

BLUELIFE LIMITED

Business Registration Number: C07050411

ABRIDGED AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

ABRIDGED STATEMENTS OF FINANCIAL POSITION

	THE GROUP		THE COMPANY	
	Audited as at December 31, 2016	Audited as at December 31, 2015	Audited as at December 31, 2016	Audited as at December 31, 2015
	Rs'000	Rs'000	Rs'000	Rs'000
ASSETS				
Non-current assets	4,143,031	4,980,366	2,532,808	2,957,612
Current Assets	594,410	669,638	260,877	328,676
Non-current assets classified as held for sale	276,614	29,199	276,614	29,199
Total Assets	5,014,055	5,679,203	3,070,299	3,315,487
EQUITY AND LIABILITIES				
Capital and reserves				
Owners' interest	2,293,807	2,871,455	2,345,448	2,605,769
Non-controlling interests	30,409	101,485	-	-
Total equity	2,324,216	2,972,940	2,345,448	2,605,769
Non-current liabilities	683,120	1,362,763	135,520	194,127
Current liabilities	2,006,719	1,343,500	589,331	515,591
Total equity and liabilities	5,014,055	5,679,203	3,070,299	3,315,487

ABRIDGED STATEMENTS OF CHANGES IN EQUITY

THE GROUP	Stated capital	Other reserves	Actuarial reserves	(Revenue deficit) / Retained earnings	Total	Non-controlling interests	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2016	3,027,298	26,080	(778)	(181,145)	2,871,455	101,484	2,972,939
Loss for the year	-	-	-	(575,941)	(575,941)	(70,270)	(646,211)
Other comprehensive income for the year	-	-	(1,707)	-	(1,707)	(805)	(2,512)
Total Comprehensive income for the year	-	-	(1,707)	(575,941)	(577,648)	(71,075)	(648,723)
Balance at December 31, 2016	3,027,298	26,080	(2,485)	(757,086)	2,293,807	30,409	2,324,216
Balance at January 1, 2015	3,027,298	26,080	(577)	240,050	3,292,851	142,072	3,434,923
Loss for the year	-	-	-	(415,797)	(415,797)	(68,484)	(484,281)
Other comprehensive income for the year	-	-	(202)	-	(202)	-	(202)
Total Comprehensive income for the year	-	-	(202)	(415,797)	(415,999)	(68,484)	(484,483)
Issue of share capital	-	-	-	-	-	22,500	22,500
Changes in ownership interest in subsidiaries that do not result in a loss of control	-	-	-	(5,397)	(5,397)	5,397	-
Balance at December 31, 2015	3,027,298	26,080	(779)	(181,144)	2,871,455	101,485	2,972,940

ABRIDGED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	THE GROUP		THE COMPANY	
	Audited year ended December 31, 2016	Audited year ended December 31, 2015	Audited year ended December 31, 2016	Audited year ended December 31, 2015
	Rs'000	Rs'000	Rs'000	Rs'000
Revenue	1,470,154	1,035,252	53,185	36,933
Loss before finance costs	(136,040)	(249,286)	(44,946)	(51,991)
Net decrease in fair value of investment properties	(78,695)	(21,344)	(3,667)	(6,745)
Impairment charges	(244,169)	(47,499)	(156,340)	(93,287)
Finance costs	(177,282)	(183,569)	(54,493)	(48,719)
Share of loss of associate	-	(1,823)	-	-
Loss on disposal of associate	-	(6,785)	-	(6,305)
Loss before taxation	(636,186)	(510,306)	(259,446)	(207,047)
Income tax (charge)/credit	(10,025)	26,025	(467)	(1,686)
Loss for the year	(646,211)	(484,281)	(259,913)	(208,733)
Other comprehensive income for the year net of tax	(2,512)	(202)	(408)	(202)
Total comprehensive income for the year	(648,723)	(484,483)	(260,321)	(208,935)
Loss attributable to:				
Owners of the parent	(575,941)	(415,797)	(259,913)	(208,733)
Non-controlling interests	(70,270)	(68,484)	-	-
	(646,211)	(484,281)	(259,913)	(208,733)
Total comprehensive income attributable to:				
Owners of the parent	(577,648)	(415,999)	(260,321)	(208,935)
Non-controlling interests	(71,075)	(68,484)	-	-
	(648,723)	(484,483)	(260,321)	(208,935)
Loss per share (Rs/cs)				
-basic	(1.354)	(0.976)	(0.611)	(0.491)

