HOTELEST LIMITED AND ITS SUBSIDIARIES

Abridged interim unaudited financial statements for the period ended 30 June 2019

STATEMENT OF PROFIT OR LOSS

	Half year ended		Quarter ended		Year ended
	Jun-19	Jun-18	**Jun-19**	Jun-18	Dec-18
THE GROUP - (MUR'000)	**Unaudited**	Unaudited	**Unaudited**	Unaudited	Audited
Revenue	**1,907,317**	1,992,311	**707,524**	683,012	3,747,479
Earnings before interest, taxation, depreciation and amortisation	**462,895**	524,449	**(7,952)**	(2,448)	913,667
Depreciation and amortisation	**(250,310)**	(261,501)	**(116,814)**	(123,817)	(457,155)
Operating profit/(loss)	**212,585**	262,948	**(124,766)**	(126,265)	456,512
Finance costs	**(158,787)**	(167,519)	**(78,912)**	(87,485)	(324,323)
Share of results of associates	**51,791**	28,567	**22,864**	2,237	120,757
Profit before taxation and pre-opening expenses	**105,589**	123,996	**(180,814)**	(211,513)	252,946
Pre-opening expenses	**-**	-	**-**	-	(14,245)
Profit/(loss) before taxation	**105,589**	123,996	**(180,814)**	(211,513)	238,701
Taxation	**(5,049)**	(8,699)	**1,194**	(2,988)	(28,598)
Profit/(loss) for the period/year	**100,540**	115,297	**(179,620)**	(214,501)	210,103
Attributable to:					
Owners of the parent	**48,099**	53,117	**(92,616)**	(111,209)	98,250
Non-controlling interests	**52,441**	62,180	**(87,005)**	(103,292)	111,853
	100,540	115,297	**(179,620)**	(214,501)	210,103
Earnings per share (MUR)	**0.86**	0.95	**(1.66)**	(1.99)	1.76

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Half year ended		Quarter ended		Year ended
	Jun-19	Jun-18	**Jun-19**	Jun-18	Dec-18
THE GROUP - (MUR'000)	**Unaudited**	Unaudited	**Unaudited**	Unaudited	Audited
Profit/(loss) for the period/year	**100,540**	115,297	**(179,620)**	(214,501)	210,103
Other comprehensive income for the period/year	**32,017**	93,269	**17,332**	72,283	249,978
Total comprehensive income for the period/year	**132,557**	208,566	**(162,288)**	(142,218)	460,081
Attributable to:					
Owners of the parent	**63,725**	99,933	**(84,110)**	(75,266)	225,317
Non-controlling interests	**68,832**	108,633	**(78,178)**	(66,952)	234,764
	132,557	208,566	**(162,288)**	(142,218)	460,081

STATEMENT OF FINANCIAL POSITION

THE GROUP - (MUR'000)	**Jun-19**	Jun-18	Dec-18
Assets	**Unaudited**	Unaudited	Audited
Non-Current Assets			
Property, plant and equipment	**8,078,800**	8,222,583	8,091,359
Intangible assets	**1,146,835**	1,153,312	1,131,970
Investments in associates	**1,670,903**	1,174,438	1,616,805
Investment in financial assets	**-**	545	-
Financial assets at amortised cost	**113,826**	51,745	110,755
Deferred tax assets	**83,408**	94,475	82,185
	11,093,772	10,697,098	11,033,074
Current Assets	**1,231,423**	1,365,000	1,417,837
Total Assets	**12,325,195**	12,062,098	12,450,911
Equity and Liabilities			
Owners' interest	**3,169,762**	3,006,378	3,106,037
Non-controlling interests	**3,079,001**	2,947,725	3,030,963
Total equity	**6,248,763**	5,954,103	6,137,000
Non-Current Liabilities			
Borrowings	**3,800,317**	3,959,817	3,380,648
Deferred tax liabilities	**58,983**	58,820	60,062
Retirement benefit obligations	**182,698**	186,396	182,702
	4,041,998	4,205,033	3,623,412
Current Liabilities	**2,034,434**	1,902,962	2,690,499
Total Liabilities	**6,076,432**	6,107,995	6,313,911
Total Equity and Liabilities	**12,325,195**	12,062,098	12,450,911
Net Asset Value per share (MUR)	**56.68**	53.76	55.54

