LUX* RESORTS & HOTELS

LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES.

The group results for the year ended 30 June 2015 are as follows:

GROUP ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 30 June 2015 Rs 000 (Audited)	Year ended 30 June 2014 Rs 000 (Audited)
Continuing Operations		
Revenue	4,655,096	3,970,747
Earnings before interest, tax, depreciation and amortisation	1,052,389	893,424
Depreciation and amortisation	(372,813)	(308,575)
Operating profit	679,576	584,849
Net finance costs	(234,940)	(250,044)
Share of results of associated company	5,326	263
Profit before tax	449,962	335,068
Taxation	(63,629)	(53,243)
Profit after taxation from continuing operations	386,333	281,825
Result after tax from discontinued operation	(11,233)	3,124
Profit for the year	375,100	284,949
Non-controlling interest	(7,064)	(13,687)
Profit attributable to the group	368,036	271,262
Other comprehensive income		
Movement for the year attributable to the group	164,821	484,363
Total comprehensive income attributable to the group	532,857	755,625
Basic - Earnings per share		
- Continuing Operations	Rs 3.03	2.36
- Continuing and discontinued operations	Rs 2.94	2.38
Average number of shares	125,123,592	113,747,592
SEGMENTAL INFORMATION		
Segment revenue:		
Mauritius	2,578,507	1,806,097
Maldives	1,509,034	1,376,148
Reunion	567,555	788,502
Total revenue	4,655,096	3,970,747
Segment results:		
Mauritius	419,086	345,188
Maldives	273,859	246,861
Reunion	(13,369)	(7,200)
Total	679,576	584,849

GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

	30 June 2015 Rs 000 (Audited)	30 June 2014 Rs 000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	9,119,335	7,925,902
Intangible assets	1,475,084	1,073,758
Investment in associated company	-	232,449
Other financial assets	5	5
Deferred tax assets	44,732	21,282
Net employee defined benefit asset	-	42
	10,639,156	9,253,438
Current assets	973,853	1,088,758
TOTAL ASSETS	11,613,009	10,342,196
EQUITY AND LIABILITIES		
Shareholders' interest	5,763,386	4,313,262
Non-controlling interests	1,767	123,472
Non-current liabilities	3,803,187	4,243,045
Current liabilities	2,044,669	1,662,417
TOTAL EQUITY AND LIABILITIES	11,613,009	10,342,196
Net Assets per share	42.22	37.92
Net Assets per share including the market value of leasehold land	57.07	52.26
Number of shares in issue at year end less treasury shares	136,499,534	113,747,651

GROUP ABRIDGED STATEMENT OF CASH FLOWS

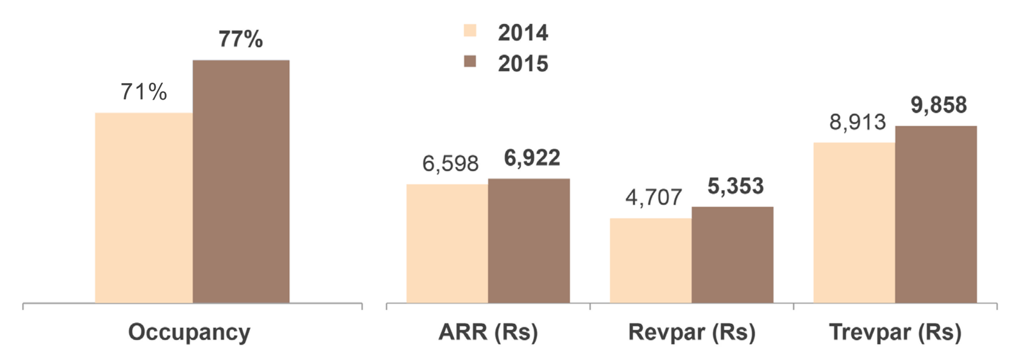
	30 June 2015 Rs 000	30 June 2014 Rs 000
Net cash flows from operating activities	813,106	617,888
Net cash flows from investing activities	(345,442)	(150,130)
Net cash flows from financing activities	(632,390)	(629,584)
Net decrease in cash & cash equivalents	(164,726)	(161,826)
Cash and bank balance		
At beginning of period	(97,777)	64,049
At end of period	(262,503)	(97,777)

ABRIDGED STATEMENT OF CHANGES IN EQUITY

	30 June 2015 Rs 000	30 June 2014 Rs 000
At beginning of period	4,313,262	3,605,806
Other movements in retained earnings and reserves	(90,099)	8,705
Total recognised gain	532,857	755,625
Issue of shares	1,144,153	-
Dividend	(136,787)	(56,874)
At end of period	5,763,386	4,313,262