ABRIDGED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	THE GROUP		THE COMPANY	
	Audited year ended December 31, 2016	Audited year ended December 31, 2015	Audited year ended December 31, 2016	Audited year ended December 31, 2015
	Rs'000	Rs'000	Rs'000	Rs'000
Continuing operations				
Basic loss per share (Rupees & cents)	(1.354)	(0.976)	(0.611)	(0.491)
Net Assets per share (Rupees & cents)	5.393	6.751	5.51	6.126
Number of ordinary shares	425,342,317	425,342,317	425,342,317	425,342,317

ABRIDGED STATEMENTS OF CASH FLOW

	THE GROUP		THE COMPANY	
	Audited year ended December 31, 2016	Audited year ended December 31, 2015	Audited year ended December 31, 2016	Audited year ended December 31, 2015
	Rs'000	Rs'000	Rs'000	Rs'000
Operating activities				
Net cash from / (used in) operating activities	134,508	(169,131)	(28,753)	(151,825)
Investing activities				
Net cash from / (used in) investing activities	8,147	(19,683)	18,624	596
Financing activities				
Net cash (used in) / from financing activities	(2,521)	221,633	4,544	66,224
Increase/(decrease) in cash and cash equivalents	140,134	32,819	(5,585)	(85,005)
Movement in cash and cash equivalents				
At January 1	(387,274)	(424,974)	(249,822)	(164,914)
Effect of foreign exchange difference	2,746	4,881	(18)	97
Increase/(decrease)	140,134	32,819	(5,585)	(85,005)
At December 31,	(244,394)	(387,274)	(255,425)	(249,822)

THE COMPANY	Stated capital	Actuarial reserves	(Revenue deficit) / Retained earnings	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2016	3,027,298	(779)	(420,750)	2,605,769
Loss for the year	-	-	(259,913)	(259,913)
Other comprehensive income for the year	-	(408)	-	(408)
Total Comprehensive income for the year	-	(408)	(259,913)	(260,321)
Balance at December 31, 2016	3,027,298	(1,187)	(680,663)	2,345,448
Balance at January 1, 2015	3,027,298	(577)	(212,017)	2,814,704
Loss for the year	-	-	(208,733)	(208,733)
Other comprehensive income for the year	-	(202)	-	(202)
Total Comprehensive income for the year	-	(202)	(208,733)	(208,935)
Balance at December 31, 2015	3,027,298	(779)	(420,750)	2,605,769

NOTES TO THE ABRIDGED AUDITED ANNUAL FINANCIAL STATEMENTS

1. The abridged annual financial statements have been prepared in accordance with International Financial Reporting Standards and audited by Messrs BDO & Co Ltd.

2. ACTIVITY

The major steps taken in the previous year with respect to property development have started showing results in 2016. The launch of Phase 2 IRS with the Ocean River Villas and Riviera development led to profits of Rs 182.2m (2015: loss of Rs 61m). This positive contribution was unfortunately mitigated by losses of Rs 57.1m upon full recognition of the construction cost increase for our Phase II local project further to the appointment of a new contractor to complete the work after the termination of the contract of Super Construction Ltd. Claims have been submitted for all the costs incurred as well as additional expenses.

The appointment of Rezidor Hotels APS to manage the hotels and rental pool from 1 September 2015 under the Radisson Blu brand was expected to contribute positively to 2016 results. The underperformance of the operator during its first year which led to losses from the hotels of Rs 151m in 2016 (2015: Rs 149.4m) was stringently addressed. The operator hired new high calibre resources as from the second half of 2016 and a re-positioning of the resorts has been undertaken. The impact in the last quarter 2016 was positive, and prospects for 2017 are promising. Rental management of residences has been separated from hotel operations as from the last quarter of 2016. A joint venture with a rental pool operator with proven track record is expected to start generating positive results as from end of 2017, while an important part of the three year rental guarantee on Phase I expires at the beginning of 2017, thereby substantially reducing the annual costs which stood at Rs 68.6m in 2016 (2015: Rs 68.5m)

