

ABRIDGED UNAUDITED GROUP FINANCIAL STATEMENTS

For the Quarter and six months Ended 31 March 2020



UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

<i>In MUR (000)</i>	<i>Unaudited quarter ended 31-03-2020</i>	<i>Unaudited quarter ended 31-03-2019</i>	<i>Unaudited half year ended 31-03-2020</i>	<i>Unaudited half year ended 31-03-2019</i>	<i>Audited year ended 30-09-2019</i>
Rental income and recoveries	49,140	39,174	92,371	77,530	155,328
Other operating income	901	4,272	2,193	6,130	7,121
Revenue	50,041	43,446	94,564	83,660	162,449
Direct operating expenses	(15,528)	(12,822)	(25,911)	(23,402)	(51,462)
Net operational income	34,513	30,624	68,653	60,258	110,987
Administrative expenses	(12,421)	(8,098)	(23,095)	(17,466)	(51,090)
Operating profit	22,092	22,526	45,558	42,792	59,897
Other gains and losses	-	-	-	-	128,158
Profit on disposal of investment properties	-	-	-	-	104
Profit before finance costs	22,092	22,526	45,558	42,792	188,159
Finance costs	(4,212)	(544)	(6,103)	(823)	(1,877)
Share of results in associates	(1,211)	-	(1,211)	-	(34)
Profit before tax	16,669	21,982	38,244	41,969	186,248
Income tax expense	(3,372)	(4,171)	(7,373)	(8,357)	(29,872)
Profit for the period/year	13,297	17,811	30,871	33,612	156,376
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period/year	13,297	17,811	30,871	33,612	156,376
Total comprehensive income attributable to:					
- Ordinary equity holders of the parent	16,395	18,178	33,736	34,277	167,039
- Non-controlling interests	(3,098)	(367)	(2,865)	(665)	(10,663)
	13,297	17,811	30,871	33,612	156,376
Number of ordinary shares in issue					
Class A	680,523,310	680,523,310	680,523,310	680,523,310	680,523,310
Weighted average number of ordinary shares in issue	680,523,310	559,847,358	680,523,310	277,417,281	479,522,496
Basic earnings per share (MUR)	0.02	0.03	0.05	0.12	0.35
Net asset value per share (MUR)	3.73	4.40	3.73	4.40	3.70
Interim dividend per share (MUR)	-	-	-	-	0.02
Final dividend per share (MUR)	-	-	-	-	0.02

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For the Quarter and six months Ended 31 March 2020



UNAUDITED STATEMENTS OF FINANCIAL POSITION

In MUR (000)	Unaudited half year ended 31-03-2020	Unaudited half year ended 31-03-2019	Audited year ended 30-09-2019
ASSETS			
Non-current assets			
Investment properties	2,545,712	2,398,251	2,545,512
Investment property under development	474,438	186,628	344,120
Plant, property and equipment	1,332	1,253	1,296
Investment in associates	148,755	-	19,956
Intangible assets	94	44,872	115
Goodwill	-	261,242	
Total non-current assets	3,170,331	2,892,246	2,910,999
Current assets	141,022	205,182	211,424
Total assets	3,311,353	3,097,428	3,122,423
EQUITY AND LIABILITIES			
Shareholders' Equity			
Stated capital	1,721,081	1,721,081	1,721,081
Share application monies	-	-	-
Capital reserves	131,053	380,598	131,053
Retained earnings	686,904	556,410	664,997
Non-controlling interests	316,969	337,561	337,071
Total equity	2,856,007	2,995,650	2,854,202
Non-current liabilities			
Borrowings	85,329	34,871	35,694
Other liabilities	53,486	35,250	51,718
Total non-current liabilities	138,815	70,121	87,412
Current liabilities			
Borrowings	-	-	77,089
Other liabilities	316,531	31,657	103,720
Total current liabilities	316,531	31,657	180,809
Total equity and liabilities	3,311,353	3,097,428	3,122,423

UNAUDITED STATEMENTS OF CASH FLOWS

In MUR (000)	Unaudited half year ended 31-03-2020	Unaudited half year ended 31-03-2019	Audited year ended 30-09-2019
Net cash generated from operating activities	104,071	23,488	1,575
Net cash (used in)/from investing activities	(321,044)	(227,075)	(348,368)
Net cash (used in)/from financing activities	36,024	234,650	221,968
Net (decrease)/increase in cash and cash equivalents	(180,949)	31,063	(124,825)
Cash and cash equivalents - opening	(39,205)	85,620	85,620
Cash flow from acquisition of subsidiary companies	-	14,323	-
Cash and cash equivalents - closing	(220,154)	131,006	(39,205)

