

CONSTANCE HOTELS SERVICES LTD AND ITS SUBSIDIARIES
Abridged interim unaudited financial statements for the period ended 30 June 2014

INCOME STATEMENT

The Group (Rs'000)	Half year ended		Quarter ended		Year ended
	Jun-14	Jun-13	Jun-14	Jun-13	Dec-13
	Unaudited				Audited
Revenue	1,863,373	1,115,021	830,872	412,419	2,563,590
EBITDA	614,068	256,962	181,618	(3,852)	620,892
Depreciation/amortisation	(212,962)	(137,084)	(97,459)	(68,727)	(341,463)
Operating profit/(loss)	401,106	119,878	84,159	(72,579)	279,429
Finance costs	(193,182)	(154,205)	(92,447)	(77,163)	(359,539)
Exceptional item	-	-	-	-	176,031
Share of results of associates	(6,418)	(34,912)	(11,395)	(28,766)	(104,962)
Profit/(loss) before taxation	201,506	(69,239)	(19,683)	(178,508)	(9,041)
Taxation	(26,871)	(18,330)	(13,354)	(6,637)	(22,773)
Profit/(loss) for the period	174,635	(87,569)	(33,037)	(185,145)	(31,814)
Attributable to:					
Owners of the parent	163,785	(96,894)	(37,727)	(188,427)	(50,281)
Non-controlling interest	10,850	9,325	4,690	3,282	18,467
	174,635	(87,569)	(33,037)	(185,145)	(31,814)
Profit/(loss) per share Rs.	2.56	(1.51)	(0.59)	(2.95)	(0.79)

STATEMENT OF COMPREHENSIVE INCOME

The Group (Rs'000)	Half year ended		Quarter ended		Year ended
	Jun-14	Jun-13	Jun-14	Jun-13	Dec-13
	Unaudited				Audited
Profit/(loss) for the period	174,635	(87,569)	(33,037)	(185,145)	(31,814)
Other comprehensive income for the period	(71,328)	(8,256)	(62,893)	11,961	245,253
Total comprehensive income for the period	103,307	(95,825)	(95,930)	(173,184)	213,439
Attributable to:					
Owners of the parent	92,405	(105,262)	(100,649)	(176,459)	195,113
Non-controlling interest	10,901	9,437	4,719	3,275	18,326
	103,306	(95,825)	(95,930)	(173,184)	213,439

STATEMENT OF CHANGES IN EQUITY

The Group (Rs'000)	Attributable to owners of the parent				
	Share Capital	Reserves	Owners' Interest	Non-controlling Interest	Total Equity
Balance at January 1, 2014	936,783	1,919,384	2,856,167	15,891	2,872,058
Total comprehensive income for the period	-	92,405	92,405	10,901	103,306
Dividend to non-controlling interest	-	-	-	(6,996)	(6,996)
Balance at June 30, 2014	936,783	2,011,789	2,948,572	19,796	2,968,368
Balance at January 1, 2013	936,783	1,719,336	2,656,119	5,537	2,661,656
Total comprehensive income for the period	-	(105,262)	(105,262)	9,437	(95,825)
Balance at June 30, 2013	936,783	1,614,074	2,550,857	14,974	2,565,831
Balance at January 1, 2013					
- As reported previously	936,783	1,752,239	2,689,022	5,537	2,694,559
- Effect of adopting IAS 19 (revised)	-	(27,968)	(27,968)	-	(27,968)
- As restated	936,783	1,724,271	2,661,054	5,537	2,666,591
Total comprehensive income for the year	-	195,113	195,113	18,326	213,439
Dividend to non-controlling interest	-	-	-	(7,972)	(7,972)
Balance at December 31, 2013	936,783	1,919,384	2,856,167	15,891	2,872,058

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 Constance Hotels Services 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.