As previously reported, we suffered from a drop in occupancy of our commercial centres and offices as from the last months of 2015. Despite the constant focus for our asset management team to improve occupancy, the market conditions, which put a downward pressure on rentals, did not drive recovery to revenue levels recorded in 2015. This led to a total decrease of investment properties and land value classified as held for sale of Rs 112.6m in addition to the losses of Rs 81.9m from the operations in this cluster (2015: Rs 43.6m). Riverside Shopping Centre has been recognized as held for sale, further to a decision to sell this asset and advanced level of discussions with the potential buyer. A review of Circle Square Retail Park as well as the potential development of the land bank held at Forbach is currently being planned.

The financial restructuring, with the support of financial institutions and main shareholders at the beginning of 2016, had helped in stabilizing the cash flow, although the unexpected negative results from the hospitality cluster has required further structuring which is under way.

The carrying amount of goodwill was tested and was impaired by Rs 176.4m. The goodwill had been created at amalgamation of BlueLife Limited with Indian Ocean Real Estate Company Ltd arisen on 31 December 2013, upon valuation of subsidiaries, and its impairment relates mainly to the estimated future value of developments. The residual value of goodwill will be impaired upon completion of the Riviera project, in which it relates, in 2017.

As a result of operational losses of Rs 136m, although reduced compared to 2015 (Rs 249m) and because of the impact of finance charges, the revaluation of properties and the impairment of assets and goodwill, the 2016 Group losses stood at Rs 648.7m for the year (2015: Rs 484.5m). Total impairment including decrease in fair value of investment properties as explained above stood at 50% of the Group losses in 2016.

The Company made a loss of Rs 260m for the year (Rs 208.9m in 2015) which is mainly attributable to higher finance charges and impairment. The Company registered operational losses of Rs 44.9m during the period under consideration, reduced compared to 2015 (Rs 52m). Development revenues increased in 2016 compared to 2015 but are still below the level which should be achieved upon reaching full project momentum. In addition, impairments and fair value decreases totaling Rs 160m in respect of investment properties, investment in subsidiaries and goodwill (2015 : Rs 100m) had an adverse impact on the Company's results and represent 61% of the Company's losses.

At year end, the Group total assets and net assets stood at Rs 5.01Bn and Rs 2.29Bn respectively (2015: 5.68Bn and Rs 2.87Bn). As a result, net assets per share dropped from Rs 6.75 to Rs 5.39

3. FUTURE PROSPECTS

The Company is currently focusing its efforts towards the next phases of development: in Forbach we are considering various options for the development of the land bank, in Piton we are at the final planning stage of the construction of 17 additional units in Les Hauts Champs residential compound.

While we are completing the construction of the 16 Riviera villas with delivery in the first quarter 2018, we have recently put on the market 16 villas of the Ocean River Villas project, overlooking a corporate 9-hole golf course. The latter forms part of the next phase of Azuri located in the Northern area next to the Riviere du Rempart river. The master plan of this Northern precinct incorporates the new vision for Azuri, with residential areas with lower density, for the local and foreign markets as well as dedicated commercial and leisure zones. We continue to improve the Azuri living experience, to set new standards of life near the sea.

In respect of our hotel segment, we strongly believe that the arrival of a marketing manager in July 2016 and of the new cluster general manager in January 2017 coupled with the recent good results in the hotel revenues and operations will impact positively on the future contribution of the hotel segment to the Group results.

By Order of the Board
IBL Management Ltd
Company Secretary

March 31, 2017

Copies of the statement of direct and indirect interests of Officers pursuant to Rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 and of these abridged audited annual financial statements are available, free of charge, upon request made to the Company Secretary, at the registered office of the Company, 4th Floor, IBL House, Caudan Waterfront, Port Louis.

The above abridged audited annual financial statements are issued pursuant to Listing 12.14 and the Securities Act 2005.

The Board of Directors of BlueLife Limited accepts full responsibility for the accuracy of the information contained in these abridged audited annual financial statements.