

HOTELEST LIMITED AND ITS SUBSIDIARIES

Abridged interim unaudited financial statements for the half year ended 30 June 2018

	STATEMENT OF PROFIT OR LOSS					COMMENTS
	Half year ended		Quarter ended		Year ended	
	Jun 2018 Unaudited	Jun 2017 Unaudited	Jun 2018 Unaudited	Jun 2017 Unaudited	Dec 2017 Audited	
THE GROUP - (MUR'000)						
Revenue	1,992,311	1,836,678	683,012	706,020	3,766,189	
Earnings before interest, taxation, depreciation and amortisation	524,449	434,345	(2,448)	16,177	859,761	
Depreciation and amortisation	(261,501)	(241,901)	(123,817)	(123,276)	(469,665)	
Operating profit/(loss)	262,948	192,444	(126,265)	(107,099)	390,096	
Finance costs	(167,519)	(169,455)	(87,485)	(84,264)	(331,468)	
Share of results of associates	28,567	20,689	2,237	10,557	81,358	
Pre-opening expenses	-	-	-	-	(8,491)	
Profit/(loss) before taxation	123,996	43,678	(211,513)	(180,806)	131,495	
Income tax expense	(8,699)	(20,014)	(2,988)	(7,645)	(58,892)	
Profit/(loss) for the period/year	115,297	23,664	(214,501)	(188,451)	72,603	
Attributable to:						
Owners of the parent	53,117	5,960	(111,209)	(98,899)	26,199	
Non-controlling interests	62,180	17,704	(103,292)	(89,552)	46,404	
	115,297	23,664	(214,501)	(188,451)	72,603	
Earnings/(loss) per share (MUR)	0.95	0.11	(1.99)	(1.77)	0.47	
	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
	Half year ended		Quarter ended		Year ended	
	Jun 2018 Unaudited	Jun 2017 Unaudited	Jun 2018 Unaudited	Jun 2017 Unaudited	Dec 2017 Audited	
THE GROUP - (MUR'000)						
Profit/(loss) for the period/year	115,297	23,664	(214,501)	(188,451)	72,603	
Other comprehensive income for the period/year	93,269	(99,885)	72,283	(59,063)	1,233,924	
Total comprehensive income for the period/year	208,566	(76,221)	(142,218)	(247,514)	1,306,527	
Attributable to:						
Owners of the parent	99,933	(44,132)	(75,266)	(128,439)	657,038	
Non-controlling interests	108,633	(32,089)	(66,952)	(119,075)	649,489	
	208,566	(76,221)	(142,218)	(247,514)	1,306,527	
	STATEMENT OF FINANCIAL POSITION					
THE GROUP - (MUR'000)		Jun 2018 Unaudited	Jun 2017 Unaudited	Dec 2017 Audited		
Assets						
Non-Current Assets						
Property, plant and equipment		8,222,583	7,021,484	8,296,015		
Intangible assets		1,153,312	1,187,280	1,147,427		
Investments in associates		1,174,438	868,392	1,142,851		
Financial assets at fair value through other comprehensive income		545	545	545		
Non-current receivables		51,745	-	10,800		
Deferred tax assets		94,475	100,786	92,075		
		10,697,098	9,178,487	10,689,713		
		1,365,000	1,230,850	1,486,337		
Current Assets						
Total Assets		12,062,098	10,409,337	12,176,050		
Equity and Liabilities						
Owners' interest		3,006,378	2,218,192	2,906,445		
Non-controlling interest		2,947,725	2,173,689	2,857,485		
Total equity		5,954,103	4,391,881	5,763,930		
Non-Current Liabilities						
Borrowings		3,959,817	4,037,141	3,915,301		
Deferred tax liabilities		58,820	63,239	61,295		
Retirement benefit obligations		186,396	137,906	186,396		
		4,205,033	4,238,286	4,162,992		
Current Liabilities		1,902,962	1,779,170	2,249,128		
Total Liabilities		6,107,995	6,017,456	6,412,120		
Total Equity and Liabilities		12,062,098	10,409,337	12,176,050		
Net Asset Value per share (MUR)		53.76	39.66	51.97		
	STATEMENT OF CASH FLOW					
THE GROUP - (MUR'000)		Jun 2018 Unaudited	Jun 2017 Unaudited	Dec 2017 Audited		
Net cash generated from operating activities		240,298	169,702	442,162		
Net cash used in investing activities		(60,355)	(60,255)	(410,863)		
Net cash (used in)/generated from financing activities		(257,936)	(19,875)	4,543		
(Decrease)/increase in cash and cash equivalents		(77,993)	89,572	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		(484,064)	(352,341)	(406,071)		
	STATEMENT OF CHANGES IN EQUITY					
THE GROUP - (MUR'000)	Attributable to owners of the parent					
	Stated capital	Other reserves	Retained earnings	Owners' interest	Non-controlling interest	Total
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
Dividend	-	-	-	-	(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, 2017	1,102,001	872,199	288,124	2,262,324	2,209,772	4,472,096
Total comprehensive income for the period	-	(50,092)	5,960	(44,132)	(32,089)	(76,221)
Dividend	-	-	-	-	(3,994)	(3,994)
Balance at June 30, 2017	1,102,001	822,107	294,084	2,218,192	2,173,689	4,391,881
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					
THE GROUP - (MUR'000)	6 months to Jun 2018			6 months to Jun 2017		
	Mauritius	Maldives	Total	Mauritius	Maldives	Total
Revenue	1,103,239	889,072	1,992,311	940,786	895,892	1,836,678
Operating profit	204,217	58,731	262,948	145,222	47,222	192,444

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 half year ended 30 June 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

During the second quarter of 2018, tourist arrivals experienced a significant drop in all CHSL's main destinations. On a cumulative basis, for the first six months, arrivals for the region remained positive. Mauritius and Seychelles cumulated growths of 3.4% and 1.3% respectively whereas Maldives recorded a higher growth of 10.5%.

CHSL's Mauritius and Maldives properties achieved better overall performance than last year although results were adversely impacted by a decrease in arrivals in the destinations during the second quarter. CHSL's properties in Seychelles continued to perform satisfactorily by maintaining market share. Combined occupancies of our owned and managed hotels attained 67.5% (2017: 70.9%) but with an enhanced RevPAR (3.8% increase) and Trev PAR (1.6% increase) due to the pricing strategy in place.

4. Results

Group performance was better than last year with improved revenue of MUR 1,992.3 million (2017: MUR 1,836.7 million) and EBITDA of MUR 524.4 million (2017: MUR 434.3 million). Finance costs were MUR 167.5 million (2017: MUR 169.5 million), and, share of results of associates progressed to MUR 28.6 million (2017: MUR 20.7 million) due to the favourable operating performances of our Seychelles and Madagascar entities.

Profit for the period was MUR 115.3 million (2017: MUR 23.7 million) after accounting for taxation of MUR 8.7 million (2017: MUR 20.0 million).

5. Outlook

For the third quarter, Mauritius and Seychelles are expected to continue to achieve positive growth in tourist arrivals, which should help uphold favourable results for CHSL's properties. The increase in tourist arrivals in the Maldives should also be maintained, however, the performance of CHSL's properties could be subdued due to rate pressures and increasing hotel rooms supply. The performance for the rest of the year is on track on the basis of current bookings and outlook for CHSL's key destinations.

By order of the Board

La Gaieté Services Ltd
Secretary

14 August 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.