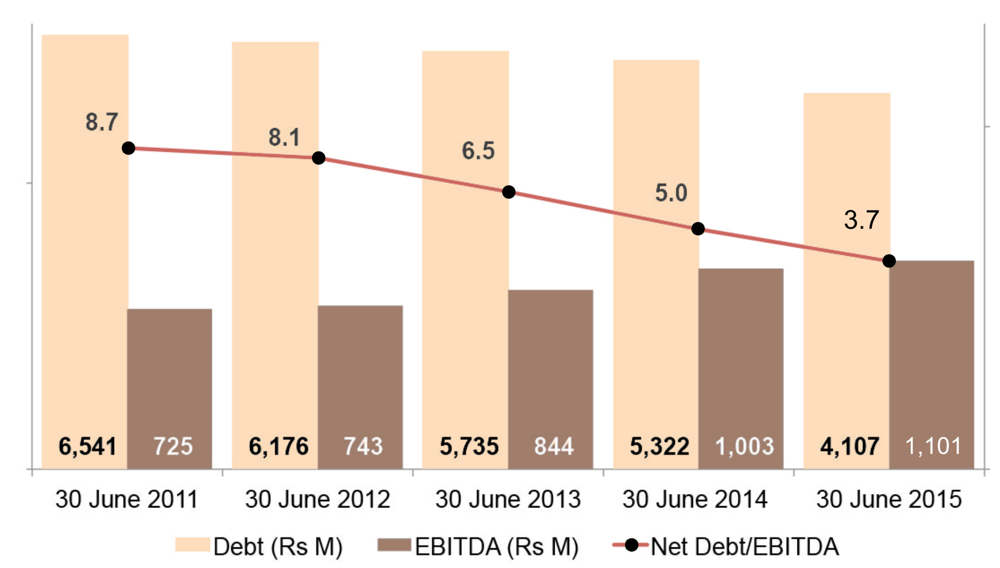
THE GRAPHS AND FIGURES BELOW ARE FOR ALL HOTELS OPERATED BY LUX*.