ABRIDGED UNAUDITED GROUP FINANCIAL STATEMENTS

For the Quarter and six months Ended 31 March 2020



UNAUDITED STATEMENTS OF CHANGES IN EQUITY

<i>In MUR (000) Group</i>	<i>Stated Capital</i>	<i>Share application monies</i>	<i>Retained Earnings</i>	<i>Capital & Other reserves</i>	<i>Non- Controlling Interests</i>	<i>Total</i>
Balance at 01 October, 2018	450,000	575,000	511,568	-	-	1,536,568
Issue of shares	1,271,081	(575,000)	-	-	-	696,081
On internal restructuring	-	-	-	131,053	319,747	450,800
On purchase of subsidiaries	-	-	-	-	27,987	27,987
Dividend paid	-	-	(13,610)	-	-	(13,610)
Total comprehensive income for the year	-	-	167,039	-	(10,663)	156,376
At 30 Sep, 2019	1,721,081	-	664,997	131,053	337,071	2,854,202
Balance at 01 October, 2019	1,721,081	-	664,997	131,053	337,071	2,854,202
Issue of shares	-	-	-	-	-	-
Changes in percentage holding of subsidiaries	-	-	1,781	-	(17,237)	(15,456)
Dividend paid	-	-	(13,610)	-	-	(13,610)
Total comprehensive income for the period	-	-	33,736	-	(2,865)	30,871
At 31 March, 2020	1,721,081	-	686,904	131,053	316,969	2,856,007

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COMMENTS ON THE HALF YEAR ENDED 31 MARCH 2020

Operational review

Results for the quarter remain strong with a 13% increase in turnover to reach MUR94.5m (March 2019: MUR 83.6m). This increase is mainly attributable to the opening of 246 Edith Cavell Court in December 2019 and such performance has translated into an improvement in the Group's Profit before finance costs.

This quarter has also started to see the impact of Covid-19 pandemic, which has marginally impacted on the Group's results with an impairment of receivables amounting to MUR2.5m arising on its retail and hospitality portfolio.

Business Continuity

Recognising that efforts should be geared to curb the spread of Covid-19, management has put in place a Covid-19 committee at the beginning of March to review and implement business continuity plans and set up work from home capabilities for all employees. Moreover, precautionary measures have been implemented to protect the employees and the company, with all sites being secured with the presence of an emergency response team at all times. Management will continually assess the impact of the Covid-19 and put necessary measures in place across its portfolio of properties to prepare for the full re-start of the operations.

Financial Review

As announced in February 2020, the secured notes programme is underway and a Communique will be issued by the Company to keep shareholders and other stakeholders informed of the new date for the special meeting of shareholders. Once approved, the implementation of the notes programme will be aligned with the timing of projects which shall take into consideration the impact of Covid-19.

Interim dividend

Given the present economic uncertainty, the Board believes that it would be more prudent to defer the decision of the interim dividend for this financial year until there is more clarity on the economic outlook and the performance of Group's yielding assets amidst such a crisis.

Outlook

Looking ahead, management recognises that market conditions will become more challenging for the industry over the next few years, and foresees a material impact on its retail portfolio primarily at 246 Edith Cavell Court.

Management will continue to update its Strategic Plan and factor the impact of Covid-19 on its operations and ongoing development plans. The Board will continue to reassess its decisions periodically in order to adapt them to new market developments, whilst keeping in mind the corporate interest of the Group and its stakeholders.

By order of the Board
29th May 2020

KEY FIGURES FOR THE HALF YEAR ENDED

NET OPERATIONAL
INCOME

MUR 68.7 m
(+14%)

TOTAL
ASSETS

MUR 3.3 bn
(+7%)

NET ASSET VALUE
PER SHARE

MUR 3.7
(-15%)

OCCUPANCY

98.3%
(March 2019:98.7%)

The board of directors of Lavastone Ltd accepts full responsibility for the accuracy of the information contained in this report. The abridged financial statements are unaudited and have been prepared using same accounting policies as the audited financial statements for the year ended 30 September 2019 except for the adoption of new International Financial Reporting Standards issued which are now effective. Copies of this report are available free of charge and upon request from the Company Secretary at the registered office of Lavastone Ltd. The abridged unaudited financial statements are issued pursuant to DEM Rule 17. The statement of direct and indirect interests of Officers pursuant to rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issues) Rules 2007 is available, free of charge at the registered office: corner Edith Cavell Street & Mere Barthelemy Street, Port Louis, 11324