

EIH HOLDINGS LTD

BOARD

Mr. P. R. S. Oberoi
Mr. Deepak Madhok
Mr. V.S. Oberoi (resigned 16/03/2015)
Mr. A.S. Oberoi (resigned 16/03/2015)
Mr. Pathmanaban Selvadurai (w.e.f. 20/03/2015)

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 2015, 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 (resigned 16 March 2015)

A S Oberoi (resigned 16 March 2015)

Pathmanaban Selvadurai (appointed 20 March 2015)

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 \$1,014,772 (2014: \$638,999) after provision for income tax expense of \$53,836 (2014: \$54,865).

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 (2014: \$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.

8 May, 2015

DEEPAK MADHOK

Director

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 2015, 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 2015 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
8 May 2015

DAVID SANDERS
Partner

Statement of Comprehensive Income for the year ended 31 March 2015

(Expressed in United States dollars)

	Note	31 March 2015 \$	31 March 2014 \$
Continuing Operations			
Turnover	3	2,542,126	2,203,779
Cost of Sales		—	—
Gross Profit		<u>2,542,126</u>	<u>2,203,779</u>
Operating Expenses			
Administration and General Expenses		1,330,505	1,357,843
Project Development Expenses		140,448	150,615
Total Operating Expenses		<u>1,470,953</u>	<u>1,508,458</u>
Other Income/(Expense)			
Other Income/(Expense)		(2,565)	(1,457)
Total Other Income/(Expense)		<u>(2,565)</u>	<u>(1,457)</u>
Profit before taxation	4	1,068,608	693,864
Taxation	5	(53,836)	(54,865)
Profit after taxation		1,014,772	638,999
Other Comprehensive Income			
Other Comprehensive Income		—	—
Total Comprehensive Income		<u>1,014,772</u>	<u>638,999</u>

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

Statement of Financial Position as at 31 March 2015

(Expressed in United States dollars)

	Note	31 March 2015 \$	31 March 2014 \$
Non-Current Assets			
Investments	7	11,672,539	11,672,539
Amount due from related parties	8	21,450,357	19,458,460
		<u>33,122,896</u>	<u>31,130,999</u>
Current Assets			
Cash and cash equivalents	9	9,522,499	8,231,413
Receivables	10	566,820	775,978
Total Current Assets		<u>10,089,319</u>	<u>9,007,391</u>
Total Assets		<u>43,212,215</u>	<u>40,138,390</u>
Current Liabilities			
Payables	11	82,343	23,290
Total Current Liabilities		<u>82,343</u>	<u>23,290</u>
Non-Current Liabilities			
Amounts due to related parties	12	13	13
Total Non-Current Liabilities		<u>13</u>	<u>13</u>
Total Liabilities		<u>82,356</u>	<u>23,303</u>
Total Net Assets		<u>43,129,859</u>	<u>40,115,087</u>
Equity			
Share Capital	13	37,085,714	34,085,714
Retained Earnings		6,044,145	6,029,373
Total Equity		<u>43,129,859</u>	<u>40,115,087</u>

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

Statement of Changes in Equity for the year ended 31 March 2015

(Expressed in United States dollars)

	Note	Share Capital \$	Retained Earnings \$	Total Equity \$
As at 1 April 2014	13	34,085,714	6,029,373	40,115,087
Profit for year		–	1,014,772	1,014,772
Other Comprehensive Income		–	–	–
Issue of capital		3,000,000	–	3,000,000
Dividend paid		–	(1,000,000)	(1,000,000)
As at 31 March 2015	13	37,085,714	6,044,145	43,129,859
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

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 2015

(Expressed in United States dollars)

	31 March 2015	31 March 2014
	\$	\$
Cash Flows from Operating Activities		
Profit before taxation	1,068,608	693,864
<i>Adjustment for:</i>		
Interest income	(158,116)	(149,155)
Dividend income	(166,676)	(176,004)
Other	2,566	1,457
<i>(Increase)/Decrease in assets:</i>		
Decrease/(Increase) in receivables	209,159	(137,611)
<i>(Decrease)/Increase in Liabilities:</i>		
(Decrease)/Increase in payables	59,053	(77,287)
Cash generated from operations	1,014,594	155,264
Tax paid	(53,836)	(54,865)
Net Cash Flows from operating activities	960,758	100,399
Cash Flows from Investing Activities		
Dividends paid	(1,000,000)	(1,000,000)
Dividend income	166,676	176,004
Issue of share capital	3,000,000	–
Purchase of investments	–	–
Interest received	12	150
Net Cash Flows from/(used by) investing activities	2,166,688	(823,846)
Cash Flows from financing activities		
Payments on loans provided to related parties	(1,881,000)	–
Proceeds from related party borrowings	47,206	85,708
Net Cash Flows used by financing activities	(1,833,794)	85,708
Net increase in cash and cash equivalents	1,293,652	(637,739)
Cash and cash equivalents at beginning of year	8,231,413	8,870,759
Effect of exchange rate changes on cash balances	(2,566)	(1,607)
Cash and cash equivalents at end of year (Note 9)	9,522,499	8,231,413