STATEMENT OF CASH FLOW

THE GROUP - (MUR'000)	**Jun-19**	Jun-18	Dec-18
	Unaudited	Unaudited	Audited
Net cash generated from operating activities	**268,301**	240,298	314,504
Net cash used in investing activities	**(108,475)**	(60,355)	(164,957)
Net cash used in financing activities	**(250,239)**	(257,936)	(179,673)
Net decrease in cash and cash equivalents	**(90,413)**	(77,993)	(30,126)
Cash and cash equivalents at beginning of the period/year	**(436,197)**	(406,071)	(406,071)
Cash and cash equivalents at end of the period/year	**(526,610)**	(484,064)	(436,197)

STATEMENT OF CHANGES IN EQUITY

THE GROUP - (MUR'000)	**Attributable to owners of the parent**					
	Stated capital	Revaluation and other reserves	Retained earnings	Owners' interest	Non-controlling interests	Total
Balance at January 1, 2019	1,102,001	1,641,154	362,882	3,106,037	3,030,963	6,137,000
Total comprehensive income for the period	-	15,626	48,099	63,725	68,832	132,557
Dividends	-	-	-	-	(20,794)	(20,794)
Balance at June 30, 2019	**1,102,001**	**1,656,780**	**410,981**	**3,169,762**	**3,079,001**	**6,248,763**
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	-	46,816	53,117	99,933	108,633	208,566
Dividends	-	-	-	-	(18,393)	(18,393)
Balance at June 30, 2018	**1,102,001**	**1,560,903**	**343,474**	**3,006,378**	**2,947,725**	**5,954,103**
Balance at January 1, 2018	1,102,001	1,514,087	290,357	2,906,445	2,857,485	5,763,930
Profit for the year	-	-	98,250	98,250	111,853	210,103
Other comprehensive income for the year	-	127,067	-	127,067	122,911	249,978
Dividends	-	-	(25,725)	(25,725)	(61,286)	(87,011)
Balance at December 31, 2018	**1,102,001**	**1,641,154**	**362,882**	**3,106,037**	**3,030,963**	**6,137,000**

GEOGRAPHICAL INFORMATION

THE GROUP - (MUR'000)	**6 months to June 2019**			6 months to June 2018		
	Mauritius	**Maldives**	**Total**	Mauritius	Maldives	Total
Revenue	**1,008,300**	**899,017**	**1,907,317**	1,103,239	889,072	1,992,311
Operating profit	**148,982**	**63,603**	**212,585**	204,217	58,731	262,948

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 half year ended 30 June 2019 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 2018. The effect of IFRS 16, which is effective 01 January 2019 is still being finalized and is not reflected in this interim report.

3. General Comments

The number of tourist arrivals in CHSL's principal destinations increased for the first semester of 2019 compared to the previous year.

Maldives had the highest increase with 18.7% (2019: 862,589 compared to 2018: 726,515), followed by Seychelles with 8.7% increase (2019: 187,108 against 2018: 172,099) and Mauritius with a marginal increase of 0.5% only (2019: 650,082 against 2018: 646,865). The excellent growth in arrivals in the Maldives, however, was mitigated by a significant increase in accommodation supply with new hotel openings.

4. Results

CHSL's owned and managed hotels achieved an occupancy rate of 67.3% compared to 66.2% in 2018, with both RevPar and Trev Par improving by 3% compared to last year.

However, given the market constraints in Mauritius its owned properties' recorded a decrease in ARR and GOP. In the Maldives, it maintained a stable RevPar with good operational results.

CHSL's managed hotels, in the Seychelles and Madagascar, performed well, with positive contributions made to Group profit.

Group revenue was MUR 1,907 million (2018: MUR 1,992 million) and EBITDA MUR 463 million (2018: MUR 524 million), inclusive of a forex gain of MUR 41 million representing a EBITDA margin of 24% (2018: 26%).

Finance costs decreased by 5% to MUR 159 million. The share of results of associates improved to MUR 52 million compared to MUR 29 million in 2018, as a result of the enhanced operating performances of CHSL's properties in the Seychelles and Madagascar.

Profit for the half year was MUR 101 million (2018: MUR 115 million) after accounting for taxation of MUR 5 million (2018: MUR 9 million).

5. Outlook

The five star segment will continue to be challenging in all CHSL's operating jurisdictions.

Mauritius remains a competitive market with rate sensitivity and the Maldives will continue to suffer from increasing room supply and aggressive pricing.

Seychelles, on the other hand, should remain a positive market although there are threats of broadening competitive pricing.

Nonetheless, and unless affected by unforeseen adverse market and economic conditions, CHSL expects to maintain market share and optimize performance during the second semester.

By order of the Board

La Gaieté Services Ltd
Secretary

12 August 2019

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.

BRN: C06014126