TPS EASTERN AFRICA PLC

UNAUDITED CONSOLIDATED RESULTS FOR THE HALF-YEAR ENDED 30th JUNE 2018

The Board of Directors of TPS Eastern Africa PLC is pleased to announce the unaudited results and financial statements for the half-year ended 30th June 2018

CONSOLIDATED SUMMARISED INCOME STATEMENT	Six months to 30-Jun-18 Shs'000	Six months to 30-Jun-17 Shs'000
Sales	**2,684,910**	**2,621,823**
Profit before exchange difference, interest, depreciation, results of associates and taxation	833	86,319
Exchange profit/(loss) on foreign currency loans	25,125	(45,703)
Net interest cost	(61,385)	(70,752)
Depreciation on property, plant and equipment	(194,763)	(194,582)
Share of results of associates	(1,223)	(6,068)
Loss before income tax	(231,413)	(230,786)
Income tax credit	62,803	41,990
Loss after taxation	**(168,610)**	**(188,796)**
Attributable to:		
Equity holders of the Company	(203,126)	(197,715)
Non-controlling interest	34,516	8,919
	(168,610)	**(188,796)**
Loss per share attributable to the equity holders of the Company		
– basic (Shs per share)	(1.12)	(1.09)
Weighted average number of shares (000s)	182,174	182,174

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Six months to 30-Jun-18 Shs'000	Six months to 30-Jun-17 Shs'000
Loss after taxation	(168,610)	(188,796)
Other comprehensive income: Items net of tax		
Currency translation differences	(216,891)	34,440
Total comprehensive loss	**(385,501)**	**(154,356)**
Attributable to:		
Equity holders of the Company	(420,017)	(163,275)
Non-controlling interest	34,516	8,919
	(385,501)	**(154,356)**

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	30-Jun-18 Shs'000	30-Jun-17 Shs'000
CAPITAL EMPLOYED		
Equity	8,779,116	9,411,265
Non-current liabilities	5,756,588	5,513,338
	14,535,704	14,924,603
REPRESENTED BY		
Non-current assets	15,015,181	14,238,615
Net current (liabilities)/assets	(479,477)	685,988
	14,535,704	14,924,603

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS	Six months to 30-Jun-18 Shs'000	Six months to 30-Jun-17 Shs'000
Net cash (used in)/generated from operating activities	(104,717)	76,768
Net cash used in investing activities	(687,109)	(830,244)
Net cash (used in)/from financing activities	(32,361)	87,203
Decrease in cash and cash equivalents	(824,187)	(666,273)
Movement in cash and cash equivalents		
At start of period	611,779	1,425,891
Effects of currency translation differences	(26,898)	11,630
Decrease in cash and cash equivalents	(824,187)	(666,273)
At end of period	(239,306)	771,248

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital Shs'000	Share premium Shs'000	Revaluation reserves Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Translation Reserve Shs'000	Non controlling interest Shs'000	Total Shs'000
At 1st January 2017	**182,174**	**4,392,668**	**2,534,165**	**2,366,122**	**63,761**	**(1,069,084)**	**1,095,815**	**9,565,621**
Comprehensive income for the period								
(Loss)/profit for the period	-	-	-	(197,715)	-		8,919	(188,796)
Other comprehensive income:								
Currency translation differences	-	-	-	-	-	34,440	-	34,440
Total other comprehensive income	-	-	-	-	-	34,440	-	34,440
Total comprehensive (loss)/ income for the period	**-**	**-**	**-**	**(197,715)**	**-**	**34,440**	**8,919**	**(154,356)**
Transaction with owners Dividends: - final for 2016	-	-	-	-	-	-	-	-
At 30th June 2017	**182,174**	**4,392,668**	**2,534,165**	**2,168,407**	**63,761**	**(1,034,644)**	**1,104,734**	**9,411,265**
	Share Capital Shs'000	**Share premium Shs'000**	**Revaluation reserves Shs'000**	**Retained earnings Shs'000**	**Proposed dividends Shs'000**	**Translation Reserve Shs'000**	**Non controlling interest Shs'000**	**Total Shs'000**
At 1st January 2018	**182,174**	**4,392,668**	**2,480,830**	**2,315,239**	**63,761**	**(1,019,030)**	**748,975**	**9,164,617**
Comprehensive income for the period								
(Loss)/profit for the period	-	-	-	(203,126)	-	-	34,516	(168,610)
Other comprehensive income:								
Currency translation differences	-	-	-	-	-	(216,891)	-	(216,891)
Total other comprehensive income	-	-	-	-	-	(216,891)	-	(216,891)
Total comprehensive (loss)/ income for the period	**-**	**-**	**-**	**(203,126)**	**-**	**(216,891)**	**34,516**	**(385,501)**
Transaction with owners Dividends: - final for 2017	-	-	-	-	-	-	-	-
At 30th June 2018	**182,174**	**4,392,668**	**2,480,830**	**2,112,113**	**63,761**	**(1,235,921)**	**783,491**	**8,779,116**

COMMENTARY

During the first half of 2018, the foreign leisure tourism segment in East Africa witnessed a slow but encouraging growth in business levels compared to last year. The Company's (TPS Eastern Africa PLC/the Group) diversified portfolio in East Africa recorded satisfactory growth in the corporate and domestic leisure segments, particularly during the second quarter of 2018 after the political environment in Kenya stabilised. The commencement of direct flights by Kenya Airways to/from New York from October 2018, resumption of Air France flights to Nairobi and the granting of additional flight frequency of Ethiopian Airlines to Mombasa from July 2018 is encouraging. Based on the feedback received from our suppliers of business in traditional and new international source markets, there is increased interest in selling destination East Africa. Current forecasts indicate satisfactory outlook during the second half of 2018 for Serena Kenya, Serena Tanzania and Serena Uganda.

The new and refurbished facilities at Kampala Serena Hotel and Dar es Salaam Serena Hotel that were completed in the course of 2017 have contributed positively during the first half of 2018. The first phase of the redevelopment of Nairobi Serena Hotel will be handed over in August 2018 and consequently the Board is optimistic that the last quarter of 2018 will record improved performance following completion of the ball room, new restaurant and an executive lounge which will generate additional revenue. The award of a management contract in the Democratic Republic of Congo (DRC) will further strengthen the Serena brand with the opening of Goma Serena Hotel in early 2019.

Given the seasonal nature of the tourism industry in East Africa, the results for the first half of 2018 should not be taken as a basis for forecasting a full year's result. For the six month period, TPS Eastern Africa PLC recorded a lower Loss After Tax of KShs. 168.6 million as compared to KShs. 188.8 million in the previous year. The results for the period have been impacted by lower than expected sales from the foreign leisure tourism arrivals in Kenya during the first quarter and the unexpected increase in energy and other operating costs. Notwithstanding the challenging business environment, the Board and Management looks at the future with optimism and express their appreciation to the East African governments for facilitating the continuous resource allocation required to improve the business environment for destination East Africa.

The Group continues to implement appropriate Human Resource Management practices and sound Corporate Social Responsibility (CSR) programs that complement its long-term business strategy. The CSR programs remain fully aligned to achieving the Sustainable Development Goals (SDGs) set out by the United Nations Development Programme. Our sustainable business practices continue to respond to the needs of eco-tourism, environmental conservation, reafforestation, education, public health and essentially community development.

In line with the Company's policy, the Board of Directors does not recommend the declaration of an interim dividend.

By Order of the Board

Dominic Ng'ang'a
COMPANY SECRETARY
14 August, 2018

SERENA HOTELS
SAFARI LODGES AND CAMPS
HOTELS • RESORTS