

ABRIDGED UNAUDITED FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2017



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Quarter ended 30 June 2017	Quarter ended 30 June 2016	6 months ended 30 June 2017	6 months ended 30 June 2016
	MUR	MUR	MUR	MUR
	Unaudited	Unaudited	Unaudited	Unaudited
Gross ticket sales	401,825,180	423,110,300	793,587,280	834,225,280
Prizes	(194,885,212)	(205,208,496)	(384,889,831)	(404,599,261)
Consolidated fund	(95,523,489)	(100,583,473)	(188,654,743)	(198,315,370)
Net income	<u>111,416,479</u>	<u>117,318,331</u>	<u>220,042,706</u>	<u>231,310,649</u>
Operating profit	28,152,923	33,748,891	52,734,301	65,231,694
Net finance (cost)/income	(36,392)	17,912	(43,420)	36,645
Profit before income tax	28,116,531	33,766,803	52,690,881	65,268,339
Income tax expense	(6,496,933)	(6,317,249)	(10,785,195)	(11,316,064)
Profit for the period	21,619,598	27,449,554	41,905,686	53,952,275
Other comprehensive income-net of tax	-	-	-	-
Total comprehensive income	<u>21,619,598</u>	<u>27,449,554</u>	<u>41,905,686</u>	<u>53,952,275</u>
Earnings per share	<u>0.06</u>	<u>0.08</u>	<u>0.12</u>	<u>0.16</u>

STATEMENT OF FINANCIAL POSITION

	30 June 2017	31 December 2016
	MUR	MUR
	Unaudited	Audited
ASSETS		
Non-current assets	127,195,416	150,828,200
Current assets	187,250,511	235,917,526
Total assets	<u>314,445,927</u>	<u>386,745,726</u>
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	100,000,000	100,000,000
Retained earnings	43,136,116	38,630,430
Total equity	<u>143,136,116</u>	<u>138,630,430</u>
Non-current liabilities	6,447,997	7,160,749
Current liabilities	164,861,814	240,954,547
Total liabilities	<u>171,309,811</u>	<u>248,115,296</u>
Total equity and liabilities	<u>314,445,927</u>	<u>386,745,726</u>

STATEMENT OF CASH FLOWS

	6 months ended 30 June 2017	6 months ended 30 June 2016
	MUR	MUR
	Unaudited	Unaudited
Net cash generated from operating activities	40,450,930	54,714,780
Net cash used in investing activities	(413,310)	(3,942,643)
Net cash used in financing activities	(37,400,000)	(40,800,000)
Net increase in cash and cash equivalents	2,637,620	9,972,137
Cash and cash equivalents at start of the period	156,806,786	123,142,408
Cash and cash equivalents at end of the period	<u>159,444,406</u>	<u>133,114,545</u>

STATEMENT OF CHANGES IN EQUITY

	Stated capital	Retained earnings	Total equity
	MUR	MUR	MUR
	Unaudited	Unaudited	Unaudited
At 1 January 2016	100,000,000	42,205,376	142,205,376
Profit for the period	-	53,952,275	53,952,275
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	53,952,275	53,952,275
Transactions with owners			
Dividends	-	(40,800,000)	(40,800,000)
At 30 June 2016	<u>100,000,000</u>	<u>55,357,651</u>	<u>155,357,651</u>
At 1 January 2017	100,000,000	38,630,430	138,630,430
Profit for the period	-	41,905,686	41,905,686
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	41,905,686	41,905,686
Transactions with owners			
Dividends	-	(37,400,000)	(37,400,000)
At 30 June 2017	<u>100,000,000</u>	<u>43,136,116</u>	<u>143,136,116</u>

COMMENTS

Principal Activity

The company is the operator of the Mauritius National Lottery on behalf of the Government of Mauritius.

Results

Gross ticket sales revenue for the quarter ended 30 June 2017 amounted to MUR401.8m compared to the prior corresponding period revenue of MUR423.1m.

The profit after income tax was MUR21.6m for the quarter ended 30 June 2017 compared to a profit of MUR27.4m for the last corresponding quarter.

Business Review

As a result of the ongoing and systematic focus on cost management, innovative communications and technological development to stem the decline in sales resulting from actions taken by the Government in 2015, the business continued to perform in line with 2016 performance.

In March 2015, the Government announced budgetary measures that banned advertising of the lottery effective 24 March 2015 and the prohibition of the Quick Win category of games effective 30 June 2015. The company took immediate action to "right-size" the business to the new reality resulting in a significant reduction in employees and administration costs. In spite of the current restrictions imposed by the GRA to withhold approval of new games and the 2015 budgetary measures, the company manages to be profitable. The fundamentals of the company's business remain strong.

In order to address the measures taken by the Government in March 2015, the Board engaged with PwC to evaluate the actual financial impact of the 2015 budgetary measures, following which two independent reports were submitted to the GRA. The reports supported the company's claim for compensation and a review of the quantum of the contribution to the Consolidated Fund so as to restore value for all shareholders and stakeholders in the future.

Following the "Mise En Demeure" served on the GRA by the company on 21 May 2016, a Complaint With Summons has been filed on 13 June 2016 before The Supreme Court of Mauritius (Commercial Division), against the GRA and the Ministry of Finance and Economic Empowerment. As stated by a communique issued by the company on 5 June 2017, the parties to the court case have agreed to submit their dispute to the Mediation Division of the Supreme Court with a view to resolving it. The process has started and is ongoing.

Future Outlook

The company is confident that it will generate a substantially higher increase in sales once the restrictions are lifted whilst continuing to apply the responsible gaming principles adopted by the World Lottery Association.

The Board continues to work with management to ensure that the company can deliver on its targets and to take appropriate actions in order to mitigate the impact of the Government's actions in March 2015, and protect the value of the company.

Earnings per share

The calculation of earnings per share is based on the profit attributable to the shareholders of the company of MUR41.9m (June 2016: MUR54.0m) and the number of the shares in issue of 340,000,000.

Dividend

A final dividend of MUR37.4m (June 2016: MUR40.8m) was declared and paid in respect of the financial year 31 December 2016 during the period under review.

Others

The abridged financial statements of the company are unaudited and have been prepared using the same accounting policies as the audited statements for the year ended 31 December 2016.

Copies of the above abridged unaudited financial statements are available, free of charge, upon request made to the Company Secretary, at the registered office of the company, Royal Road, Chapman Hill, Beau Bassin, or can be viewed on the company's website www.lottotech.mu.

The statement of direct and indirect interests of insiders pursuant to rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 is available, free of charge, upon request made to the Company Secretary, at the registered office of the company.

By Order of the Board
Gamma Corporate Services Ltd
Company Secretary
09 August 2017

These abridged unaudited financial statements are issued pursuant to Listing Rule 12.20. The Board of Directors of Lottotech Ltd accepts full responsibility for the accuracy of the information contained in these abridged unaudited financial statements.