STATEMENT OF FINANCIAL POSITION

The Group (Rs'000)	Jun-14	Jun-13	Dec-13
	Unaudited	Unaudited	Audited
Assets			
Non-Current Assets			
Property, plant and equipment	6,699,011	4,911,471	6,856,294
Intangible assets	1,007,736	370,564	1,024,579
Investments in associated companies	762,810	955,948	773,209
Investment in financial assets	545	2,045	2,045
Retirement benefit obligations	-	1,893	-
Loan to related companies	-	35,309	-
Deferred tax assets	31,272	18,393	45,728
	8,501,374	6,295,623	8,701,855
Current Assets	788,369	738,685	888,316
Total Assets	9,289,743	7,034,308	9,590,171
Equity and Liabilities			
Owners' interest	2,948,572	2,550,857	2,856,167
Non-controlling interest	19,796	14,974	15,891
	2,968,368	2,565,831	2,872,058
Non-Current Liabilities			
Borrowings	3,433,281	3,019,517	3,665,802
Deferred tax liabilities	39,305	7,124	20
Retirement benefit obligations	85,903	56,164	75,906
	3,558,489	3,082,805	3,741,728
Current Liabilities	2,762,886	1,385,672	2,976,385
Total Liabilities	6,321,375	4,468,477	6,718,113
Total Equity and Liabilities	9,289,743	7,034,308	9,590,171
Net Asset Value per share Rs.	46.10	39.88	44.65

STATEMENT OF CASH FLOW

The Group (Rs'000)	Jun-14	Jun-13	Dec-13
	Unaudited	Unaudited	Audited
Net Cash from operations	404,359	93,864	179,258
Net Cash used in investing activities	(32,652)	(18,605)	(783,848)
Net Cash used in financing activities	(184,597)	(35,218)	(450,944)
Net increase/(decrease) in cash and cash equivalents	187,110	40,041	(1,055,534)
Cash and cash equivalents at beginning of the period	(1,581,976)	(526,442)	(526,442)
Cash and cash equivalents at end of the period	(1,394,866)	(486,401)	(1,581,976)

By order of the Board
La Gaieté Services Ltd
Secretaries
08 August 2014

Comments

Consolidation and Accounting Standards

The abridged financial statements for the six months and quarter ended June 30, 2014 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 2013 and comply with IAS 34.

The results for the half year 2014 are not comparable to last year's corresponding period, following the acquisition of Constance Halaveli Resort, Maldives (CHRM) in July 2013.

Results

The Company maintained the positive trend achieved during the first quarter 2014 with its hotels in all destinations reporting improved performance, compared to the corresponding period last year. In addition, revenues generated from one-off group events, which occurred during the second quarter, contributed positively to the results.

With consolidation of CHRM's results, and the improved performance mentioned above, group revenue reached MUR 1,863 million from MUR 1,115 million at 30 June 2013, generating an appreciable EBITDA of MUR 614 million against MUR 257 million last year. Finance costs were MUR 193 million against MUR 154 million in 2013. Share of loss from associates reduced to MUR 6 million from MUR 35 million as the combined performance of hotels operating in the Seychelles improved compared to 2013. Group profit after tax improved significantly to reach MUR 175 million compared to a loss of MUR 88 million at 30 June 2013.

Outlook

Forward bookings are encouraging for all our hotels, in line with the positive trend generally witnessed for the high season. Given the performance recorded for the first semester 2014, we are confident that providing there is no unexpected deterioration in the market, Constance Hotels will record a much improved result for the full year compared to 2013.

Financial Plan

The Board has been informed that following a related party transaction between Belle Mare Holding Ltd (BMH) and a number of Hotelst Limited (HTL) shareholders, BMH shareholding in the company shall increase to 30.01%. As a consequence, BMH shall make a mandatory offer to the shareholders of HTL and CHSL.

As previously reported, the Company's financial plan has today been approved by the Board and comprises of a rights issue of Rs1,234m, which shall take place once the above mandatory offer from BMH has been completed.

A Cautionary Announcement has been issued today in relation to the above.

Geographical information

The Group (Rs'000)	Mauritius	Maldives	Total
Jun-14			
Revenue	836,171	1,027,202	1,863,373
Operating Profit	198,035	203,071	401,106
Jun-13			
Revenue	654,521	460,500	1,115,021
Operating Profit	47,234	72,644	119,878