REVENUE PERFORMANCE

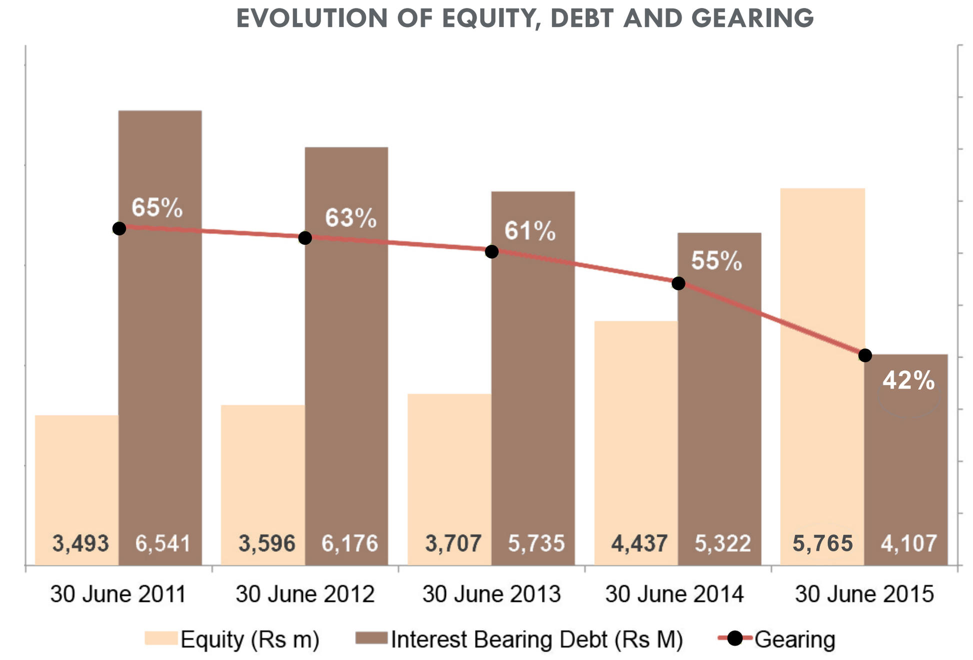


OCCUPANCY +6% POINTS | ARR +5% | REVPAR +14% | TREVPAR +11%

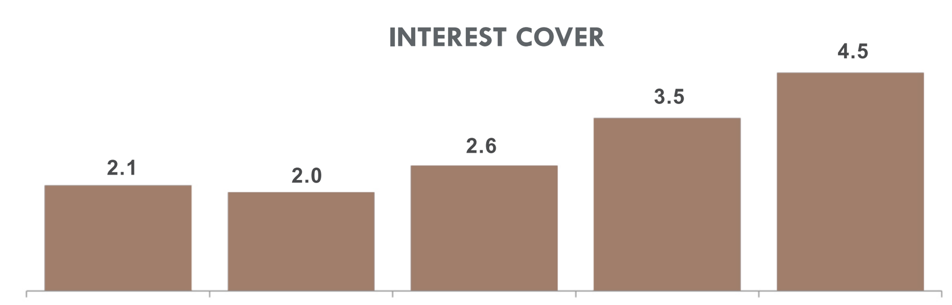
EVOLUTION OF DEBT, EBITDA AND NET DEBT / EBITDA RATIO



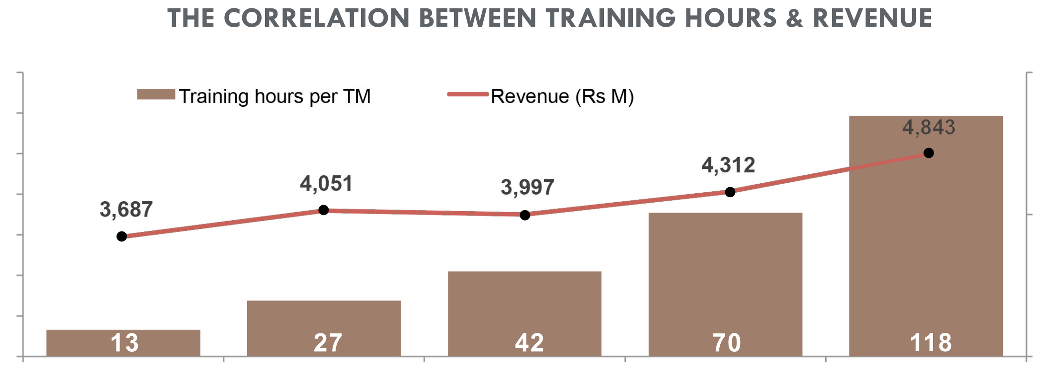
EVOLUTION OF EQUITY, DEBT AND GEARING



INTEREST COVER



THE CORRELATION BETWEEN TRAINING HOURS & REVENUE



Notes to the Financial Highlights

The Financial Highlights have been prepared in accordance with International Financial Reporting Standards (IFRSs). • The Financial Highlights have been prepared on the same basis as the accounting policies set out in the audited statutory Financial Statements of the Group for the period ended June 30, 2015 • The Financial Highlights are issued pursuant to Listing Rule 12.14 and published according to the Securities Act 2005. • 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.

GROUP HIGHLIGHTS

TRAINING HOURS	REV PAR	NET PROFIT	EARNINGS PER SHARE	DIVIDEND PER SHARE	MARKET CAPITALISATION
+68%	+14%	+36%	+28%	+100%	+27%
2015: 118 hrs 2014: 70 hrs	2015: Rs 5,353 2014: Rs 4,707	2015: Rs 368m 2014: Rs 271m	2015: Rs 3.03 2014: Rs 2.36	2015: Rs 1.0 2014: Rs 0.5	2015: Rs 8.6bn 2014: Rs 6.8bn

COMMENTARY

The financial year ended 30 June 2015 was an excellent year for Lux Island Resorts Ltd (LIR). Robust earnings growth in the midst of a difficult operating environment despite the closure of LUX* Belle Mare for two months of the year and the partial closure of LUX* Maldives (25 % of its inventory) for one month. In line with our LUX* 2016 strategic plan we have achieved double digit growth in EBITDA for three consecutive years. For the financial year ended 30 June 2015, EBITDA increased by Rs 159 million or 18% to reach Rs 1.052 billion. This remarkable performance is the result of the dedication, passion and collective energy of all team members and their relentless focus in delivering on our strategy. The Board expresses its heartfelt gratitude to the 2,965 team members for their dedication in ensuring the continued growth and success of LUX* Resorts and Hotels.

Our focus on the continued learning of all team members is reflected in the increase in the number of training hours which grew by 68% to a total of 118 hours per team member.

