

HOTELEST LIMITED AND ITS SUBSIDIARIES

Abridged interim unaudited financial statements for the nine months ended 30 September 2018

	STATEMENT OF PROFIT OR LOSS				
	Nine months ended		Quarter ended		Year ended
	Sep 2018 Unaudited	Sep 2017 Unaudited	Sep 2018 Unaudited	Sep 2017 Unaudited	Dec 2017 Audited
THE GROUP - (MUR'000)					
Revenue	2,629,740	2,556,607	637,429	719,929	3,766,189
Earnings before interest, taxation, depreciation and amortisation	507,406	478,334	(17,043)	43,989	859,761
Depreciation and amortisation	(386,170)	(371,632)	(124,669)	(129,731)	(469,665)
Operating profit/(loss)	121,236	106,702	(141,712)	(85,742)	390,096
Finance costs	(239,558)	(252,823)	(72,039)	(83,368)	(331,468)
Share of results of associates	60,115	44,837	31,548	24,148	81,358
Pre-opening expenses/closure costs	(20,784)	-	(20,784)	-	(8,491)
Profit/(loss) before taxation	(78,991)	(101,284)	(202,987)	(144,962)	131,495
Income tax expense	(9,163)	(29,431)	(464)	(9,417)	(58,892)
Profit/(loss) for the period/year	(88,154)	(130,715)	(203,451)	(154,379)	72,603
Attributable to:					
Owners of the parent	(51,338)	(76,504)	(104,455)	(82,464)	26,199
Non-controlling interests	(36,816)	(54,211)	(98,996)	(71,915)	46,404
	(88,154)	(130,715)	(203,451)	(154,379)	72,603
Earnings/(loss) per share (MUR)	(0.92)	(1.37)	(1.87)	(1.47)	0.47

	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
	Nine months ended		Quarter ended		Year ended
	Sep 2018 Unaudited	Sep 2017 Unaudited	Sep 2018 Unaudited	Sep 2017 Unaudited	Dec 2017 Audited
THE GROUP - (MUR'000)					
Profit for the period/year	(88,154)	(130,715)	(203,451)	(154,379)	72,603
Other comprehensive income for the period/year	42,931	(150,294)	(50,338)	(50,409)	1,233,924
Total comprehensive income for the period/year	(45,223)	(281,009)	(253,789)	(204,788)	1,306,527
Attributable to:					
Owners of the parent	(29,825)	(151,784)	(129,758)	(107,652)	657,038
Non-controlling interests	(15,398)	(129,225)	(124,031)	(97,136)	649,489
	(45,223)	(281,009)	(253,789)	(204,788)	1,306,527

	STATEMENT OF FINANCIAL POSITION		
	Sep 2018	Sep 2017	Dec 2017
	Unaudited	Unaudited	Audited
THE GROUP - (MUR'000)			
Assets			
Non-Current Assets			
Property, plant and equipment	8,127,107	6,907,606	8,296,015
Intangible assets	1,129,660	1,156,313	1,147,427
Investments in associates	1,193,163	1,074,158	1,142,851
Financial assets at fair value through other comprehensive income	545	545	545
Non-current receivables	56,286	-	10,800
Deferred tax assets	94,475	100,786	92,075
	10,601,236	9,239,408	10,689,713
	1,321,609	1,310,088	1,486,337
Total Assets	11,922,845	10,549,496	12,176,050
Equity and Liabilities			
Owners' interest	2,876,620	2,110,540	2,906,445
Non-controlling interest	2,807,667	2,086,604	2,857,485
Total equity	5,684,287	4,197,144	5,763,930
Non-Current Liabilities			
Borrowings	4,030,366	4,212,839	3,915,301
Deferred tax liabilities	58,184	61,991	61,295
Retirement benefit obligations	186,396	137,906	186,396
	4,274,946	4,412,736	4,162,992
Current Liabilities	1,963,612	1,939,616	2,249,128
Total Liabilities	6,238,558	6,352,352	6,412,120
Total Equity and Liabilities	11,922,845	10,549,496	12,176,050
Net Asset Value per share (MUR)	51.44	37.74	51.97

