

ABRIDGED UNAUDITED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 MARCH 2017



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Quarter ended 31 March 2017 MUR	Quarter ended 31 March 2016 MUR
	Unaudited	Unaudited
Gross ticket sales	391,762,100	411,114,980
Prizes	(190,004,619)	(199,390,765)
Consolidated fund	(93,131,253)	(97,731,898)
Net income	108,626,228	113,992,317
Operating profit	24,581,378	31,482,802
Net finance income	(7,028)	18,733
Profit before income tax	24,574,350	31,501,535
Income tax expense	(4,288,262)	(4,998,815)
Profit for the period	20,286,088	26,502,720
Other comprehensive income	-	-
Total comprehensive income	20,286,088	26,502,720
Earnings per share	0.06	0.08

STATEMENT OF FINANCIAL POSITION

	31 March 2017 MUR	31 December 2016 MUR
	Unaudited	Audited
ASSETS		
Non-current assets	138,833,680	150,828,200
Current assets	221,886,481	235,917,526
Total assets	360,720,161	386,745,726
EQUITY AND LIABILITIES		
Capital and reserves		
Stated capital	100,000,000	100,000,000
Retained earnings	21,516,518	38,630,430
Total equity	121,516,518	138,630,430
Non-current liabilities	6,778,855	7,160,749
Current liabilities	232,424,788	240,954,547
Total liabilities	239,203,643	248,115,296
Total equity and liabilities	360,720,161	386,745,726

STATEMENT OF CASH FLOWS

	Quarter Ended 31 March 2017 MUR	Quarter Ended 31 March 2016 MUR
	Unaudited	Unaudited
Net cash generated from operating activities	34,033,836	61,389,101
Net cash used in investing activities	(167,670)	(733,555)
Net increase in cash and cash equivalents	33,866,166	60,655,546
Cash and cash equivalents at start of the period	156,806,786	123,142,408
Cash and cash equivalents at end of the period	190,672,952	183,797,954

STATEMENT OF CHANGES IN EQUITY

	Stated capital MUR	Retained earnings MUR	Total equity MUR
	Unaudited	Unaudited	Unaudited
At 1 January 2016	100,000,000	42,205,376	142,205,376
Profit for the period	-	26,502,720	26,502,720
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	26,502,720	26,502,720
Transactions with owners			
Dividends	-	(40,800,000)	(40,800,000)
At 31 March 2016	100,000,000	27,908,096	127,908,096
At 1 January 2017	100,000,000	38,630,430	138,630,430
Profit for the period	-	20,286,088	20,286,088
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	20,286,088	20,286,088
Transactions with owners			
Dividends	-	(37,400,000)	(37,400,000)
At 31 March 2017	100,000,000	21,516,518	121,516,518

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 31 March 2017 amounted to MUR391.8m compared to the prior corresponding period revenue of MUR411.1m.

The profit after income tax was MUR20.3m for the quarter ended 31 March 2017 compared to a profit of MUR26.5m 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 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. Two independent reports were submitted to the Board and subsequently to the GRA with a view to claim compensation and review the quantum of the contribution to the Consolidated Fund so as to restore value for all shareholders and stakeholders in the future.

Future Outlook

In spite of the current restrictions imposed by the GRA to withhold approval of new games and the 2015 budgetary measures, the company continues to be profitable. The fundamentals of the company's business remain strong. 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.

The company has not received any response from the GRA regarding its representations in respect of the review of the contribution rate to the Consolidated Fund, the quantum of the compensation receivable for the exceptional Quick Win inventory write-off and severance payments and/or the review of the structured game plan. The Board considers that it has a legitimate claim.

Following the "Mise En Demeure" served on the GRA by the company on 21 May 2016, a Plaint 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. To date, the company has received no response from the GRA.

Earnings per share

The calculation of earnings per share is based on the profit attributable to the shareholders of the company of MUR20.3m (March 2016: MUR26.5m) and the number of the shares in issue of 340,000,000.

Dividend

A final dividend of MUR37.4m (March 2016: MUR40.8m) was declared 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

10 May 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.