

## "LAVASTONE LTD REPORTED A 5% INCREASE IN NET OPERATING PROFIT FOR THE QUARTER ENDED 31ST DECEMBER 2018 COMPARED TO SAME PERIOD LAST YEAR"

### COMMENTS ON THE QUARTER ENDED 31 DECEMBER 2018 OPERATIONAL REVIEW:

Results for the quarter were strong with net operational income increasing by 17% as compared to the same quarter last year. This is due to yearly rental escalations and also improved occupancy of St Georges building and La Chaussee following refurbishment which was completed in Q3 2018.

The restructuring announced by Cim Financial Services Ltd ("CFSL") was completed during the quarter. As a result of the restructuring the share capital increased to Rs1.7 bn bringing the total number of shares to 680,523,310. The majority of the companies transferred as part of the restructuring have substantial land holdings with development potential. The portfolio transferred included Edith Cavell Properties Ltd, the company owning 246 Edith Cavell Court which is under major refurbishment and expected to be completed towards the end of the year.

### Outlook

Our cash resources stood at Rs 135.9m at the end of the quarter. This will mainly be utilised for projects in the pipeline namely a hotel project in Belle Mare, a warehouse project at Riche

Terre and the Victoria Urban Terminal. The Group is also looking at its capital structure given its current low gearing.

During 2018, management has been actively involved in the business planning and development of the Victoria Station Urban Terminal as a Public Private Partnership with a view to invest in the project subject to meeting certain commercial criteria and the project obtaining the mandatory regulatory and local authority clearances and permits. At the time of writing, the Victoria Urban Terminal has received Cabinet approval and is set to start in March 2019 after obtaining the relevant permits. The Victoria Urban Terminal will dynamise the redevelopment of Port-Louis and reaffirm its legitimacy as the island's capital city.

In December 2018, the Group reached an agreement for the acquisition of Compagnie Valome Limitee, the owner of Mourouk Ebony Hotel in the island of Rodrigues. The Mourouk Ebony Hotel will be operated by Trimetys Ltd, a well-established hotel operator in Rodrigues where it operates Le Tekoma Boutik Hotel. The transaction is set to close by end of February 2019.

By order of the Board

8th February 2019

*\*Following the carve out from CFSL and the establishment of Lavastone Group as a focused property Group, increase in fair value has been recognised below operating profit instead of part of revenue. Some administrative expenses have also been reclassified as operating expenses.*

*The board of directors of Lavastone Ltd Limited accepts full responsibility for the accuracy of the information contained in this report. The abridged interim financial statements are unaudited and have been prepared using same accounting policies as the audited financial statements for the year ended 30 September 2018 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 interim 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: 33, Edith Cavell Street, Port Louis*

### UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited quarter ended 31-Dec-18	Unaudited quarter ended 31-Dec-17	Audited year ended 30-Sep-18
In MUR 000			
Revenue*	40,215	33,348	140,285
Operating expenses*	(10,580)	(8,055)	(40,651)
<b>Net operational income</b>	<b>29,635</b>	<b>25,293</b>	<b>99,634</b>
Investment and other income	-	2,121	8,951
Administrative expenses*	(9,369)	(8,182)	(27,670)
<b>Operating profit</b>	<b>20,266</b>	<b>19,232</b>	<b>80,915</b>
Increase in fair value of investment properties*	-	-	551
<b>Profit before finance costs</b>	<b>20,266</b>	<b>19,232</b>	<b>81,466</b>
Finance costs	(279)	-	(39)
<b>Profit before tax</b>	<b>19,987</b>	<b>19,232</b>	<b>81,427</b>
Income tax expense	(4,186)	(3,374)	(15,167)
<b>Profit for the quarter/year</b>	<b>15,801</b>	<b>15,858</b>	<b>66,260</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the quarter/year</b>	<b>15,801</b>	<b>15,858</b>	<b>66,260</b>
<b>Total comprehensive income attributable to:</b>			
- Ordinary equity holders of the parent	16,100	15,858	66,260
- Non-controlling interests	(299)	-	-
	<b>15,801</b>	<b>15,858</b>	<b>66,260</b>
Number of ordinary shares in issue			
Class A	680,523,310	519,466	450,000
<b>Weighted average number of ordinary shares in issue</b>	<b>362,662,959</b>	<b>519,465</b>	<b>485,399</b>
Basic earnings per share (MUR)	0.04	30.53	136.51
<b>Net asset value per share (MUR)</b>	<b>3.94</b>	<b>1,887.77</b>	<b>3,414.60</b>