	STATEMENT OF CASH FLOW		
	Sep 2018	Sep 2017	Dec 2017
	Unaudited	Unaudited	Audited
THE GROUP - (MUR'000)			
Net cash generated from operating activities	235,146	138,359	442,162
Net cash used in investing activities	(120,392)	(310,970)	(410,863)
Net cash (used in)/generated from financing activities	(185,852)	201,681	4,543
(Decrease)/increase in cash and cash equivalents	(71,098)	29,070	35,842
Cash and cash equivalents at beginning of the period/year	(406,071)	(441,913)	(441,913)
Cash and cash equivalents at end of the period/year	(477,169)	(412,843)	(406,071)

	STATEMENT OF CHANGES IN EQUITY						
	Attributable to owners of the parent					Non-controlling interest	Total
	Stated capital	Other reserves	Retained earnings	Owners' interest			
THE GROUP - (MUR'000)							
Balance at January 1, 2018	1,102,001	1,514,087	290,357	2,906,445	2,857,485	5,763,930	
Total comprehensive income for the period	-	21,513	(51,338)	(29,825)	(15,398)	(45,223)	
Dividend	-	-	-	-	(34,420)	(34,420)	
Balance at September 30, 2018	1,102,001	1,535,600	239,019	2,876,620	2,807,667	5,684,287	
At January 1, 2017	1,102,001	872,199	288,124	2,262,324	2,209,772	4,472,096	
Total comprehensive income for the period	-	(75,280)	(76,504)	(151,784)	(129,225)	(281,009)	
Proceed from shares issued	-	-	-	-	10,010	10,010	
Dividend	-	-	-	-	(3,953)	(3,953)	
Balance at September 30, 2017	1,102,001	796,919	211,620	2,110,540	2,086,604	4,197,144	
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	

	GEOGRAPHICAL INFORMATION					
	Nine months to Sep 2018			Nine months to Sep 2017		
	Mauritius	Maldives	Total	Mauritius	Maldives	Total
THE GROUP - (MUR'000)						
Revenue	1,439,381	1,190,359	2,629,740	1,314,846	1,241,761	2,556,607
Operating profit/(loss)	140,189	(18,953)	121,236	119,446	(12,744)	106,702

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 statements for the quarter and nine months ended 30 September 2018 are unaudited. The accounting policies and standards used in the preparation of these abridged unaudited financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2017, except for relevant amendments to published standards issued and which are effective as from 01 January 2018. This interim report complies with IAS 34.

3. General Comments

For the nine months to 30 September 2018, Mauritius and Maldives recorded positive increases in their tourist arrivals of 4.3% and 8.3% respectively; Seychelles cumulated a marginal decrease of 0.6%.

The performance of both owned and managed hotels in CHSL group has improved despite a lower combined occupancy of 66.2% (2017: 71.7%) mainly as a result of a pricing positioning strategy for certain destinations. The challenging trading conditions in Maldives due to the declaration of a state of emergency in February 2018 and the tighter competitive environment setting-in with new hotels openings in the luxury segment of the market, also, affected occupancy. The higher ADR (Average Daily Rate) contributed to an enhanced RevPAR (Revenue Per Available Room) of MUR 9,428 (2017: MUR 9,216). Trev PAR (Total Revenue Per Available Room) of MUR 15,639 (2017: MUR 15,855) was slightly lower than last year on account of the inferior occupancy.

4. Results

Group revenue for the nine months to 30 September 2018 was better than the corresponding period last year at MUR 2,630m (2017: MUR 2,557m) resulting in an EBITDA of MUR 507m (2017: MUR 478m).

Improved performance from our associated companies in Seychelles and Madagascar contributed favourably to group results, with a share of profit of MUR 60m (2017: MUR 45m).

Group loss for the period was MUR 88m, an improvement compared to the previous year (2017: loss MUR 131m) as a result of lower finance costs, higher share of profit from associates and reduced taxation.

5. Outlook

Given CHSL's bookings in hand, the last quarter for 2018 looks positive for CHSL's properties both in Mauritius and Seychelles and improved results are expected for the year.

CHSL's Maldives properties continue to recover from the downturn in occupancies during the past six months and their results are expected to be in line with 2017. Going forward, CHSL remains confident that this destination will recover as it remains an attractive market.

By order of the Board

La Gaieté Services Ltd
Secretary

13 November 2018

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 statements are issued pursuant to DEM Listing Rule 17 and Securities Act 2005. The Board of Hotelest Ltd accepts full responsibility for the accuracy of these financial statements. Copies of these abridged unaudited financial statements are available to the public free of charge at 5th floor, Labama House, 35 Sir William Newton Street, Port Louis, Mauritius.

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