

CONSTANCE HOTELS SERVICES LIMITED AND ITS SUBSIDIARIES

STATEMENT OF PROFIT OR LOSS

THE GROUP - (MUR'000)	Dec 2019		Dec 2018	
	Audited	Restated	Audited	Restated
Revenue	3,516,913	3,747,479	3,747,479	3,747,479
Earnings before interest, taxation, depreciation and amortisation	984,660	909,189	909,189	909,189
Depreciation and amortisation	(543,703)	(457,155)	(457,155)	(457,155)
Operating profit	440,957	452,034	452,034	452,034
Net impairment losses on financial assets	(88,002)	-	-	-
Finance costs				
- on financial debt	(320,647)	(324,294)	(324,294)	(324,294)
- on rights of use assets	(223,346)	-	-	-
Share of results of associates	92,575	120,757	120,757	120,757
(Loss)/profit before taxation and non recurring items	(98,463)	248,497	248,497	248,497
Non recurring items	(41,863)	(14,245)	(14,245)	(14,245)
(Loss)/profit before taxation	(140,326)	234,252	234,252	234,252
Income tax credit/(expense)	3,670	(26,176)	(26,176)	(26,176)
(Loss)/profit for the year	(136,656)	208,076	208,076	208,076
Attributable to:				
Owners of the parent	(142,296)	193,887	193,887	193,887
Non-controlling interests	5,640	14,189	14,189	14,189
(Loss)/earnings per share (MUR)	(1.30)	1.77	1.77	1.77

COMMENTS

1 Consolidation and Accounting Standards

The abridged financial statements for the year ended 31 December 2019 are audited by BDO & Co. The financial statements comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards effective for the year under review.

2 General Comments

In 2019, with the exception of Mauritius, which experienced a marginal decrease, the Maldives and Seychelles saw growth, in tourist arrivals.

Arrivals for Mauritius decreased by 1.1% with 1,383,488 (2018: 1,399,408) while Maldives saw a 14.7% increase with 1,702,887 arrivals (2018: 1,484,274) and Seychelles had a 6.2% increase with 384,204 arrivals (2018: 361,844).

3 Results

Occupancy for all hotels, owned and managed, was 67% (2018: 68%) with an improved RevPAR of MUR 10,391 (2018: MUR 10,217) and TrevPAR of MUR 17,037 (2018: MUR 16,680).

The business conditions prevailing in Mauritius and Maldives during the year were challenging and the Group achieved a revenue of MUR 3,517 million (2018: MUR 3,747 million). With the introduction of IFRS 16 – Leases and the Group's decision to apply the standard prospective as from 01 January 2019, the EBITDA for the year amounted to MUR 985 million compared to MUR 909 million in 2018. Depreciation and finance cost figures were also impacted with the new standard on leases.

As a result of the appreciable performance from our Seychelles and Madagascar operations, the Group posted a share of results from associated companies of MUR 93 million.

After taking on the impact of IFRS 16, a provision for impairment of MUR 88 million and pre-opening expenses of MUR 42 million, the Group booked pre-tax loss of MUR 140 million. Loss for the year was MUR 137 million (2018 restated: MUR 208 million).

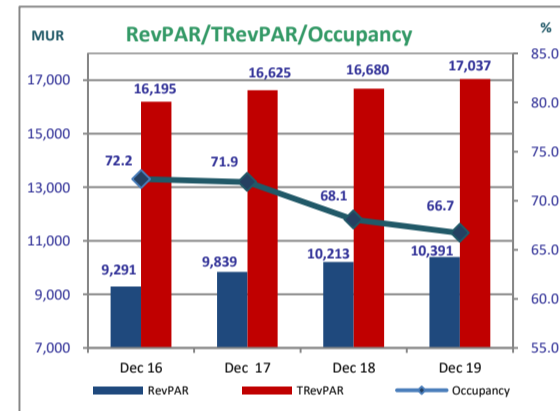
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

THE GROUP - (MUR'000)	Dec 2019		Dec 2018	
	Audited	Restated	Audited	Restated
(Loss)/profit for the year	(136,656)	208,076	208,076	208,076
Other comprehensive income for the year	83,094	249,978	249,978	249,978
Total comprehensive income for the year	(53,562)	458,054	458,054	458,054
Attributable to:				
Owners of the parent	(61,084)	443,038	443,038	443,038
Non-controlling interests	7,522	15,016	15,016	15,016
	(53,562)	458,054	458,054	458,054

