LUX*

RESORTS & HOTELS

LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES.

The group results for the year ended 30 June 2014 are as follows:

GROUP ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 30th June 2014 Rs 000 (Audited)	Year ended 30th June 2013 Rs 000 (Audited)	Year ended 30th June 2012 Rs 000 (Audited)
Continuing Operations				
Revenue		**4,212,199**	3,771,263	3,714,030
Earnings before Interest, Tax, Depreciation and Amortisation		**917,367**	774,497	667,049
Depreciation and amortisation		**(328,457)**	(313,552)	(309,913)
Operating profit		**588,910**	460,945	357,136
Net finance costs		**(259,382)**	(303,443)	(331,489)
Share of results of associated company		**263**	(12,095)	(11,391)
Profit before income tax		**329,791**	145,407	14,256
Taxation		**(67,478)**	(38,635)	20,731
Profit after taxation from continuing operations		**262,313**	106,772	34,987
Result after tax from discontinued operation		**22,636**	3,487	(1,846)
Profit for the year		**284,949**	110,259	33,141
Non-controlling interest		**(13,687)**	(6,935)	(6,245)
Profit attributable to the group		**271,262**	103,324	26,896
Other comprehensive income				
Movement for the year		**493,068**	8,241	63,504
Total recognised gain		**764,330**	111,565	90,400
Basic - Earnings per share				
- Continuing and discontinued operations	Rs	**2.38**	0.91	0.25
- Continuing Operations	Rs	**2.22**	0.88	0.24
Fully diluted - Earnings per share				
- Continuing and discontinued operations	Rs	**2.38**	0.91	0.25
- Continuing Operations	Rs	**2.22**	0.88	0.24
SEGMENTAL INFORMATION				
Segment revenue:				
Mauritius		**2,047,549**	1,796,834	1,839,486
Maldives		**1,376,148**	1,200,826	1,101,337
Reunion		**788,502**	773,603	773,207
Total revenue		**4,212,199**	3,771,263	3,714,030
Segment results:				
Mauritius		**349,249**	271,962	197,913
Maldives		**246,861**	182,663	140,693
Reunion		**(7,200)**	6,320	18,530
Total		**588,910**	460,945	357,136

GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

		30th June 2014 Rs 000 (Audited)	30th June 2013 Rs 000 (Audited) Re-stated	30th June 2012 Rs 000 (Audited) Re-stated
ASSETS				
Non current assets				
Property, plant & equipment		**7,925,902**	7,382,497	7,545,673
Intangible assets		**1,073,758**	1,164,840	1,177,975
Investment in associated company		**232,449**	217,634	239,337
Other financial assets		**5**	36	94
Deferred tax assets		**21,282**	36,097	46,214
Retirement benefit asset		**42**	-	3,385
		9,253,438	8,801,104	9,012,678
Current assets		**1,088,758**	1,046,485	1,065,918
TOTAL ASSETS		**10,342,196**	9,847,589	10,078,596
EQUITY AND LIABILITIES				
Shareholders' interest		**4,313,262**	3,605,806	3,494,240
Non-controlling interest		**123,472**	101,638	102,013
Non-current liabilities		**4,243,045**	4,741,847	5,116,934
Current liabilities		**1,662,417**	1,398,298	1,365,409
TOTAL EQUITY AND LIABILITIES		**10,342,196**	9,847,589	10,078,596
Net Assets per Share	Rs.	**37.92**	31.70	30.72

GROUP ABRIDGED STATEMENT OF CASH FLOWS

	30th June 2014 Rs 000	30th June 2013 Rs 000	30th June 2012 Rs 000
Net cash flows from operating activities	**617,888**	489,457	488,106
Net cash flows from investing activities	**(166,038)**	(39,899)	(119,493)
Net cash flows from financing activities	**(613,676)**	(204,667)	(463,988)
Net decrease in cash & cash equivalents	**(161,826)**	244,891	(95,375)
Cash and bank balance			
At beginning of period	**64,049**	(180,842)	(85,467)
At end of period	**(97,777)**	64,049	(180,842)

