income	149,603	86,047
Issue of share capital	-	-
Purchase of investments	-	-
Interest received	-	-
<b>Net cash flows from/(used by) investing activities</b>	<b>149,603</b>	<b>(913,953)</b>
<b>Cash flows from financing activities</b>		
Payments on loans provided to related parties	(372,495)	(274,048)
Proceeds from related party borrowings	-	171,516
<b>Net cash flows used by financing activities</b>	<b>(372,495)</b>	<b>(102,532)</b>
Net increase (decrease) in cash and cash equivalents	459,242	(476,308)
Cash and cash equivalents at beginning of year	5,782,681	6,357,004
Effect of exchange rate changes on cash balances	35,916	(98,015)
<b>Cash and cash equivalents at end of year (Note 9)</b>	<b>6,277,839</b>	<b>5,782,681</b>

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

EIH Holdings Ltd





**EIH Holdings Ltd**  
**Notes to the Financial Statements**  
**For the year ended 31 March 2018**  
**(Expressed in United States dollars)**

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**1. Corporate information**

The financial report of EIH Holdings Ltd (the "Company") for the year ended 31 March 2018 was authorised for issue on 9 May 2018.

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.

The immediate holding company is EIH International Ltd, and the ultimate parent of the Company is EIH Limited, a company incorporated in India.

**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 10 "Consolidated 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. There are a number of standards issued not yet effective which have been considered by management and are not expected to have a material impact on the Company.

**(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.

**EIH Holdings Ltd**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2018**  
**(Expressed in United States dollars)**

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

(e) Cash and Cash Equivalents

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

(f) Receivables

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

(g) Investments

The Company's available-for-sale investments are recorded at cost on acquisition less any permanent diminution in value as there is no quoted market price in an active market the fair value cannot be reliably measured. The Company does not intend to dispose its available-for-sale investment in the near future.

(h) Investments in associates and joint ventures

An associate is an entity over which the Company 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 Company's investments in its associate and joint venture are accounted for at cost, less provision for any permanent diminution in value.

This is on the basis that the entity has exercised the exemption in IAS 28 to not apply equity accounting for investments in associated and joint ventures.

(i) 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.

**EIH Holdings Ltd**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2018**  
**(Expressed in United States dollars)**

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

(j) 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.

(k) 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.

(l) 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.

(m) 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

**EIH Holdings Ltd**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2018**  
(Expressed in United States dollars)

**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.

	31-Mar-18	31-Mar-17
	\$	\$
Hotel management fees	1,259,899	880,770
Sales and marketing	1,029,539	916,837
Royalty	21,205	11,838
Dividends	149,603	86,047
Interest	188,304	177,646
	<u>2,648,550</u>	<u>2,073,138</u>

**4. Profit Before Taxation**

Profit before taxation is arrived at after charging and crediting:

	31-Mar-18	31-Mar-17
	\$	\$
Interest income (Note 3)	<u>188,304</u>	<u>177,646</u>
<b>Auditor remuneration</b>		
- audit of financial report	12,750	12,250
- accounting advice	-	-
	<u>12,750</u>	<u>12,250</u>

**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-Mar-18	31-Mar-17
	\$	\$
Profit before tax	1,146,244	485,657
Tax at the statutory tax rate of Nil% (2017: Nil%)	-	-
Tax rate differential in foreign countries	46,921	21,225
<b>Tax expense</b>	<u>46,921</u>	<u>21,225</u>

**6. Directors' Remuneration**

	31-Mar-18	31-Mar-17
	\$	\$
Fees	-	-
Other emoluments	-	-
	<u>-</u>	<u>-</u>

**EIH Holdings Ltd**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2018**  
**(Expressed in United States dollars)**

**7. Investments**

**Investments in Subsidiaries**

	<u>31-Mar-18</u>	<u>31-Mar-17</u>
	\$	\$
Unlisted shares, at cost		
PT Astina Graha Ubud	1,566,000	1,566,000

Details of the subsidiaries are as follows:

Name	Place of incorporation	Percentage of equity attributable to the Company		Principal Activities	Directors
		Directly	Indirectly		
PT Widja Putra Karya	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 Investments 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.

