LUX*

RESORTS & HOTELS

LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES.

The group results for the quarter and half year ended 31st December 2016 are as follows:

GROUP ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

	Quarter to 31st December		Half year to 31st December		Year ended 30th June
	2016 Rs 000 (Un-audited)	2015 Rs 000 (Un-audited)	**2016 Rs 000 (Un-audited)**	2015 Rs 000 (Un-audited)	2016 Rs 000 (Audited)
Continuing Operations					
Revenue	**1,654,123**	1,542,411	**2,548,546**	2,584,803	5,158,256
Earnings before Interest, Tax, Depreciation and Amortisation	**533,809**	490,614	**610,262**	599,093	1,123,926
Depreciation and amortisation	**(113,309)**	(105,982)	**(226,108)**	(208,735)	(427,472)
Operating profit	**420,500**	384,632	**384,154**	390,358	696,454
Net finance costs	**(58,810)**	(56,809)	**(119,507)**	(108,695)	(215,524)
Closure Costs	**-**	-	**(131,825)**	-	-
Profit on disposal of property, plant and equipment	**195,000**	-	**195,000**	-	-
Profit before income tax	**556,690**	327,823	**327,822**	281,663	480,930
Taxation	**(58,326)**	(38,226)	**(36,290)**	(31,826)	(62,451)
Profit for the period	**498,364**	289,597	**291,532**	249,837	418,479
Non-controlling interest	**(1,350)**	(622)	**(172)**	(233)	125
Profit attributable to the group	**497,014**	288,975	**291,360**	249,604	418,604
Other comprehensive income					
Movement for the period			**(36,597)**	1,246	5,493
Total recognised gain			**254,763**	250,850	424,097
Basic - Earnings per share Rs	**3.63**	2.11	**2.13**	1.82	3.06
Average number of shares	**136,909,403**	136,786,535	**136,909,403**	136,786,535	136,847,969
SEGMENTAL INFORMATION					
Segment revenue:					
Mauritius	**1,124,052**	1,020,079	**1,848,825**	1,701,214	3,408,193
Maldives	**327,896**	337,309	**361,988**	576,330	1,168,387
Reunion	**202,175**	185,023	**337,733**	307,259	581,676
Total revenue	**1,654,123**	1,542,411	**2,548,546**	2,584,803	5,158,256
Segment results:					
Mauritius	**378,090**	334,100	**406,096**	377,954	652,543
Maldives	**12,686**	29,617	**(43,005)**	1,966	47,435
Reunion	**29,724**	20,915	**21,063**	10,438	(3,524)
Results before net finance costs	**420,500**	384,632	**384,154**	390,358	696,454

GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

		31st December 2016 Rs 000 (Un-audited)	31st December 2015 Rs 000 (Un-audited)	30th June 2016 Rs 000 (Audited)
ASSETS				
Non current assets				
Property, plant & equipment		**8,875,647**	9,276,174	8,518,723
Intangible assets		**1,458,394**	1,467,419	1,466,251
Other financial assets		**5**	5	5
Deferred tax assets		**28,809**	44,519	52,341
		10,362,855	10,788,117	10,037,320
Current assets		**1,477,661**	1,342,730	2,185,882
TOTAL ASSETS		**11,840,516**	12,130,847	12,223,202
EQUITY AND LIABILITIES				
Shareholders' interest		**6,271,990**	6,038,310	6,007,393
Non-controlling interest		**3,631**	2,000	3,459
Non-current liabilities		**3,744,749**	3,602,051	3,338,270
Current liabilities		**1,820,146**	2,488,486	2,874,080
TOTAL EQUITY AND LIABILITIES		**11,840,516**	12,130,847	12,223,202
Net Assets per Share	Rs.	**45.74**	44.24	43.92
Net Assets per Share including value of leasehold land	Rs.	**57.64**	58.91	58.59

GROUP ABRIDGED STATEMENT OF CASH FLOWS

	31st December 2016 Rs 000	31st December 2015 Rs 000	30th June 2016 Rs 000
Net cash flows from operating activities	**145,084**	349,196	784,374
Net cash flows from investing activities	**638,140**	(364,853)	(811,778)
Net cash flows from financing activities	**(394,721)**	(37,768)	(3,974)
Net increase/(decrease) in cash & cash equivalents	**388,503**	(53,425)	(31,378)
Cash and bank balance			
At beginning of period	**(293,881)**	(262,503)	(262,503)
At end of period	**94,622**	(315,928)	(293,881)

ABRIDGED STATEMENT OF CHANGES IN EQUITY

	31st December 2016 Rs 000	31st December 2015 Rs 000	30th June 2016 Rs 000
At beginning of period	**6,007,393**	5,763,386	5,712,768
Other adjustments	**-**	18,081	21,925
Total recognised gain	**254,763**	250,850	424,097
Issue of shares	**9,834**	5,993	5,993
Dividend	**-**	-	(157,390)
At end of period	**6,271,990**	6,038,310	6,007,393

Commentary

Tourist arrivals to Mauritius for the quarter ended 31st December 2016 amounted to 394,337 up by 13% on the corresponding quarter last year. Arrivals from Europe increased by 14% and our main markets namely France, UK and Germany increased by 8%, 12% and 34% respectively. Arrivals from Asia increased by 11% to around 50,000 but the Chinese market reduced by approximately 10% however compensated by an increase in arrivals from India which grew by 15% to 20,655. Arrival statistics to the Maldives were not available for the month of December 2016. Arrivals in the Maldives increased by 13% to 222,061 in respect of the two months, October & November. China remains the main source market with 22% of total arrivals. For the semester ended 31st December 2016, tourist arrivals to Mauritius amounted to 668,763 a very pleasing increase of 12% on last year. In the Maldives, for the period July to November 2016, the number of tourists grew by 8% to reach 546,684.