ABRIDGED STATEMENT OF CHANGES IN EQUITY

	30th June 2014 Rs 000	30th June 2013 Rs 000	30th June 2012 Rs 000
At beginning of period	**3,605,806**	3,494,241	3,404,983
Prior year adjustment	**-**	-	(1,142)
Total recognised gain	**764,330**	111,565	90,400
Dividend	**(56,874)**	-	-
At end of period	**4,313,262**	3,605,806	3,494,241

Commentary

Tourist arrivals to Mauritius for the financial year ended 30th June 2014 increased by 4.35% to reach 1,012,139. Arrivals from Europe, our main market were similar to last year at 549,171 although France, the number one source market for both Mauritius and Reunion, decreased by 3.8%. However, the fall in the French market was compensated by the increase in arrivals from UK and Germany which grew by 11% and 5.2% respectively. Arrivals from Asia went up by 27.8% to 149,623 mainly due to the increase in arrivals from China which doubled from 28,342 last year to 56,761 this year. India also performed satisfactorily with arrivals improving by 1.6% to reach 58,591.

The Maldives continue to perform very well with a 12% increase in tourist arrivals on last year to reach 1,168,925. The Chinese market which remains the number one source market for the Maldives with 31% of the total arrivals increased by 28% to a total of 360,449.

Group Results

Despite the ongoing challenges in some markets and the continuing growth in room supply in Mauritius not matched by a corresponding growth in arrivals, the Group delivered strong results for the year ended 30th June 2014 with EBITDA (Earnings before Interest Tax Depreciation and Amortisation) reaching Rs 917m, an improvement of 18% on last year.

The Group occupancy for the year ended 30th June 2014 was 72% up by 4% points on last year and the ADR (Average Daily Rate) improved by 7%. The increase in occupancy and ADR resulted in an increase in Rev PAR (Room Revenue per Available Room) of 12%. Total revenue for the year under review reached Rs 4.2 billion up by 12% on 2013 and Operating profit grew by 28% from Rs 461m to Rs 589m. Net finance costs for the year which were Rs 303m in 2013 reduced by Rs 44m to Rs 259m as a result of lower borrowings and the conversion of a significant portion of our rupee denominated loans into euro at a lower interest rate. The effective rate of interest of the Group is now at around 5%, compared with 7% a year ago.

Tamassa hotel, which is consolidated as an associate in the financial statements of Lux Island Resorts ltd, continues to improve and posted a profit for the first time since opening in December 2008. The share of Profit accruing to Lux Island Resorts Ltd for the financial year ended 30th June 2014 amounted to Rs 263k compared to a loss of Rs 12m last year.

The Group's profit after income tax from continuing operations more than doubled from Rs 106m to Rs 262m whilst Earnings per share improved by almost three times from 88 cents to Rs 2.22.

During the year, the Group disposed of the twelve villas of LUX* Belle Mare and the profit of Rs 17m has been accounted in the result from discontinued operations. Profit for the year (continuing and discontinuing operations) amounted to Rs 285m compared to Rs 110m in 2013 and Earnings per share almost trebled to reach Rs 2.38 compared to 91 cents last year.

In line with its policy to revalue its properties every five years, the Group revalued its properties on the basis of their open market value by reference to recent market transactions at arm's length. The resulting revaluation surpluses net of deferred taxation of Rs 508m have been credited to other comprehensive income.

Total interest bearing debt excluding overdraft as at 30th June 2014 amounted to Rs 4.4bn compared to Rs 5bn last year, a net reduction of Rs 600m. The gearing of the Group which was 57% last year is now down to 50% as a result of loan repayments and the revaluation surplus recognized as equity. The gearing would further reduce to 42% should the Convertible Bonds be exchanged for equity. The cash flow generated from operations for the Group during the financial year ended 30th June 2014 amounted to Rs 618m an improvement of 26% on the corresponding period in 2013. Interest cover (EBITDA/ finance charges) which was at 2.5 last year improved significantly to a healthy 3.5 cover ratio.

