



SEMARIS LTD ABRIDGED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2020 (UNAUDITED) AND PERIOD ENDED 30 JUNE 2020 (AUDITED)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (ABRIDGED)

	Quarter ended 30 September 2020 Rs.'000	Quarter ended 30 September 2019 Rs.'000	Nine months period ended 30 June 2020 Rs.'000	Year ended 30 September 2019 Rs.'000
Revenue from contract with customers	-	-	176,543	-
Operating expenses	(12,220)	(10,071)	(210,617)	(17,893)
Staff costs	(10,570)	(110)	(30,416)	(110)
Loss from operating activities	(22,790)	(10,181)	(64,490)	(18,003)
Operating income	7,877	-	54,049	-
Net impairment losses on financial assets	-	-	(552)	-
NORMALISED EBITDA	(14,913)	(10,181)	(10,993)	(18,003)
Other impairment losses	-	-	(457,003)	-
Fair value movement in investment property	-	-	(205,353)	-
Gain on bargain purchase	-	127,530	-	127,530
EBITDA	(14,913)	117,349	(673,349)	109,527
Finance costs	(24,196)	(7,351)	(81,569)	(7,351)
Finance revenue	-	-	295	-
Finance costs on lease liabilities	(2,295)	-	(6,497)	-
Depreciation and amortisation	(6,468)	-	(24,308)	-
(Loss)/ profit before tax	(47,872)	109,998	(785,428)	102,176
Income tax	-	-	2,194	-
(Loss)/ profit for the quarter/ period/ year	(47,872)	109,998	(783,234)	102,176
Other comprehensive income/ (loss):				
Other comprehensive income/ (loss) that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations	135,900	(878)	254,127	(878)
Other comprehensive income/ (loss) for the quarter/ period/ year	135,900	(878)	254,127	(878)
Total comprehensive income/ (loss) for the quarter/ period/ year	88,028	109,120	(529,107)	101,298
Basic and diluted (loss)/ earnings per share (Rs)	(0.09)	0.20	(1.43)	0.19
SEGMENTAL INFORMATION				
Geographical results:				
Morocco	(16,583)	127,530	(687,954)	127,530
Mauritius	(24,675)	(17,532)	(73,080)	(25,354)
Seychelles	(6,614)	-	(24,394)	-
(Loss)/ profit for the quarter/ period/ year	(47,872)	109,998	(785,428)	102,176

CONSOLIDATED STATEMENT OF CASH FLOWS (ABRIDGED)

	Quarter ended 30 September 2020 Rs.'000	Quarter ended 30 September 2019 Rs.'000	Nine months period ended 30 June 2020 Rs.'000	Year ended 30 September 2019 Rs.'000
Net cash flows used in operating activities	(25,652)	(800,214)	(18,736)	(800,214)
Net cash flows (used in)/ generated from investing activities	-	31,640	(4,053)	31,640
Net cash flows (used in)/ generated from financing activities	(100,054)	899,095	37,782	899,095
Net (decrease)/increase in cash and cash equivalents	(125,706)	130,521	14,993	130,521
Cash and cash equivalents at start of quarter/ period/ year	148,586	-	130,521	-
Net foreign exchange differences	583	-	3,072	-
Cash and cash equivalents at end of the quarter/ period/ year	23,463	130,521	148,586	130,521

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (ABRIDGED)

	Quarter ended 30 September 2020 Rs.'000	Period ended 30 June 2020 2020 Rs.'000	Year ended 30 September 2019 Rs.'000
ASSETS			
Non-current assets			
Property and equipment	467,205	452,607	800,088
Rights-of-use assets	535,316	538,966	-
Investment property	796,642	756,718	883,412
Intangible assets	1,394	1,442	447,856
Financial assets at amortised cost	350,184	332,634	-
Deferred tax asset	3,029	3,029	-
	2,153,770	2,085,396	2,131,356
Current assets			
Inventories	3,863,313	3,771,080	3,603,525
Contract assets	-	3,832	3,493
Trade receivables	1,758	1,670	7,650
Financial assets at amortised cost	85,485	37,954	419,496
Other assets	412,189	425,066	420,843
Cash in hand and at bank	59,862	159,591	131,542
	4,422,607	4,399,193	4,586,549
TOTAL ASSETS	6,576,377	6,484,589	6,717,905
EQUITY AND LIABILITIES			
Shareholders' interests	3,253,975	3,165,947	3,695,054
Non-current liabilities excluding lease liabilities	1,240,659	2,168,250	2,191,404
Lease liabilities	99,082	100,310	2,310
Current liabilities	1,982,661	1,050,082	829,137
TOTAL EQUITY AND LIABILITIES	6,576,377	6,484,589	6,717,905

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (ABRIDGED)

