

# HOTELEST LIMITED AND ITS SUBSIDIARIES

## Abridged audited financial statement for the year ended 31 December 2017

	STATEMENT OF PROFIT OR LOSS	
	THE GROUP	
(MUR'000)	Dec 2017 Audited	Dec 2016 Audited
Revenue	3,766,189	3,632,590
Earnings before interest, taxation, depreciation and amortisation	859,761	937,154
Depreciation and amortisation	(469,665)	(445,293)
Operating profit	390,096	491,861
Finance costs	(331,468)	(309,043)
Share of results of associates	81,358	(62,401)
Pre-opening expenses/closure costs	(8,491)	(52,810)
Profit before taxation	131,495	67,607
Income tax expense	(58,892)	(66,593)
Profit for the year	72,603	1,014
Attributable to:		
Owners of the parent	26,199	(9,197)
Non-controlling interests	46,404	10,211
Earnings/(loss) per share (MUR)	0.47	(0.16)

	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	
	THE GROUP	
(MUR'000)	Dec 2017 Audited	Dec 2016 Audited
Profit for the year	72,603	1,014
Other comprehensive income for the year	1,233,924	(55,997)
Total comprehensive income for the year	1,306,527	(54,983)
Attributable to:		
Owners of the parent	657,038	(37,850)
Non-controlling interests	649,489	(17,133)
	1,306,527	(54,983)

	STATEMENT OF FINANCIAL POSITION	
	THE GROUP	
(MUR'000)	Dec 2017 Audited	Dec 2016 Audited
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	8,296,015	7,323,873
Intangible assets	1,147,427	1,261,227
Investments in associates	1,142,851	830,990
Investments in available-for-sale financial assets	545	545
Non-current receivables	10,800	-
Deferred tax assets	92,075	100,789
<b>Current Assets</b>	10,689,713	9,517,424
<b>Total Assets</b>	14,866,337	13,126,557
<b>Equity and Liabilities</b>		
Owners' interest	2,906,445	2,262,324
Non-controlling interests	2,857,485	2,209,772
Total equity	5,763,930	4,472,096
<b>Non-Current Liabilities</b>		
Borrowings	3,915,301	4,182,732
Deferred tax liabilities	61,295	65,574
Retirement benefit obligations	186,396	137,906
<b>Current Liabilities</b>	4,162,992	4,386,212
<b>Total Liabilities</b>	2,249,128	1,971,773
<b>Total Equity and Liabilities</b>	6,412,120	6,357,985
Net Asset Value per share (MUR)	51.97	40.45

	STATEMENT OF CASH FLOW	
	THE GROUP	
(MUR'000)	Dec 2017 Audited	Dec 2016 Audited
Net cash generated from operating activities	442,162	517,771
Net cash used in investing activities	(410,863)	(904,986)
Net cash generated from financing activities	4,543	250,147
Increase/(decrease) in cash and cash equivalents	35,842	(137,068)
Cash and cash equivalents at beginning of the year	(441,913)	(304,845)
Cash and cash equivalents at end of the year	(406,071)	(441,913)

	STATEMENT OF CHANGES IN EQUITY					
	THE GROUP	Attributable to owners of the parent				Non-controlling interests
(MUR'000)		Stated capital	Revaluation and other reserves	Retained earnings	Owners' interest	
Balance at January 1, 2017	1,102,001	872,199	288,124	2,262,324	2,209,772	4,472,096
Issue of shares to non-controlling interests	-	-	-	-	20,010	20,010
Profit for the year	-	-	26,199	26,199	46,404	72,603
Other comprehensive income for the year	-	630,839	-	630,839	603,085	1,233,924
Transfer	-	11,049	(12,222)	(1,173)	(1,128)	(2,301)
Dividend	-	-	(11,744)	(11,744)	(20,658)	(32,402)
Balance at December 31, 2017	1,102,001	1,514,087	290,357	2,906,445	2,857,485	5,763,930
Balance at January 1, 2016	1,102,001	904,888	327,398	2,334,287	2,273,815	4,608,102
(Loss)/profit for the year	-	-	(9,197)	(9,197)	10,211	1,014
Other comprehensive income for the year	-	(28,653)	-	(28,653)	(27,344)	(55,997)
Transfer	-	(4,036)	4,036	-	-	-
Dividend	-	-	(34,113)	(34,113)	(46,910)	(81,023)
Balance at December 31, 2016	1,102,001	872,199	288,124	2,262,324	2,209,772	4,472,096