> “This remarkable performance is the result of the dedication, passion and collective energy of all team members and their relentless focus in delivering on our strategy”

ENVIRONMENT

Tourist arrivals to Mauritius for the financial year ended 30 June 2015 increased by 8% to reach 1,082,453. Arrivals from Europe, our main market, increased by 8% on last year to reach 581,195. Our three main markets in Europe namely France, UK and Germany went up by 4%, 19% and 9% respectively. Arrivals from Asia reached 181,352 up by 16% on last year mainly due to the increase in arrivals from China and India which grew by 30% and 17% respectively.

The Maldives continue on an upward trend, albeit at a lower pace, compared to previous years. The number of tourist arrivals for the financial year ended 30 June 2015 amounted to 1,212,499, a growth of only 2% on the corresponding period last year. The Chinese market, which remains the number one source market for the Maldives with 31% of the total number of arrivals, has increased by 3% to a total of 370,491.

With regard to Ile de La Reunion, the tourism statistics are not yet available for the financial year however occupancy for the destination for the year under review reduced by 2 % points to 59%.

GROUP RESULTS

The results for the year ended 30 June 2015, consolidate Oceanide Limited, the company which owns and operates Tamassa Hotel, as a subsidiary from 1 January 2015.

Total revenue for the year under review reached Rs 4.6 billion, up by 17% on 2014, and profit before tax increased by 34% from Rs 335 million to Rs 450 million. Despite the consolidation of Tamassa's debt as from 1 January 2015, the net finance cost for the year, which was Rs 250 million a year ago, reduced by Rs 15 million to Rs 235 million as a result of debt repayment and the conversion of 95% of the convertible bonds into equity in December 2014. The attributable profit for the year ended 30 June 2015 improved by 36%, from Rs 271 million to Rs 368 million. Earnings per share (EPS) from continuing operations for the year increased by 28% to Rs 3.03, calculated on the adjusted number of shares in issue during the year including the new shares issued on 31 December 2014 following the exchange of shares owned by the outside shareholders of Oceanide Ltd and Lux Island Resorts Maldives Ltd and the conversion of the convertible bonds for shares in Lux Island Resorts Ltd. EPS in respect of continued and discontinued operations for the same period increased by 24% to Rs 2.94.

Total interest bearing debt at 30 June 2015, after consolidating Tamassa's borrowings and conversion of the convertible bonds amounted, to Rs 4.1 billion compared to Rs 4.5 billion in the previous year, a net reduction of Rs 400 million. The gearing of the Group at 30 June 2015 stood at 42% compared to 50% a year ago and is well below the industry average.

Net Assets per share as at 30 June 2015 were Rs 42.22 compared to Rs 37.92 at the beginning of the financial year.

This ratio would increase to Rs 57.07 if the market value of the leasehold land of the Group is taken into consideration.

The movement in other comprehensive income for the year is in respect of the net gain recognized on translation of foreign subsidiaries at the end of year.

SHAREHOLDERS RETURN

The share price of LUX* has been on an upward trend and, at end of June 2015, it has hit a five-year high at Rs 63.25 despite a 20% increase in the number of shares in issue from 114 million last year to 136.5 million this year. The market capitalisation of the Company stood at the end of the reporting year at Rs 8.6 billion, an increase of 27% compared to a year ago. We remain committed to delivering long-term shareholder value and at the same time providing a sustainable return to our shareholders in terms of dividend. In June 2015, the Board declared a dividend of Rs 1 per share compared to 50 cents last year, representing an increase of 100%. Subject to cash flow, providing there is no deterioration in the environment and the positive trend continues, the Group should be able to maintain and even increase the dividend payout in the coming years.

We are honoured to have been included in the Stock Exchange of Mauritius's Sustainability Index (SEMSI), which tracks the performance of companies in terms of economic, environmental, governance and social performance factors. LUX* Resorts and Hotels places great emphasis on sustainable development and corporate responsibility and we are pleased to be the first hotel group to be included in the Index. Being part of the SEMSI will give more visibility to LUX* shares.

LUX* STRATEGY

As mentioned in previous reports, our business model is focused predominantly on managing hotels which will enable us to grow at an accelerated pace with limited capital investment.

We take a disciplined approach to capital allocation and we are focused on building our brand.