	SHAREHOLDERS' INTERESTS Rs.'000
As at 01 October 2018	(1,243)
Issue of shares	3,594,999
Profit for the year	102,176
Other comprehensive loss for the year	(878)
Total comprehensive income for the year	101,298
As at 30 September 2019	3,695,054
Loss for the period	(783,234)
Other comprehensive income for the period	254,127
Total comprehensive loss for the period	(529,107)
As at 30 June 2020	3,165,947
Loss for the quarter	(47,872)
Other comprehensive income for the quarter	135,900
Total comprehensive income for the quarter	88,028
As at 30 September 2020	3,253,975

The Group has adopted IFRS 16 as from 1 October 2019, but has not restated comparatives for 2019, as permitted under the specific transition provisions. The reclassifications and adjustments arising from the new leasing rules are recognised in the opening balance sheet at 1 October 2019. The accounts for the financial year ended 30 September 2019 have been restated to reflect the reclassification of the golf course from Investment Property (IP) to Property, Plant and Equipment (PPE). The abridged financial statements for the period ended 30 June 2020 and quarter ended 30 September 2020 have been prepared using the same accounting policies and methods adopted in the financial statements for the year ended 30 September 2019 except for the adoption of IFRS 16 and the reclassification adjustment for the golf course. The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Statements.

COMMENTS

COVID-19 Crisis

Further to the COVID-19 pandemic, there has been a slowdown in the activities of the Group, both in Mauritius and overseas. To limit the impact of the pandemic, the Group has taken a series of measures to ensure that its working capital is preserved.

In **Morocco**, employees have taken voluntary salary reductions from May to December 2020. Negotiations with suppliers have resulted in credit extension and prolonged repayment plans. The government has granted a moratorium on contributions to local authorities which has assisted short term cash flow. Repayment of capital and interests on loans for the period April 2020 to September 2020 has been deferred to January 2021 and revised terms of repayment have been agreed with lenders.

In **Mauritius**, management is engaged into negotiations with the bank and New Mauritius Hotels Limited to reschedule capital and interests repayments in respect of the existing debts.

In **Seychelles**, management is still in the process of finalising the project design with the authorities in a context of changing market conditions.

Financial performance for the nine months ended 30 June 2020

With the outbreak of the COVID-19, the operations and projects of the Group have been significantly impacted. The drop in revenue and the one-off non-cash impairment of assets amounting to Rs 662m have contributed to a loss of Rs 783m for the Group.

In assessing the non-cash impairment of the assets, the projected cash flows of the Group have been adapted to reflect the possible impact of the COVID-19 pandemic. These projections were based on reasonable management assumptions, prevailing market conditions and discount rates adjusted for business risks. Consequently, Domaine Palm Marrakech S.A. (DPM) was impacted by a drop of Rs 205m in the value of its investment property and impairment losses of (i) Rs 371m incurred on the golf course due to a change in accounting policy and revised discounted cash flow projections following the pandemic, (ii) Rs 44m on its inventory and (iii) Rs 42m on VAT non-recoverable. These losses were recognised in the statement of profit of loss for the period.

During the period, revenue has only been recognised in respect of DPM and was lower than expected due to the lockdown and ensuing difficulty in delivering villas to buyers. Moreover, margins realised on villas delivered during the financial period were not sufficient to cover the Group's operational costs which resulted in a negative normalised EBITDA of Rs 11m.

As at 30 June 2020, the Group NAV stood at Rs 3.165bn (2019: Rs 3.695bn) or Rs 5.77 per share (2019: Rs 6.74 per share) and the net cash position of the Group at the reporting period remained positive at Rs 149m (2019: Rs 131m).

Financial performance for the quarter ended 30 September 2020

Due to the prolonged lockdown period in Morocco, sales have not been realised in the first quarter. Management has reduced its operating losses following a cost reduction exercise.

OUTLOOK

In **Morocco**, despite the current context, DPM's team has successfully finalised the sale of four prime villa plots for an amount of some Rs 320m in November 2020 and is in the process of delivering the remaining six villas of Phase 1. Revenues on the above transactions will be recognised during the financial year 2021. The Company is also in advanced negotiation with a number of potential buyers for sales in Phase 2.

With the encouraging news on the effectiveness of a COVID-19 vaccine, the Board of Directors believes that the luxury property market is likely to pick up in the second half of calendar year 2021. The strategic partnership recently signed with renowned international brokers Vaneau for the European market and Chesterton for the Middle East, should help DPM in achieving its sales targets.

In **Mauritius** and **Seychelles**, given the uncertain international environment, the Group is progressing cautiously on its projects. Notwithstanding these uncertainties, the Board of Directors is confident that the unique attributes of its land bank will allow the Group to generate significant cash flows in the coming years.

The audited financial statements for the period ended 30 June 2020 and the abridged financial statements for the quarter ended 30 September 2020 are issued pursuant to DEM Rule 17, 18 and Section 88 of 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 of Semaris Ltd accepts full responsibility for the accuracy of the information contained in this report.

By order of the Board

23 December 2020