

NEW MAURITIUS HOTELS LIMITED

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE 9 MONTHS ENDED JUNE 30, 2017



GROUP STATEMENT OF PROFIT OR LOSS

	9 Months ended June 30, 2017	9 Months ended June 30, 2016	Quarter ended June 30, 2017	Quarter ended June 30, 2016	Year ended Sept 30, 2016
	Unaudited Rs.'000	Unaudited Rs.'000	Unaudited Rs.'000	Unaudited Rs.'000	Audited Rs.'000
Revenue					
Hotel operations and others	7,374,734	7,290,701	1,900,794	1,756,478	9,121,465
Property	307,942	482,910	89,225	82,709	479,992
	7,682,676	7,773,611	1,990,019	1,839,187	9,601,457
Earnings from operating activities	1,471,397	1,553,239	55,275	36,870	1,286,876
Other income	175,053	151,305	49,830	40,307	121,136
Share of results of associates	(4,490)	(2,654)	(1,426)	333	(6,620)
Profit/(loss) on disposal of property, plant and equipment	(6,972)	15,037	5,397	4,652	15,681
Normalised EBITDA	1,634,988	1,716,927	109,076	82,162	1,417,073
Rebranding and reorganisation costs	-	(48,530)	-	(35,471)	(119,237)
Insurance recovery for fraud/ (Loss arising from fraud)	62,500	(115,210)	62,500	-	(115,210)
Gain on disposal of Investment	60,932	-	60,932	-	-
Closure costs	(32,079)	-	(32,079)	-	-
EBITDA	1,726,341	1,553,187	200,429	46,691	1,182,626
Finance costs	(679,364)	(638,623)	(222,650)	(223,562)	(981,888)
Finance revenue/(loss)	78,332	(19,216)	(28,008)	14,717	14,774
Depreciation of property, plant and equipment	(488,909)	(406,932)	(164,236)	(128,988)	(647,744)
Impairment losses	-	(12,148)	-	(46)	(325,919)
Profit/(loss) before tax	636,400	476,268	(214,465)	(291,188)	(758,151)
Income tax (expense)/credit	(128,568)	(170,388)	14,815	(6,220)	(208,747)
Profit/(loss) for the 9 months/quarter/year	507,832	305,880	(199,650)	(297,408)	(966,898)
Profit/(loss) attributable to:					
Owners of the parent	465,724	265,466	(207,003)	(313,532)	(997,678)
Non-controlling interests	42,108	40,414	7,353	16,124	30,780
	507,832	305,880	(199,650)	(297,408)	(966,898)
Basic earnings/(loss) per share (Rs)	0.96	0.55	(0.43)	(0.65)	(2.06)

SEGMENTAL INFORMATION

GEOGRAPHICAL

	9 Months ended June 30, 2017	9 Months ended June 30, 2016	Quarter ended June 30, 2017	Quarter ended June 30, 2016	Year ended Sept 30, 2016
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Revenue:					
Mauritius	6,142,964	6,099,911	1,544,057	1,430,253	7,622,751
Morocco	699,604	796,554	219,369	181,519	848,706
Others	840,108	877,146	226,593	227,415	1,130,000
	7,682,676	7,773,611	1,990,019	1,839,187	9,601,457
Normalised EBITDA:					
Mauritius	1,678,602	1,750,756	148,674	101,555	1,736,073
Morocco	(56,699)	(66,272)	(15,865)	(5,124)	(299,756)
Others	13,085	32,443	(23,733)	(14,269)	(19,244)
	1,634,988	1,716,927	109,076	82,162	1,417,073

GROUP STATEMENT OF COMPREHENSIVE INCOME

	9 Months ended June 30, 2017	9 Months ended June 30, 2016	Quarter ended June 30, 2017	Quarter ended June 30, 2016	Year ended Sept 30, 2016
	Unaudited Rs.'000	Unaudited Rs.'000	Unaudited Rs.'000	Unaudited Rs.'000	Audited Rs.'000
Profit/(loss) for the 9 months/quarter/year	507,832	305,880	(199,650)	(297,408)	(966,898)
Other comprehensive (loss)/income for the 9 months/quarter/year, net of tax	(143,606)	(106,183)	117,583	(59,353)	(212,312)
Total comprehensive income/(loss) for the 9 months/quarter/year	364,226	199,697	(82,067)	(356,761)	(1,179,210)
Total comprehensive income/(loss) attributable to:					
Owners of the parent	321,481	160,277	(89,491)	(373,714)	(1,208,336)
Non-controlling interests	42,745	39,420	7,424	16,953	29,126
	364,226	199,697	(82,067)	(356,761)	(1,179,210)

GROUP STATEMENT OF FINANCIAL POSITION

	As At June 30, 2017	As At Sept 30, 2016
	Unaudited Rs.'000	Audited Rs.'000
ASSETS		
Property, plant and equipment	24,961,859	25,055,983
Investment property	357,000	363,964
Intangible assets	1,680,462	1,691,095
Investment in associates	468,036	474,727
Available-for-sale investments	3,445	1,541
Deferred tax assets	116,849	139,540
	27,587,651	27,726,850
Current assets	8,386,765	7,781,377
TOTAL ASSETS	35,974,416	35,508,227
EQUITY AND LIABILITIES		
Shareholders' interests	12,171,258	11,849,777
Non-controlling interests	47,085	50,006
Non-current liabilities	15,498,025	15,034,004
Current liabilities	8,258,048	8,574,440
TOTAL EQUITY AND LIABILITIES	35,974,416	35,508,227