### UNAUDITED STATEMENTS OF FINANCIAL POSITION

	Unaudited quarter ended As at 31-Dec-18	Unaudited quarter ended As at 31-Dec-17	Audited year ended As at 30-Sep-18
In MUR 000			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	2,541,461	1,197,012	1,237,029
Other equipment	591	-	-
Intangible assets	45,088	46,049	45,304
<b>Total non-current assets</b>	<b>2,587,140</b>	<b>1,243,061</b>	<b>1,282,333</b>
<b>Current assets</b>			
<b>Total assets</b>	<b>2,761,841</b>	<b>1,349,679</b>	<b>1,585,102</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Stated capital	1,721,081	519,466	450,000
Share application monies	-	-	575,000
Revaluation and other reserves	140,715	-	-
Retained earnings	506,175	461,165	511,568
Non-controlling interests	312,530	-	-
<b>Total equity</b>	<b>2,680,501</b>	<b>980,631</b>	<b>1,536,568</b>
<b>Non-current liabilities</b>			
Borrowings	35,000	81,895	-
Other liabilities	29,695	23,901	28,603
<b>Total non-current liabilities</b>	<b>64,695</b>	<b>105,796</b>	<b>28,603</b>
<b>Current liabilities</b>			
Borrowings	-	70,000	-
Other liabilities	16,645	193,252	19,931
<b>Total current liabilities</b>	<b>16,645</b>	<b>263,252</b>	<b>19,931</b>
<b>Total equity and liabilities</b>	<b>2,761,841</b>	<b>1,349,679</b>	<b>1,585,102</b>

**1.4%**  
**VACANCY**  
(Dec 2017:3.4%)

MUR  
**4**  
**NET ASSET VALUE PER SHARE**

MUR m  
**30**  
**NET OPERATIONAL INCOME + 17%**

### UNAUDITED STATEMENTS OF CASH FLOWS

	Unaudited quarter ended 31-Dec-18	Unaudited quarter ended 31-Dec-17	Audited year ended 30-Sep-18
In MUR 000			
Net cash generated from operating activities	15,194	(247)	183,385
Net cash (used in) investing activities	(217,597)	(171,397)	(210,863)
Net cash generated from/(used in) financing activities	238,450	168,965	102,455
Net (decrease)/increase in cash and cash equivalents	<b>36,047</b>	<b>(2,679)</b>	<b>74,977</b>
Cash and cash equivalents - opening	85,620	10,643	10,643
Cash flow from acquisition of subsidiary companies	14,323	-	-
Cash and cash equivalents - closing	<b>135,990</b>	<b>7,964</b>	<b>85,620</b>

### UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Stated Capital	Share application monies	Retained Earnings	Revaluation and other reserves	Total	Non-Controlling Interests	Total Equity
In MUR 000							
<b>GROUP</b>							
<b>At 01 Oct, 2017</b>	519,466	-	445,308	-	964,774	-	964,774
Reduction of capital	(69,466)	-	-	-	(69,466)	-	(69,466)
Movement in the year	-	575,000	-	-	575,000	-	575,000
Total comprehensive income for the year	-	-	66,260	-	66,260	-	66,260
<b>At 30 September, 2018</b>	<b>450,000</b>	<b>575,000</b>	<b>511,568</b>	<b>-</b>	<b>1,536,568</b>	<b>-</b>	<b>1,536,568</b>
<b>At 01 October, 2018</b>	450,000	575,000	511,568	-	1,536,568	-	1,536,568
Issue of shares	696,081	-	-	-	696,081	-	696,081
Movement for the period	575,000	(575,000)	-	-	-	-	-
Transfer following group restructuring	-	-	(21,493)	140,715	119,222	312,829	432,051
Total comprehensive income for the period	-	-	16,100	-	16,100	(299)	15,801
<b>At 31 December, 2018</b>	<b>1,721,081</b>	<b>-</b>	<b>506,175</b>	<b>140,715</b>	<b>2,367,971</b>	<b>312,530</b>	<b>2,680,501</b>