

HOTELEST LIMITED AND ITS SUBSIDIARIES

Abridged interim unaudited financial statements for the half year 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	613,383	256,106	181,271	(4,401)	619,506
Depreciation/amortisation	(212,962)	(137,084)	(97,459)	(68,727)	(341,463)
Operating profit/(loss)	400,421	119,022	83,812	(73,128)	278,043
Finance costs	(193,361)	(154,303)	(92,535)	(77,221)	(359,815)
Exceptional item	-	-	-	-	176,031
Share of results of associates	(6,418)	(34,912)	(11,395)	(28,766)	(104,962)
Profit/(loss) before taxation	200,642	(70,193)	(20,118)	(179,115)	(10,703)
Taxation	(26,871)	(18,330)	(13,354)	(6,637)	(22,773)
Profit/(loss) for the period	173,771	(88,523)	(33,472)	(185,752)	(33,476)
Attributable to:					
Owners of parent	82,666	(50,370)	(19,676)	(96,705)	(27,305)
Non-controlling interest	91,105	(38,153)	(13,796)	(89,047)	(6,171)
	173,771	(88,523)	(33,472)	(185,752)	(33,476)
Profit/(loss) per share Rs.	2.53	(1.54)	(0.60)	(2.96)	(0.84)

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	173,771	(88,523)	(33,472)	(185,752)	(33,476)
Other comprehensive income for the period	(71,328)	(8,256)	(62,892)	11,961	245,253
Total comprehensive income for the period	102,443	(96,779)	(96,364)	(173,791)	211,777
Attributable to:					
Owners of parent	46,263	(54,638)	(51,766)	(90,602)	97,845
Non-controlling interest	56,180	(42,141)	(44,598)	(83,189)	113,932
	102,443	(96,779)	(96,364)	(173,791)	211,777

STATEMENT OF CHANGES IN EQUITY

The Group (Rs'000)	Attributable to owners of the parent					Total Equity
	Stated Capital	Revaluation & Other Reserves	Retained Earnings	Owners' Interest	Non-Controlling Interest	
Balance at January 1, 2014	477,397	756,575	216,003	1,449,975	1,415,412	2,865,387
Total comprehensive income for the period	-	(36,403)	82,666	46,263	56,180	102,443
Dividend to Non-controlling interest	-	-	-	-	(6,996)	(6,996)
Balance at June 30, 2014	477,397	720,172	298,669	1,496,238	1,464,596	2,960,834
Balance at January 1, 2013	477,397	628,936	243,279	1,349,612	1,307,035	2,656,647
Total comprehensive income for the period	-	(4,268)	(50,370)	(54,638)	(42,141)	(96,779)
Balance at June 30, 2013	477,397	624,668	192,909	1,294,974	1,264,894	2,559,868
Balance at January 1, 2013	477,397	645,526	243,470	1,366,393	1,323,157	2,689,550
- As reported previously	-	(14,101)	(162)	(14,263)	(13,705)	(27,968)
- Effect of adopting IAS 19 (revised)	477,397	631,425	243,308	1,352,130	1,309,452	2,661,582
- As restated	-	-	(27,305)	(27,305)	(6,171)	(33,476)
Loss for the year	-	125,150	-	125,150	120,103	245,253
Other comprehensive income for the year	-	-	-	-	(7,972)	(7,972)
Dividend to Non-controlling interest	-	-	-	-	-	-
Balance at December 31, 2013	477,397	756,575	216,003	1,449,975	1,415,412	2,865,387

By order of the Board
La Gaieté Services Ltd
Secretaries

08 August 2014

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 The 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.

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	788,749	738,907	888,423
Total Assets	9,290,123	7,034,530	9,590,278
Equity and Liabilities			
Owners' interest	1,496,238	1,294,974	1,449,975
Non-controlling interest	1,464,596	1,264,894	1,415,412
	2,960,834	2,559,868	2,865,387
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	2,770,800	1,391,857	2,983,163
Total Liabilities	6,329,289	4,474,662	6,724,891
Total Equity and Liabilities	9,290,123	7,034,530	9,590,278

STATEMENT OF CASH FLOW

The Group (Rs'000)	Half year ended		Year ended
	Jun-14	Jun-13	Dec-13
	Unaudited		Audited
Net Cash from operations	403,495	93,290	177,853
Net Cash used in investing activities	(32,652)	(18,605)	(783,848)
Net Cash used in financing activities	(184,597)	(34,438)	(449,519)
Net increase/(decrease) in cash and cash equivalents	186,246	40,247	(1,055,514)
Cash and cash equivalents at beginning of the period	(1,581,976)	(526,436)	(526,436)
Cash and cash equivalents at end of the period	(1,395,730)	(486,189)	(1,581,950)

GEOGRAPHICAL INFORMATION

The Group (Rs'000)	Mauritius	Maldives	Total
	Jun-14		
Revenue	836,171	1,027,202	1,863,373
Operating profit	197,350	203,071	400,421
Jun-13			
Revenue	654,521	460,500	1,115,021
Operating profit	46,378	72,644	119,022

COMMENTS:

1. Principal activity

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

2. Consolidation & Accounting Standards

The abridged financial statements for the half year and quarter ended June 30, 2014 are unaudited. The accounting policies and standards used in the preparation of these abridged statements are consistent with those used in the audited financial statements for the year ended December 31, 2013 and comply with IAS 34.

The Group result is not comparable to similar period last year following the acquisition of Constance Halaveli Resort Maldives (CHRM) in July 2013.

3. Results

CHSL 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 613 million against MUR 256 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 174 million compared to a loss of MUR 89 million at 30 June 2013.

4. Outlook

Forward bookings are encouraging for all CHSL 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 significant deterioration in the market, CHSL will record a much improved result for the full year compared to 2013.

5. Financial Plan

The Board has been informed that following a related party transaction between Belle Mare Holding Ltd (BMH) and a number of HTL's 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.

The Board has also been made aware of the intention of CHSL to proceed with a rights issue and has thus resolved to proceed with a corresponding rights issue for MUR 630 million once the above mandatory offer from BMH has been completed.

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