

GROUP ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Quarter to 30th September		Year ended
	2016 Rs 000 (Un-audited)	2015 Rs 000 (Un-audited)	30th June 2016 Rs 000 (Audited)
Continuing operations			
Revenue	894,423	1,042,392	5,158,256
Earnings before Interest, Tax, Depreciation and Amortisation	76,453	108,479	1,123,926
Depreciation and amortisation	(112,799)	(102,753)	(427,472)
Operating profit / (loss)	(36,346)	5,726	696,454
Net finance costs	(60,697)	(51,886)	(215,524)
Closure Costs - LUX* South Ari Atoll	(131,825)	-	-
(Loss)/profit before taxation	(228,868)	(46,160)	480,930
Income tax credit/(expense)	22,036	6,400	(62,451)
(Loss)/profit for the period	(206,832)	(39,760)	418,479
Non-controlling interest	1,178	389	125
(Loss)/profit attributable to the group	(205,654)	(39,371)	418,604
Other comprehensive income			
Movement for the period	-	(1,053)	5,493
Total recognised income	(205,654)	(40,424)	424,097
Basic and Diluted - (Loss)/Earnings per share	Rs. (1.50)	(0.29)	3.06
SEGMENTAL INFORMATION			
Segment revenue:			
Mauritius	724,773	681,135	3,408,193
Maldives	34,092	239,021	1,168,387
Reunion	135,558	122,236	581,676
Total revenue	894,423	1,042,392	5,158,256
Segment results:			
Mauritius	28,006	43,854	652,543
Maldives	(55,691)	(27,651)	47,435
Reunion	(8,661)	(10,477)	(3,524)
Results before net finance costs	(36,346)	5,726	696,454

GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

	30th September 2016 Rs 000	30th September 2015 Rs 000	30th June 2016 Rs 000
ASSETS			
<i>Non current assets</i>			
Property, plant & equipment	8,762,912	9,220,555	8,518,723
Intangible assets	1,461,883	1,471,124	1,466,251
Other financial assets	5	5	5
Deferred tax assets	52,341	44,732	52,341
	10,277,141	10,736,416	10,037,320
<i>Current assets</i>			
Assets held for sale	1,039,174	1,066,700	1,148,837
	1,033,385	-	1,037,045
TOTAL ASSETS	12,349,700	11,803,116	12,223,202
EQUITY AND LIABILITIES			
Shareholders' interest	5,801,739	5,722,962	6,007,393
Non-controlling interests	2,281	1,378	3,459
Non-current liabilities	3,630,850	3,733,260	3,338,270
Current liabilities	2,398,753	2,345,516	2,348,487
Liabilities associated with assets held for sale	516,077	-	525,593
TOTAL EQUITY AND LIABILITIES	12,349,700	11,803,116	12,223,202
Net Assets per Share	Rs. 42.38	41.84	43.88
Net Assets per Share (including the market value of leasehold land)	Rs. 57.18	56.69	58.68

GROUP ABRIDGED STATEMENT OF CASH FLOWS

	30th September 2016 Rs 000	30th September 2015 Rs 000	30th June 2016 Rs 000
Net cash flows from operating activities	286	26,686	784,374
Net cash flows used in investing activities	(347,511)	(193,771)	(811,778)
Net cash flows used in financing activities	228,298	94,727	(3,974)
Net decrease in cash & cash equivalents	(118,927)	(72,358)	(31,378)
Cash and bank balance			
At beginning of period	(293,881)	(262,503)	(262,503)
At end of period	(412,808)	(334,861)	(293,881)

ABRIDGED STATEMENT OF CHANGES IN EQUITY

	30th September 2016 Rs 000	30th September 2015 Rs 000	30th June 2016 Rs 000
At beginning of period	6,007,393	5,763,386	5,712,768
Other movement	-	-	21,925
Issue of shares	-	-	5,993
Total recognised income	(205,654)	(40,424)	424,097
Dividend	-	-	(157,390)
At end of period	5,801,739	5,722,962	6,007,393

Commentary

Tourist arrivals to Mauritius for the quarter ended 30th September 2016 increased by 9% to reach 294,426. Arrivals from Europe, our main market, went up by 17% mostly driven by the increase in arrivals from Germany and the UK which grew by 44% and 11% respectively. France, our number one source market, progressed by 5% on the corresponding quarter last year. Arrivals from Asia were similar to last year at around 50,000 passengers. Chinese arrivals decreased during the quarter under review by 25% to 23,078 compensated by an increase in arrivals from India which grew by 33% to 17,958.

