

ABRIDGED AUDITED GROUP FINANCIAL STATEMENTS

For the year ended 30 September 2020



LAVASTONE

PROPERTIES

AUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

In MUR (000)	Audited year ended 30-09-2020	Audited year ended 30-09-2019
Rental income and recoveries	190,085	155,328
Other operating income	7,122	7,121
Revenue	197,207	162,449
Direct operating expenses	(46,237)	(51,462)
Net operational income	150,970	110,987
Administrative expenses	(52,683)	(51,090)
Operating profit	98,287	59,897
Other gains and losses	(190,567)	128,158
Profit on disposal of investment properties	3,371	104
(Loss)/profit before finance costs	(88,909)	188,159
Interest income	5,416	-
Finance costs	(17,706)	(1,877)
Share of results in associates	(4,626)	(34)
(Loss)/profit before tax	(105,825)	186,248
Income tax expense	2,385	(29,872)
(Loss)/profit for the year	(103,440)	156,376
Other comprehensive income	(275)	-
Total comprehensive income for the year	(103,715)	156,376
Total comprehensive income attributable to:		
- Ordinary equity holders of the parent	(95,940)	167,039
- Non-controlling interests	(7,775)	(10,663)
	(103,715)	156,376
Number of ordinary shares in issue	680,523,310	680,523,310
Weighted average number of ordinary shares in issue	680,523,310	479,522,496
Basic earnings per share (MUR)	-0.14	0.35
Net asset value per share (MUR)	3.56	3.70
Interim dividend per share (MUR)	-	0.02
Final dividend per share (MUR)	0.02	0.02

AUDITED STATEMENTS OF CHANGES IN EQUITY

In MUR (000) Group	Stated Capital	Share application monies	Retained Earnings	Capital & Other reserves	Non-Controlling Interests	Total
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
Impact of IFRS 16	-	-	9,534	-	4,110	13,644
Changes in ownership interest in subsidiaries that do not result in a loss of control	-	-	2,345	-	(8,482)	(6,137)
Dividend paid	-	-	(13,610)	-	-	(13,610)
Total comprehensive income for the year	-	-	(95,940)	-	(7,775)	(103,715)
At 30 September, 2020	1,721,081	-	567,326	131,053	324,924	2,744,384

AUDITED STATEMENTS OF FINANCIAL POSITION

In MUR (000)	Audited year ended 30-09-2020	Audited year ended 30-09-2019
ASSETS		
Non-current assets		
Investment properties	2,835,622	2,545,512
Investment property under development	336,221	344,120
Plant, property and equipment	2,468	1,296
Investment in associates	148,364	19,956
Intangible assets	72	115
Total non-current assets	3,322,747	2,910,999
Current assets	146,860	211,424
Total assets	3,469,607	3,122,423
EQUITY AND LIABILITIES		
Shareholders' Equity		
Stated capital	1,721,081	1,721,081
Capital reserves	131,053	131,053
Retained earnings	567,326	664,997
Non-controlling interests	324,924	337,071
Total equity	2,744,384	2,854,202
Non-current liabilities		
Borrowings	91,417	35,694
Other liabilities	108,321	51,718
Total non-current liabilities	199,738	87,412
Current liabilities		
Borrowings	345,095	77,089
Other liabilities	180,390	103,720
Total current liabilities	525,485	180,809
Total equity and liabilities	3,469,607	3,122,423

AUDITED STATEMENTS OF CASH FLOWS

In MUR (000)	Audited year ended 30-09-2020	Audited year ended 30-09-2019
Net cash generated from operating activities	242,852	1,575
Net cash used in investing activities	(558,623)	(348,368)
Net cash from financing activities	38,762	221,968
Net decrease in cash and cash equivalents	(277,009)	(124,825)
Cash and cash equivalents - opening	(39,205)	85,620
Cash and cash equivalents - closing	(316,214)	(39,205)

COMMENTS ON THE YEAR ENDED 30 SEPTEMBER 2020

Operational review

Revenue for the year showed a 21.4% increase to reach MUR197.2m (September 2019: MUR 162.4m) and operating profit increased by 64.1% to MUR 98.3m (September 2019 : MUR59.9m). Despite the impact of Covid-19 on retail and hospitality across the country, we maintained an increase in revenue and operating profit throughout our portfolio. This increase is primarily driven by the operations of 246 Edith Cavell Court.

To support its retail tenants and to protect the long term value of its business, management negotiated deferred payments for the rental due for the lockdown period. Having resilient businesses, the majority of our tenants maintained rental payments which enabled the Group to continue financing its operations and development projects.

Year on year, occupancy dipped to 93.3% (FY19 98.3%) across the portfolio due to vacant office space still available at 246 Edith Cavell Court as at 30 September 2020. With the opening of the new Supreme Court further up Edith Cavell Street, management is receiving a good level of interest for office space, and, new leases are expected to materialise in the next financial year.

Financial review

The secured notes programme has been approved by shareholders during the special meeting of shareholders held on 10th July 2020. The notes programme is expected to be in place early next year. In line with the property sector, the Group saw an important decrease in the valuation of its properties, driven by a lack of visibility as to the effects of Covid-19 on the economy. This is a non cash item and the Group's retained earnings are sufficient to absorb this decrease.

Outlook

As a result of the lockdown, the timelines for the completion of our ongoing construction projects have been extended.

As previously mentioned, the Hotel in Belle Mare is due to complete in the new year with Attitude Hotels starting operations towards the end of 2021. The planning around the renovation of the Mourouk hotel is progressing and construction will start once all relevant permits have been obtained.

Infrastructure works for the two morcellement projects at Case Noyale have been completed. The contractor and consulting team are busy completing remedial works requested by the authorities to issue their final clearance. This will culminate in the issuance of the morcellement permits for the 2 projects in the new year.

The start of vaccination in Europe brings some optimism that a slow and progressive economic recovery may be around the corner. However, management together with the Board continue to monitor the impact of Covid-19 on its operations and its development plans.

By order of the Board
18th December 2020

KEY FIGURES FOR THE YEAR ENDED

NET OPERATIONAL INCOME	TOTAL ASSETS	NET ASSET VALUE PER SHARE	OCCUPANCY
MUR 151.0 m + 36%	MUR 3.5 bn + 11%	MUR 3.6 -4%	93.3% (Sep 2019: 98.3%)

The board of directors of Lavastone Ltd accepts full responsibility for the accuracy of the information contained in this report. The abridged group financial statements are audited and have been prepared using same accounting policies as the audited financial statements for the year ended 30 September 2020 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 audited 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

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