In line with the above strategy, we would like to highlight a few key steps and initiatives that took place during the reporting period:

- The Group disposed of 100% of its shareholding in SAS Le Recif, which owns and operates the Hotel Le Recif in Reunion Island on 1 April 2015. Subsequent to the disposal, LIR, through its subsidiary Lux Hospitality Ltd (LHL), signed a long-term management services agreement to market and manage the hotel. LHL also signed a long-term management services agreement and a technical services agreement with the new owner of Le Recif in connection with the design, development and management of a five-star luxury resort comprising of 82 pool villas at St Philippe on the south coast of La Reunion.
- We are delighted to announce that we have signed a long-term management agreement with a hotel owner in the Maldives for the development and management of a 60-private villas, five-star luxury resort. The hotel will be situated on a spectacular island in the North Male Atoll, fifteen minutes away by seaplane and sixty minutes by speedboat from the airport. The hotel will be branded LUX* and will be known as LUX* North Male Atoll. Following the signature of LUX* North Male Atoll, we have renamed our existing hotel in the Maldives, LUX* South Ari Atoll.
- We will open a second hotel managed by LUX* in China, the LUX* Tea Horse Road Benzilan, in December 2015. We are also in discussions with a number of hotel owners in China for the development and management of other five-star hotels. The Group has signed long-term management contracts with third-party owners for 571 rooms, 400 of which will open in late 2016/early 2017. Our portfolio, which was 100% owned and managed two years ago, will grow to 1,877 rooms by the end of 2016, of which 32% will be managed under the LUX* brand for third-party owners.

> “We are confident that we will maintain our strong performance throughout 2016”

- Whilst we expand LUX* into new territories through the acquisition of management contracts, we continue to invest in our brand by means of new, refreshed and reinvented properties, with redesigned public spaces and enhanced amenities. We reopened LUX* Belle Mare, LUX* Resorts & Hotels' flagship property, on 1 September 2014, after a two-month closure period. The hotel has since been enjoying considerable success with consistently high occupancy and strong average room rate growth as well as an increasing repeat business factor.
- The first phase of the renovation of LUX* South Ari Atoll, which involves the remodelling of 49 water villas, is currently progressing well and will be completed by December 2015. The finished product will be spectacular with all 49 villas having overwater pools and a stunning overwater restaurant and bar complex. The renovation of all the remaining water villas, rooms and public areas will be carried out between May and September 2016. The Board is confident that the fully remodelled and renovated LUX* South Ari Atoll will be able to maintain and improve on its already outstanding results in an increasingly popular destination.

We are also working on the redevelopment of our other owned properties and shareholders will be kept informed once the plans and financing have been finalised.

CAFÉ LUX* FRANCHISE

As part of its Reasons To Go LUX* concept, LUX* created its own coffee brand namely Café LUX*. Today you will find a Café LUX* at the heart of all LUX* Resorts and Hotels. We wanted to share this experience with the community and it is in this context that LUX* decided to enter into a franchise agreement with a group of promoters for the operation of a Café LUX* in the commercial centre of Trianon shopping park in Mauritius. The Café LUX* at Trianon is now very popular and well accepted by the Mauritian community. As a result of its resounding success, the promoters have decided to operate a second Café LUX* at the Bagatelle shopping mall scheduled to open in December 2015. The objective in the short term is to have one Café LUX* in each of the major shopping malls in Mauritius.

FUTURE OUTLOOK

Although the international economic environment remains uncertain, we are confident in our strategy to expand our footprint thus becoming more of a global company through the acquisition of management contracts which will ensure our long-term growth.

Connectivity remains the essential ingredient for a healthy expanding tourism industry, this is especially the case for island destinations. In this context, although we are disappointed that the third Emirates daily service to Mauritius has not yet commenced, we are pleased to note the announcement of the Turkish Airlines five times weekly flights to Mauritius via Antananarivo.

L'Alliance Vanille, launched last week in Antananarivo will further enhance regional cooperation towards maximising demand and the attractiveness of our indian ocean destinations. LUX* is well positioned to take advantage of this new initiative.

In the short term, and on the basis of the excellent results for the first quarter of the new financial year ending on the 30th September 2015 and the bright forecast for the second quarter and assuming no deterioration in the general economic conditions, we are confident that we will maintain our strong performance throughout 2016. The increase in arrivals from Europe noted in the past months and the number of additional flights announced as from October 2015 should improve the performance of our Mauritius properties aided by the continuing increase in arrivals from the Asian market particularly China. Mauritius still has a long way to go to catch up the Maldives who welcome on average a staggering 1000 Chinese tourists everyday! We expect our Maldives property to maintain its strong performance and our hotels in Reunion Island should improve on their results from last year.

By order of the Board
LUX Hospitality Ltd
Company Secretary
28th September 2015.

LUX* RESORTS & HOTELS