At time of this report, arrivals to the Maldives were not available for the month of September 2016. For the two months of July and August, arrivals increased by 4% to 222,714 and China remains the main source market with 33% of total arrivals.

Group Results

The quarter under review is regarded as the low season for the hotel industry in the Indian Ocean. Furthermore, our results were impacted by the closure of LUX* South Ari Atoll for the months of July and August and the unfavorable exchange rates notably the GBP following the Brexit vote.

Our hotels in Mauritius posted a record occupancy rate of 86%, up by one percentage point on the corresponding quarter last year, and ADR (Room Revenue per occupied room) improved by 7% despite the negative impact of GBP. The increase in occupancy and ADR resulted in an increase of 9% in RevPAR (Room Revenue per available room).

LUX* Saint Gilles in Reunion Island improved its ADR on last year by 8% but occupancy decreased by 2% points. As a result, RevPAR increased by 6%.

With regards to LUX* Maldives, the figures are not comparable with last year due to the closure of the hotel for renovation.

Against the above background, total revenue for the quarter under review reached Rs 894 million, down by 14% on corresponding quarter last year and EBITDA (earnings before interest, tax, depreciation and amortisation) amounted to Rs 76 million, a decrease of 30% on last year. Finance costs increased by Rs 9 million due to the new loan contracted for the renovation of LUX* South Ari Atoll in Maldives. Closure costs of LUX* South Ari Atoll for the quarter amounted to Rs 132 million and the loss for the quarter amounted to Rs 206 million compared to Rs 41 million last year.

Project Development

LUX* South Ari Atoll in Maldives reopened on schedule after a 3 month closure on the 1st September 2016. The total redevelopment cost of the hotel amounted to USD 30 million representing USD 155k per key which is well within the industry norms for such a project of five star luxury hotel in Maldives. The trade and the press were invited to celebrate what is the "new place to be Maldives". The feedback has been extremely positive and we are confident that LUX* South Ari Atoll will be very popular and successful.

The sale of the properties of the Tamassa hotel is progressing well and the buyers are now awaiting approval from the Authorities to conclude the transaction. Shareholders will be informed as soon as the transaction is finalized.

Concerning management contracts, we are constantly looking for opportunities and we are working closely with a number of hotel owners and developers with a view to securing new contracts.

LIR Bond Conversion

We would like to draw the attention of the holders of LIR Convertible Bonds that they will have the right to convert part or the totality of their Bonds into LIR shares on the third and last conversion date on 31st December 2016. The conversion ratio will be calculated on the basis of the average price of LIR share for the ninety (90) day period ending on 15 November 2016 discounted by 20%. A conversion notice will be sent on or about 30 November to all Bond holders registered on 25 November 2016 detailing the conversion procedure. Each Convertible Bond outstanding on maturity date (31st December 2017), will be redeemed at its principal amount together with any unpaid interest thereon.

Outlook

We are expecting robust international arrivals growth in Mauritius. The growth is a result of the Government's strategy to diversify our source markets while at the same time continuing to develop our traditional European markets coupled with a pragmatic growth strategy for air access. The Maldives targets to increase tourist arrivals in 2016 to 1.5 million and has declared 2016 as the 'Visit Maldives year' with several promotional activities planned to achieve this goal.

With LUX* South Ari Atoll being fully renovated and operational during the second quarter compared to last year, where 25% of its inventory was closed, we expect the results for the second quarter to improve on last year. This is based on the assumption that there will be no deterioration in the conditions in the countries and markets where we operate.

By the order of the Board

Lux Hospitality Ltd
Company Secretary

25th October 2016

Note to the above:

- The above Financial Highlights have been prepared in accordance with International Financial Reporting Standards (IFRSs).
- The Financial Highlights are issued pursuant to Listing Rule 12.20 and published according to the Securities Act 2005.
- The Financial Highlights have been prepared on the same basis of the accounting policies set out in the statutory Financial Statements of the Group for the year ended June 30, 2016, except for the adoption of relevant amendments to published Standards, Standards and Interpretations issued and effective for accounting period starting on July 1, 2016.
- Copies of the Financial Highlights and the statement of direct and indirect interests of officers of the Company required under Rule 8 (2) (m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 are available free of charge, upon request, from the Company Secretary, at the Company's registered office, Lux Island Resorts Ltd, Pierre Simonet Street, Floréal.
- The Board of Directors of Lux Island Resorts Ltd accepts full responsibility for the accuracy of the information contained in the Financial Highlights