Projects

Three years in the making and two short months in the completion, LUX* Belle Mare the flagship property of LUX* Resorts and Hotels, reopened on schedule after a 2 month closure. From 1st September, its introduction into the scene puts Mauritius right back on the map and amid its seemingly infinite choice for the luxury traveller, the finished LUX* Belle Mare heralds the beginning of a new era for the island. The total amount spent on this hotel over the last three years amounted to Rs 493m representing Rs 2.65m per key which is well within industry norms for such a project of five star luxury level. It is noteworthy to record the increased demand for the property following the reopening with both occupancy and the rate for the month of September, exceeding significantly last year. This trend continues in quarter 2.

We are also pleased to announce the opening of LUX* Lijiang our first boutique hotel in China on the 9th September 2014. In a comparatively short time, we have built a strong and growing Chinese customer base for our existing operations in the Indian Ocean. We are confident that with LUX* Lijiang we will grow our brand presence in China and at the same time open a window onto one of China's spectacular and untouched wonders: the Tea Horse Road. LUX* Lijiang is the first of several boutique hotels that will be opened along the Tea Horse Road with phase 2 of Lijiang and a second property in Benzilan already under construction and scheduled for opening in 2015.

In addition to our 4 sales offices in the major cities we are pleased to announce the opening of our "Wholly owned foreign enterprise" in China with headquarters in Shanghai. We are confident that we will continue to expand our Chinese operations in the short to medium term.

The development of a LUX* branded hotel in UAE namely LUX* Al Zorah, is progressing very well with the final design and architectural drawings completed by the world famous hotel architect Jean Michel Gathy, the founder of Denniston. Construction works have already started and the opening date is scheduled for 2016.

With regard to Le Recif in Reunion Island, negotiations with the eventual buyer are still ongoing. In the meantime, management continue to work on improving the business. We are working closely with the French Government to promote the diversification strategy especially with focus on the Chinese market.

Outlook

The Global Economic Environment is improving and there is cause for a more optimistic and positive outlook on the continuing future growth of tourism globally. In Mauritius, the increase in arrivals noted from the European markets in August 2014 by 12.8% on last year is very encouraging and France the largest market for Mauritius increased by 11% whilst UK and Germany grew by 20% and 18% respectively. The second daily A380 service operated by Emirates from 25th October 2014 will provide a major increase in seats as well as enhancing the appeal of Mauritius as a destination. There is scope for this to go triple daily next year on the back of strong demand for the destination. This strong demand is well within the capability of the industry providing there is a substantial increase in the promotional budget and a serious rebranding exercise for the destination. We need to be bold and take a giant step forward to make Mauritius the 'IN PLACE' to go in the Indian Ocean.

Both the Group's occupancy and the Average Daily Rate for the first quarter ending 30th September 2014, which is the low season, are up on last year. Notwithstanding the closure of LUX* Belle Mare for two months during this current quarter, both turnover and EBITDA in Mauritius will improve on last year. At group level also, both turnover and EBITDA will improve over the corresponding quarter last year.

Forward bookings for the second quarter ending 31st December 2014 compare favourably with those of last year. Providing that there is no deterioration in the environment, we are confident that the profit for the semester ending 31st December 2014 will improve on the corresponding period last year.

By order of the Board
LUX Hospitality Ltd
Company Secretary
29th September 2014.

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 year ended June 30, 2014.
- 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.

Forward looking statements

This announcement contains forward-looking statements that describe our business strategy, outlook, objectives, plans, intentions or goals. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties and other factors that may cause actual results to differ materially from those anticipated at the time the forward-looking statements are made. Future results, performance and achievements may be affected by general economic conditions, regulatory environment, business and financing conditions, foreign exchange fluctuations, cyclicality and operating risks associated with the hospitality industry and other circumstances and uncertainties.

Although we believe the expectations reflected in such forward looking statements are based upon reasonable assumptions, we can give no assurance that our expectations will be attained or that results will not materially differ. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.