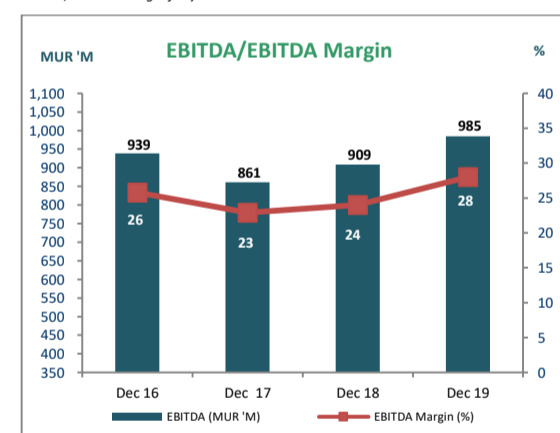
STATEMENT OF FINANCIAL POSITION

THE GROUP - (MUR'000)	Dec 2019		Dec 2018	
	Audited	Restated	Audited	Restated
Assets				
Non-Current Assets				
Property, plant and equipment	8,237,098	8,091,359	8,091,359	8,091,359
Right-of-use assets	3,479,116	-	-	-
Intangible assets	502,949	1,131,970	1,131,970	1,131,970
Investments in associates	1,754,239	1,616,805	1,616,805	1,616,805
Financial assets at amortised cost	53,906	110,755	110,755	110,755
Deferred tax assets	96,770	92,761	92,761	92,761
Current Assets				
Total Assets	15,517,132	12,463,586	12,463,586	12,463,586
Equity and Liabilities				
Owners' interest	5,978,769	6,041,498	6,041,498	6,041,498
Non-controlling interests	10,581	45,330	45,330	45,330
Total equity	5,989,350	6,086,828	6,086,828	6,086,828
Non-Current Liabilities				
Borrowings	2,748,198	3,380,648	3,380,648	3,380,648
Lease liabilities	2,910,052	-	-	-
Deferred tax liabilities	44,870	60,062	60,062	60,062
Retirement benefit obligations	270,259	244,913	244,913	244,913
Current Liabilities				
Total Liabilities	9,527,782	6,376,758	6,376,758	6,376,758
Total Equity and Liabilities	15,517,132	12,463,586	12,463,586	12,463,586
Net Asset Value per share (MUR)	54.52	55.10	55.10	55.10

Operational performance of all hotels owned and managed for the year ended 31st Dec



EBITDA/EBITDA margin for year ended 31st Dec



STATEMENT OF CASH FLOW

THE GROUP - (MUR'000)	Dec 2019		Dec 2018	
	Audited	Restated	Audited	Restated
Net cash generated from operating activities	658,414	321,446	321,446	321,446
Net cash used in investing activities	(409,043)	(164,957)	(164,957)	(164,957)
Net cash used in financing activities	(196,652)	(185,626)	(185,626)	(185,626)
Net increase/(decrease) in cash and cash equivalents	52,719	(29,137)	(29,137)	(29,137)
Cash and cash equivalents at beginning of the year	(433,990)	(404,853)	(404,853)	(404,853)
Cash and cash equivalents at end of the year	(381,271)	(433,990)	(433,990)	(433,990)

STATEMENT OF CHANGES IN EQUITY

THE GROUP - (MUR'000)	Attributable to owners of the parent					Non-controlling interests	Total equity
	Stated capital	Revaluation and other reserves	Retained earnings	Owners' interest			
Balance at January 1, 2019	2,153,395	3,266,313	673,425	6,093,133	45,330	6,138,463	
- As previously reported	-	-	(51,635)	(51,635)	-	(51,635)	
- Prior year adjustment	-	-	(1,645)	(1,645)	-	(1,645)	
- As restated	2,153,395	3,266,313	620,145	6,039,853	45,330	6,085,183	
(Loss)/profit for the year	-	-	(142,296)	(142,296)	5,640	(136,656)	
Other comprehensive income for the year	-	81,212	-	81,212	1,882	83,094	
Dividends	-	-	-	-	(42,271)	(42,271)	
Balance at December 31, 2019	2,153,395	3,347,525	477,849	5,978,769	10,581	5,989,350	
Balance at January 1, 2018	2,153,395	3,017,162	528,938	5,699,495	64,734	5,764,229	
- As previously reported	-	-	(46,208)	(46,208)	-	(46,208)	
- Prior year adjustment	-	-	-	-	-	-	
- As restated	2,153,395	3,017,162	482,730	5,653,287	64,734	5,718,021	
Profit for the year - restated	-	-	193,887	193,887	14,189	208,076	
Other comprehensive income for the year	-	249,151	-	249,151	827	249,978	
Dividends	-	-	(54,827)	(54,827)	(34,420)	(89,247)	
Balance at December 31, 2018	2,153,395	3,266,313	621,790	6,041,498	45,330	6,086,828	

GEOGRAPHICAL INFORMATION

THE GROUP - (MUR'000)	Revenue from external customers		Non-current assets	
	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Mauritius	1,913,911	2,155,717	8,007,555	7,466,153
Maldives	1,603,002	1,591,762	6,116,523	3,577,497
Total	3,516,913	3,747,479	14,124,078	11,043,650

4 COVID-19

The spread of COVID-19 has severely impacted the economy and more specifically the hotel industry. With a complete global travel ban from mid March 2020, our hotels operations were forced to cease for an indefinite period thus creating significant disruption to our business and posing a major crisis with evolving challenges.

The focus in our resorts shifted from driving revenue and operating performance to the adoption of a series of COVID-19 induced decisions to safeguard in priority the health of our guests and employees whilst at the same time protecting our business interests. The group companies implemented a range of cost containment measures to mitigate the impact of no revenue, applied for and received the Wage Assistance Schemes proposed by the Mauritian and Seychelles governments. Moreover, we obtained the deferral of loans interest servicing and capital repayments from our bankers.

5 Outlook

It is expected that the Group's revenue and cashflow situation for the year 2020 will be significantly impacted due to the uncertainty prevailing on the resumption of activities and the deteriorating economic environment. In addition to the measures taken above, the Group is working on plans to provide both financial and non-financial assistance, including financial restructuring plan and support scheme from the Mauritius Investment Corporation Ltd, amongst others.

By order of the Board

La Gaieté Services Ltd
Secretary
30 June 2020