

CONSTANCE HOTELS SERVICES LIMITED AND ITS SUBSIDIARIES

THE GROUP - (MUR'000)	STATEMENT OF PROFIT OR LOSS				
	Half year ended		Quarter ended		Year ended
	Jun 2019	Jun 2018	Jun 2019	Jun 2018	Dec 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue	1,907,317	1,992,311	707,524	683,012	3,747,479
Earnings before interest, taxation, depreciation and amortisation	463,866	525,332	(7,425)	(1,973)	917,038
Depreciation and amortisation	(250,310)	(261,501)	(116,814)	(123,817)	(457,155)
Operating profit/(loss)	213,556	263,831	(124,239)	(125,790)	459,883
Finance costs	(158,751)	(167,513)	(78,894)	(87,485)	(324,294)
Share of results of associates	51,791	28,567	22,864	2,237	120,757
Profit/(loss) before taxation and pre-opening expenses	106,596	124,885	(180,269)	(211,038)	256,346
Pre-opening expenses	-	-	-	-	(14,245)
Profit/(loss) before taxation	106,596	124,885	(180,269)	(211,038)	242,101
Taxation	(5,049)	(8,699)	1,194	(2,988)	(28,598)
Profit/(loss) for the period/year	101,547	116,186	(179,075)	(214,026)	213,503
Attributable to:					
Owners of the parent	96,286	105,893	(180,530)	(217,126)	199,314
Non-controlling interests	5,261	10,293	1,455	3,100	14,189
Earnings/(loss) per share (MUR)	0.88	0.97	(1.65)	(1.98)	1.82

COMMENTS

1 Consolidation and Accounting Standards

The abridged financial statements for the half year and quarter ended 30 June 2019 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 2018. The effect of IFRS 16, which is effective 01 January 2019 is still being finalized and is not reflected in this interim report.

2 General Comments

The number of tourist arrivals in our principal destinations increased for the first semester of 2019 compared to the previous year.

Maldives had the highest increase with 18.7% (2019: 862,589 compared to 2018: 726,515), followed by Seychelles with 8.7% increase (2019: 187,108 against 2018: 172,099) and Mauritius with a marginal increase of 0.5% only (2019: 650,082 against 2018: 646,865). The excellent growth in arrivals in the Maldives, however, was mitigated by a significant increase in accommodation supply with new hotel openings.

3 Results

Our owned and managed hotels achieved an occupancy rate of 67.3% compared to 66.2% in 2018, with both RevPar and Trev Par improving by 3% compared to last year.

However, given the market constraints in Mauritius our owned properties' recorded a decrease in ARR and GOP. In the Maldives, we maintained a stable RevPar with good operational results.

Our managed hotels, in the Seychelles and Madagascar, performed well, with positive contributions made to Group profit.

Group revenue was MUR 1,907 million (2018: MUR 1,992 million) and EBITDA MUR 464 million (2018: MUR 525 million), inclusive of a forex gain of MUR 41 million representing a EBITDA margin of 24% (2018: 26%).

Finance costs decreased by 5% to MUR 159 million. The share of results of associates improved to MUR 52 million compared to MUR 29 million in 2018, as a result of the enhanced operating performances of our properties in the Seychelles and Madagascar.

Profit for the half year was MUR 102 million (2018: MUR 116 million) after accounting for taxation of MUR 5 million (2018: MUR 9 million).

THE GROUP - (MUR'000)	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
	Half year ended		Quarter ended		Year ended
	Jun 2019	Jun 2018	Jun 2019	Jun 2018	Dec 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Profit/(loss) for the period/year	101,547	116,186	(179,075)	(214,026)	213,503
Other comprehensive income for the period/year	32,017	93,269	17,332	72,284	249,978
Total comprehensive income for the period/year	133,564	209,455	(161,743)	(141,742)	463,481
Attributable to:					
Owners of the parent	126,928	197,693	(163,852)	(146,649)	448,465
Non-controlling interests	6,636	11,762	2,109	4,907	15,016
	133,564	209,455	(161,743)	(141,742)	463,481