	GEOGRAPHICAL INFORMATION				
	THE GROUP	Revenue from external customers		Non-current assets	
		(MUR'000)	Dec 2017	Dec 2016	Dec 2017
Mauritius		2,077,712	1,675,147	6,932,979	5,293,067
Maldives		1,688,477	1,957,443	3,756,734	4,224,357
Total		3,766,189	3,632,590	10,689,713	9,517,424

The statement of direct and indirect interests of insiders pursuant to rule 8(2)(m) of the Securities (Disclosure obligations of Reporting Issuers) Rules 2007 is available free of charge upon request from the Company Secretary, La Gaieté Services Ltd, 5th Floor, Labama House, 35 Sir William Newton Street, Port Louis. The financial statement is issued pursuant to DEM Listing Rule 18 and Securities Act 2005. The Board of Hotelest Limited accepts full responsibility for the accuracy of this financial statement. Copies of this abridged audited financial statement are available to the public free of charge at 5th floor, Labama House, 35 Sir William Newton Street, Port Louis, Mauritius.

### COMMENTS

#### 1. Principal activity

The only activity of Hotelest Limited is to hold 51% of the share capital of Constance Hotels Services Limited (CHSL).

#### 2. Consolidation and Accounting Standards

The abridged financial statement for the year ended 31 December 2017 is audited by BDO & Co. The financial statement complies with the Companies Act 2001 and has been prepared in accordance with International Financial Reporting Standards effective for the year under review.

#### 3. General Comments

Throughout 2017, the main destinations in which CHSL operates, namely, Mauritius, the Seychelles and the Maldives generated satisfactory growth in tourist arrivals. Mauritius registered a 5.2% increase with 1.34 million (2016: 1.28 million) visitors, Seychelles a 15.4% increase with 0.35 million (2016: 0.30 million) visitors and Maldives saw an 8.0% rise with 1.40 million (2016: 1.30 million) visitors. Regarding Maldives, the impact of this increase in visitors was mitigated by the increased competition with new hotels and guesthouses openings and cruise liners providing cheaper accommodation alternatives.

#### 4. Results

Although occupancy of all hotels, owned and managed, was 72% (2016: 72%), the RevPar and TrevPar were higher at MUR 9,839 (2016: MUR 9,291) and MUR 16,625 (2016: MUR 16,195) respectively than previous year.

The Group achieved improved total revenue of MUR 3,766 million (2016: MUR 3,633 million) driven by the better performance of CHSL's hotels in Mauritius. Its consolidated EBITDA for the year was MUR 860 million, down from MUR 937 million last year. This decrease is mainly due to difficult and highly competitive market conditions its hotels in Maldives faced.

CHSL's Seychelles associates attained very good results due to improved market conditions that prevailed during the year and also due to value added to Constance Lémuria Seychelles following its renovation in 2016. As a result, the Group recorded a share of profit from associates of MUR 81 million (2016: loss MUR 62 million).

Finance costs increased during the year to MUR 331 million (2016: MUR 309 million) partly due to the financing of renovations and investments in new hotel project in Palmar, Mauritius.

Profit for the year reached MUR 73 million (2016: MUR 1 million) after accounting for taxation MUR 59 million (2016: MUR 67 million).

#### 5. Revaluation

During the year, freehold land has been revalued by an independent professional qualified valuer on an open market value basis. A revaluation surplus of MUR 1,404 million has been booked as at December 31, 2017.

#### 6. Outlook

For the first quarter 2018, CHSL's operations in all its main destinations, including the Maldives, started well although, for the latter, current political instability remains a threat and could impact bookings for the rest of the year, if prolonged. The first quarter performance is encouraging and the forward trend in bookings for Mauritius and Seychelles looks healthy.

#### 7. 2018 Projects and Developments

As previously announced, from 1st January 2018, CHSL, through its hotel Management company manages Constance Aiyana Hotel & Spa in Pemba, Zanzibar.

In Mauritius the extension of C-Palmar Hotel is planned for completion towards the end of 2018 provided all permits and authorisations are obtained on time.

#### By order of the Board

La Gaieté Services Ltd  
Secretary

29 March 2018