**Investments in Associates and Joint Ventures**

	<u>31-Mar-18</u>	<u>31-Mar-17</u>
	\$	\$
La Roseraie De L'Atlas SA	5,724,000	5,724,000
Oberoi Mauritius Ltd	2,507,500	2,507,500
	<u>8,231,500</u>	<u>8,231,500</u>

Investments in associates and joint ventures and are carried at cost, less provision for any permanent diminution in value.

**EIH Holdings Ltd**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2018**  
(Expressed in United States dollars)

**7. Investments (continued)**

**Other Investments**

	31-Mar-18	31-Mar-17
	\$	\$
Tourism Investment Co. at Sahl Hasheesh	1,875,026	1,875,026
EIH Investments N.V.	6,000	6,000
	<u>1,881,026</u>	<u>1,881,026</u>

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

	31-Mar-18	31-Mar-17
	\$	\$
<b>Total investments</b>	<u>11,672,526</u>	<u>11,672,526</u>

**8. Amounts Due from Related Companies**

The amounts due from related companies are unsecured, and without predetermined repayment terms. Of the total of \$25,165,514, \$3,326,709 is interest bearing, and \$21,838,805 is non-interest bearing.

**9. Cash and Cash Equivalents**

	31-Mar-18	31-Mar-17
	\$	\$
Cash at Bank	<u>6,277,839</u>	<u>5,782,681</u>

**10. Receivables**

	31-Mar-18	31-Mar-17
	\$	\$
Trade receivables	<u>378,088</u>	<u>281,373</u>
	<u>378,088</u>	<u>281,373</u>

**11. Payables**

	31-Mar-18	31-Mar-17
	\$	\$
Third parties	<u>121,401</u>	<u>68,050</u>
	<u>121,401</u>	<u>68,050</u>

**12. Amounts Due to Related Parties**

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

**EIH Holdings Ltd**  
**Notes to the Financial Statements (continued)**  
**For the year ended 31 March 2018**  
(Expressed in United States dollars)

**13. Share Capital**

	31-Mar-18	31-Mar-17
	\$	\$
Issued and fully paid:		
37,085,714 ordinary shares	<u>37,085,714</u>	<u>37,085,714</u>
	Number of Shares	\$
As at 31 March 2016	<u>37,085,714</u>	<u>34,085,714</u>
Shares issued	-	-
As at 31 March 2017	<u>37,085,714</u>	<u>37,085,714</u>
Shares issued	-	-
As at 31 March 2018	<u>37,085,714</u>	<u>37,085,714</u>

**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 2018, the assessed tax for the years ended 30 June 2001 to 30 June 2013 is US\$741,608 and penalties of US\$458,179.

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 2018 is US\$53,027. The company has paid \$43,038 as at 31 March 2018.

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\$335,843 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 pending further hearings.

If successful, the amount of US\$335,843 will be refunded. If not, the liability of the Company will be the US\$741,608 and US\$458,179 already assessed by the MRA as at 31 March 2018, plus US\$312,732 (applying the same basis of calculation for the years ended 31 March 2014 to 31 March 2018) and any applicable penalties.

The total tax liability will therefore be US\$1,512,519 plus penalties on tax for the years ended 31 March 2014 to 31 March 2018, estimated at US\$109,456. Other than the payments made to the MRA as outlined above, 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.



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## Independent Auditor's Report to the Members of EIH Holdings Ltd

### Opinion

We have audited the financial report of EIH Holdings Ltd (the Company), which comprises the statement of financial position as at 31 March 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Company as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with International Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with International Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Emphasis of Matter - Basis of Accounting and Restriction on Use

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 Holdings 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 Holdings Ltd and should not be distributed to parties other than the members.

### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## **EIH Holdings Ltd 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 2018;
- (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 2018; 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.

9 May 2018

SD

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Deepak Madhok  
Director



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## Independent Auditor's Report to the Members of EIH Holdings Ltd

### Opinion

We have audited the financial report of EIH Holdings Ltd (the Company), which comprises the statement of financial position as at 31 March 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Company as at 31 March 2018, and its financial performance and its cash flows for the year then ended in accordance with International Accounting Standards.

### Basis for Opinion

We conducted our audit in accordance with International Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Emphasis of Matter - Basis of Accounting and Restriction on Use

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 Holdings 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 Holdings Ltd and should not be distributed to parties other than the members.

### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with International Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the International Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Ernst & Young*

Ernst & Young  
Adelaide  
9 May 2018