GROUP STATEMENT OF CHANGES IN EQUITY

	Shareholders' Interests Rs.'000	Non-controlling Interests Rs.'000	Total equity Rs.'000
As at October 1, 2015 (Restated)	13,217,922	58,738	13,276,660
<i>Changes in equity for the 9 months</i>			
Total comprehensive income for the 9 months	160,277	39,420	199,697
Dividends	(159,809)	(26,437)	(186,246)
As at June 30, 2016	13,218,390	71,721	13,290,111
As at October 1, 2016	11,849,777	50,006	11,899,783
<i>Changes in equity for the 9 months</i>			
Total comprehensive income for the 9 months	321,481	42,745	364,226
Dividends	-	(45,666)	(45,666)
As at June 30, 2017	12,171,258	47,085	12,218,343

GROUP STATEMENT OF CASH FLOWS

	9 Months ended June 30, 2017	9 Months ended June 30, 2016
	Unaudited Rs.'000	Unaudited Rs.'000
Net cash flows generated from operating activities	974,442	852,782
Net cash flows used in investing activities	(445,105)	(112,162)
Net cash flows generated/(used) in financing activities	586,057	(1,295,518)
Net increase/(decrease) in cash and cash equivalents	1,115,394	(554,898)
Cash and cash equivalents at October 1,	(2,061,537)	(1,459,545)
Net foreign exchange difference	2,683	(37,180)
Cash and cash equivalents at June 30,	(943,460)	(2,051,623)

COMMENTS

Financial performance

The Group turnover for the third quarter of the financial year increased by 8.2% compared to the corresponding period last year, with the Easter holidays having impacted the quarter positively. Earnings from operating activities increased by 50% and Normalised EBITDA by 33%. This improved performance was achieved in spite of the closure of Canonnier Beachcomber for most of the quarter, the depreciation of the Group's main trading currencies and the costs associated with the transfer of management of the Royal Palm Marrakech to Fairmont. EBITDA was impacted positively by the sale of the Group's non-core minority investment in South West Tourism (Bis) Ltd for Rs 61M and the final settlement of some Rs 62M from insurance with respect to the fraud recorded last year. After accounting for Canonnier Beachcomber's closure costs of Rs 32M, EBITDA for the quarter increased from Rs 47M to Rs 200M. As mentioned previously, the Group has reviewed its depreciation policy in line with industry norms, resulting in a significant increase in depreciation charge. The Group posted a reduced loss of Rs 200M for the quarter compared to Rs 297M last year.

PAT for the nine months to June 2017 reached Rs 508M, an increase of 66% over last year. The occupancy rate for nine months for all hotels, adjusted for the closure of Canonnier Beachcomber, increased from 69% to 73%. Average revenue per guest remained at par with last year in spite of a 15% drop in the GBP and 3.5% drop in the Euro.

Projects

Renovation works at Canonnier Beachcomber are progressing satisfactorily. The hotel will reopen on the 2nd of September 2017 as planned. The new 40-room wing, pool and restaurant at Victoria Beachcomber will also open as planned in November 2017.

Works on the new access road to the Group's Les Salines land in Black River have started. Furthermore, discussions with a partner for the development of a hotel and residential project on part of the Les Salines land have reached an advanced stage.

Beachcomber Sainte Anne Resort in the Seychelles will close on the 2nd of September for a major redevelopment which is expected to be completed in December 2019. The Group has obtained the necessary clearances from the Seychelles authorities to significantly increase the number of rooms from 87 to some 275. A redundancy package for the vast majority of the personnel has also been agreed with all stakeholders and will come into effect upon closure of the hotel in September. Ownership of the resort is planned to be transferred by NMH to Beachcomber Hospitality Investments Ltd (BHI) in exchange for shares in BHI. BHI would raise funds

through a pro-rata share issue to its minority shareholder and through bank loans to finance the redevelopment of the resort. Furthermore, BHI is in advanced discussions with a leading international hotel operator with which it expects to sign a long term lease agreement for an annual rental of some Euro 7M. Upon signature of the agreement between BHI and the lessee, Sainte Anne Resort will be reclassified as Investment Property. This important initiative would have a positive impact on the Group's results over the medium and long term, Sainte Anne Resort having registered losses over the past few years.

Outlook

Whilst the weakness of the GBP will continue to impact the Group's operations negatively, the recent appreciation of the Euro will have a positive effect on the turnover of the fourth quarter. The costs associated with the closure of Canonnier Beachcomber and Beachcomber Seychelles Sainte Anne should be partly compensated by the improved results of the hotels in Mauritius. After an initial handover period to Fairmont, the performance in Marrakech should improve as from October 2017. The Board expects the results for the full financial year to be positive, despite the losses typically incurred in the last quarter.

The interim financial report is unaudited and has been prepared using the same accounting policies as the last audited annual financial statements, except for the adoption of amendments to published standards and interpretations issued which are now effective.

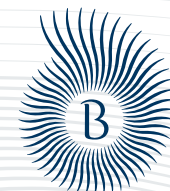
The interim financial report is issued pursuant to Listing Rule 12.20 and the Securities Act 2005.

The statement of direct and indirect interests of Directors and Senior Officers pursuant to section 8(2)(m) Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available free of charge at the registered office of the Company, Beachcomber House, Botanical Garden Street, Curepipe.

Copies of this report are available free of charge at the head office of the Company.

The Board of Directors accepts full responsibility for the accuracy of the information contained in this report.

By Order of the Board
14 August 2017



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RESORTS & HOTELS

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