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 2015

(Expressed in United States dollars)

1. Corporate Information

The financial report of EIH Holdings Ltd (the “Company”) for the year ended 31 March 2015 was authorised for issue on 8th May 2015.

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 2015	31 March 2014
	\$	\$
Hotel Management Fees	1,169,499	991,800
Sales and Marketing	1,039,694	883,562
Royalty	8,141	3,108
Dividends	166,676	176,004
Interest	158,116	149,304
	<u>2,542,126</u>	<u>2,203,779</u>

4. Profit Before Taxation

Profit before taxation is arrived at after charging and crediting :

	31 March 2015	31 March 2014
	\$	\$
Interest Income (Note 3)	158,116	149,304
Auditor remuneration:		
– audit of financial report	11,240	9,138
– accounting advice	–	–
	<u>11,240</u>	<u>9,138</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 March 2015	31 March 2014
	\$	\$
Profit before tax	1,068,608	693,864
Tax at the statutory tax rate of Nil % (2014 : Nil%)	–	–
Tax rate differential in Foreign Countries	53,836	54,865
Tax Expense	<u>53,836</u>	<u>54,865</u>

6. Directors' Remuneration

	31 March 2015	31 March 2014
	\$	\$
Fees	–	–
Other emoluments	–	–
	<u>–</u>	<u>–</u>

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

7. Investments

Investments in Subsidiaries

	31 March 2015	31 March 2014
	\$	\$
Unlisted shares, at cost	<u>1,566,013</u>	<u>1,566,013</u>

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 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 Mr. P. Selvadurai

Other Investments

	31 March 2015	31 March 2014
	\$	\$
Other Investment at cost	<u>10,106,526</u>	<u>10,106,526</u>
	<u>10,106,526</u>	<u>10,106,526</u>

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

	31 March 2015	31 March 2014
	\$	\$
Total Investments	<u>11,672,539</u>	<u>11,672,539</u>

8. Amount Due from Related Companies

The amounts due from related companies are unsecured, and without predetermined repayment terms. Of the total of \$ 21,450,357, \$ 2,793,169 are interest bearing, and \$ 18,657,188 is non-interest bearing.

Notes to the Financial Statements (*Contd...*)**9. Cash and Cash Equivalents**

	31 March 2015	31 March 2014
	\$	\$
Cash at Bank	<u>9,522,499</u>	<u>8,231,413</u>

10. Receivables

Trade receivables	566,820	775,978
	<u>566,820</u>	<u>775,978</u>

11. Payables

Third parties	82,343	23,290
	<u>82,343</u>	<u>23,290</u>

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 2015	31 March 2014
	\$	\$
Issued and fully paid :		
34,085,714 ordinary shares	<u>37,085,714</u>	<u>34,085,714</u>

	Number of Shares	\$
As at 31 March 2013	<u>34,085,714</u>	<u>34,085,714</u>
Shares issued	–	–
As at 31 March 2014	<u>34,085,714</u>	<u>34,085,714</u>
Shares issued	<u>3,000,000</u>	<u>3,000,000</u>
As at 31 March 2015	<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 2015, the assessed tax for the years ended 30 June 2001 to 30 June 2010 is US\$608,543 and penalties of US\$407,934.

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 this formula from 30 June 2001 to 31 March 2015 is US\$40,933. The company has paid \$32,660 as at 31 March 2015.

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\$319,510 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, this amount of US\$319,510 will be refunded. If not, the liability of the Company will be the US\$608,543 and US\$407,934 already assessed by the MRA as at 31 March 2015, plus US\$244,993 (applying the same basis of calculation for the years ended 30 June 2011 to 31 March 2015) and any applicable penalties.

The total tax liability will therefore be US\$1,261,471, plus penalties on tax for the years ended 30 June 2011 to 31 March 2015, estimated at US\$159,246. 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.

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 2015;
- (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 2015; 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.

8 May 2015

DEEPAK MADHOK

Director