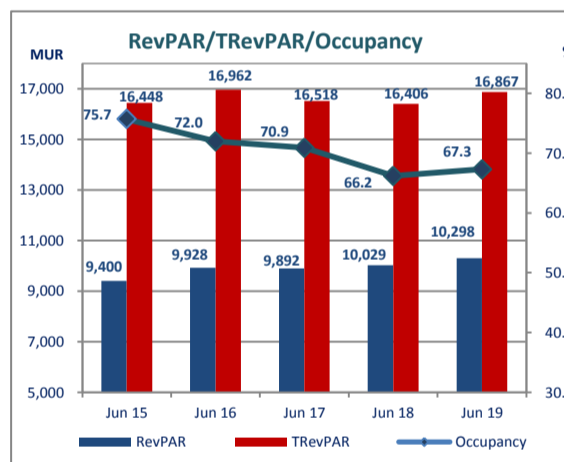
THE GROUP - (MUR'000)	STATEMENT OF FINANCIAL POSITION			
	Jun 2019		Jun 2018	Dec 2018
	Unaudited	Unaudited	Unaudited	Audited
Assets				
Non-Current Assets				
Property, plant and equipment	8,078,800	8,222,583	8,091,359	
Intangible assets	1,146,835	1,153,312	1,131,970	
Investments in associates	1,670,903	1,174,438	1,616,805	
Investment in financial assets	-	545	-	
Fixed assets at amortised cost	113,826	51,745	110,755	
Deferred tax assets	83,408	94,475	82,185	
	11,093,772	10,697,098	11,033,074	
Current Assets	1,231,423	1,364,564	1,417,716	
Total Assets	12,325,195	12,061,662	12,450,790	
Equity and Liabilities				
Owners' interest	6,220,061	5,897,188	6,093,133	
Non-controlling interests	31,172	58,103	45,330	
Total equity	6,251,233	5,955,291	6,138,463	
Non-Current Liabilities				
Borrowings	3,800,317	3,959,817	3,380,648	
Deferred tax liabilities	58,983	58,820	60,062	
Retirement benefit obligations	182,698	186,396	182,702	
	4,041,998	4,205,033	3,623,412	
Current Liabilities	2,031,964	1,901,338	2,688,915	
Total Liabilities	6,073,962	6,106,371	6,312,327	
Total Equity and Liabilities	12,325,195	12,061,662	12,450,790	
Net Asset Value per share (MUR)	56.72	53.78	55.57	

THE GROUP - (MUR'000)	STATEMENT OF CASH FLOW			
	Jun 2019		Jun 2018	Dec 2018
	Unaudited	Unaudited	Unaudited	Audited
Net cash generated from operating activities	269,470	240,904	318,230	
Net cash used in investing activities	(108,475)	(60,355)	(164,957)	
Net cash used in financing activities	(251,976)	(260,173)	(182,410)	
Decrease in cash and cash equivalents	(90,981)	(79,624)	(29,137)	
Cash and cash equivalents at beginning of the period/year	(433,990)	(404,853)	(404,853)	
Cash and cash equivalents at end of the period/year	(524,971)	(484,477)	(433,990)	

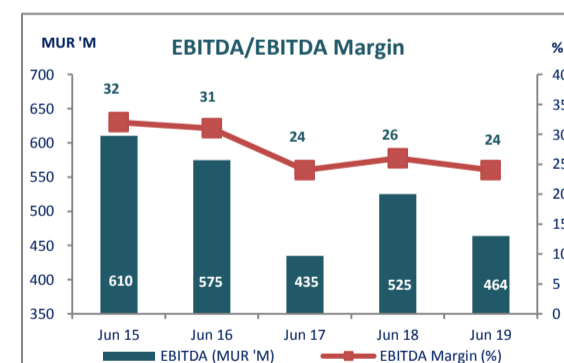
THE GROUP - (MUR'000)	STATEMENT OF CHANGES IN EQUITY					
	Attributable to owners of the parent					
	Stated capital	Other reserves	Retained earnings	Owners' interest	Non-controlling interests	Total
Balance at January 1, 2019	2,153,395	3,266,313	673,425	6,093,133	45,330	6,138,463
Total comprehensive income for the period	-	30,642	96,286	126,928	6,636	133,564
Dividends	-	-	-	-	(20,794)	(20,794)
Balance at June 30, 2019	2,153,395	3,296,955	769,711	6,220,061	31,172	6,251,233
Balance at January 1, 2018	2,153,395	3,017,162	528,938	5,699,495	64,734	5,764,229
Total comprehensive income for the period	-	91,800	105,893	197,693	11,762	209,455
Dividends	-	-	-	-	(18,393)	(18,393)
Balance at June 30, 2018	2,153,395	3,108,962	634,831	5,897,188	58,103	5,955,291
Balance at January 1, 2018	2,153,395	3,017,162	528,938	5,699,495	64,734	5,764,229
Profit for the year	-	-	199,314	199,314	14,189	213,503
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	673,425	6,093,133	45,330	6,138,463

THE GROUP - (MUR'000)	GEOGRAPHICAL INFORMATION					
	6 months to Jun 2019			6 months to Jun 2018		
	Mauritius	Maldives	Total	Mauritius	Maldives	Total
Revenue	1,008,300	899,017	1,907,317	1,103,239	889,072	1,992,311
Operating profit	149,953	63,603	213,556	205,100	58,731	263,831

Operational performance of all hotels owned and managed for the period ended 30th June



EBITDA/EBITDA margin for period ended 30th June



4 Outlook

The five star segment will continue to be challenging in all our operating jurisdictions.

Mauritius remains a competitive market with rate sensitivity and the Maldives will continue to suffer from increasing room supply and aggressive pricing.

Seychelles, on the other hand, should remain a positive market although there are threats of broadening competitive pricing.

Nonetheless, and unless affected by unforeseen adverse market and economic conditions, we expect to maintain market share and optimize performance during the second semester.

By order of the Board

**La Gaieté Services Ltd
Secretary**

12 August 2019

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.