Group Results

The results of our Mauritius hotels for the quarter under review were impacted significantly by the dramatic depreciation of Sterling vs the Rupee of approximately 20% for the quarter compared to last year. Our hotel in Maldives had a slow start after the reopening due to increased competition at the high end of the market whilst LUX* Saint Gilles did reasonably well during the quarter.

Against the above background, the Group delivered satisfactory results during the quarter with an increase in turnover of 5% to Rs 1.6bn and an improvement in EBITDA of Rs 44m or 9% to Rs 534m.

Group occupancy for the quarter was similar to last year at 83% whilst the ADR (Average Daily Rate), although impacted by the huge depreciation of the GBP, improved by 3%. Group RevPAR (Room Revenue per Available Room) for the quarter increased by 2% compared to last year. The depreciation charge and the finance cost for the quarter increased by Rs 7m and Rs 2m respectively due to the financing of the renovation of LUX* South Ari Atoll in Maldives. The interest cover for the quarter is a very healthy 9.1 times.

We have executed the notarial deed for the transfer of the leasehold rights and the property, plant and equipment of Tamassa hotel to Mara Delta (Property) Ltd. The surplus arising on the sale, amounting to Rs 195m, has been accounted as gain on disposal of property, plant and equipment. The net proceeds after repaying Tamassa's loans will be used to finance the projects in the pipeline. Profit attributable to the Group for the quarter has therefore increased by 72% from 289m to Rs 497m.

The turnover of the Group for the six months to 31st December 2016 reduced by 1% to Rs 2.5bn mainly due to the unfavourable exchange rates for Mauritius and the slow pickup in the Maldives. Profit attributable to the Group for the semester which was Rs 250m last year went up by 17% to Rs 291m after accounting for an amount of Rs 132m in respect of the closure costs of LUX* South Ari Atoll and the profit on the sale of the leasehold rights and the property, plant and equipment of Tamassa hotel.

In December 2016, Bond holders holding 983,802 bonds have exercised their right to convert into LIR ordinary shares. Pursuant to the listing particulars dated 25 October 2010 and based on a conversion ratio of 0.21, the Company has issued 206,540 new ordinary shares. The number of shares in issue has therefore increased marginally from 136,909,403 to 137,115,943. The number of Convertible Bonds outstanding after the conversion amounted to 873,658 representing a total value of Rs 8,736,580. In accordance with the listing particulars, the remaining amount of Rs 8,736,580 will be refunded in totality on the 31st December 2017.

Following the renovation of LUX* South Ari Atoll and the disposal of Tamassa hotel, the gearing of the Group which was 43% at 30th June 2016 went down by 6% points to 37% compared to 30th June 2016. The Net Assets per share as at 31st December 2016 was Rs 45.74 compared to Rs 43.92 at the beginning of the financial year and would increase to Rs 57.64 if the market value of leasehold land of the Group is taken into consideration.

Project Development

As mentioned in previous reports, our strategic model is focused predominantly on managing hotels, rather than investing in hotel real estate which will enable us to grow at an accelerated pace with limited capital investment. We do however have a plan to refurbish our owned LUX* Properties. After the successful renovation of LUX* Belle Mare and LUX* South Ari Atoll, the Board is considering for 2017 the renovation of LUX* Grand Gaube. Should we proceed, the construction works would last six months starting in June 2017 and the hotel would close during the construction period, reopening on the 1st December 2017. With regards to the redevelopment of Merville into LUX* Grand Bay, the planning process is continuing, however it is not anticipated that we will commence the project this year.

Outlook

The year 2017 has started with political change both in the USA as well as in our home country, Mauritius. Such change could bring with it uncertainty which may contribute to increasing the risks facing our business. At LUX* Resorts & Hotels, we embrace change with gratitude as we constantly seek ways in which we may contribute to our nation and the world in a positive manner that will renew and refresh the environment as we seek to help people celebrate life. However, the Global Economic Environment continues to be volatile and very uncertain more particularly with the ongoing Brexit negotiations and the evolution of the depreciation of Sterling. We are, however encouraged by the double digit increase in arrivals to Mauritius over the last two years and the forecast for 2017, as a result of the measures taken by the Government and the tourism industry, especially the expansion of air access and market diversification. The Board and the Management are also working on a number of initiatives with a view to mitigate the exchange rate impact in Mauritius.

Reservations held for our Mauritius resorts are currently the same as last year with ADR slightly higher based on actual exchange rates. The final performance of our Mauritius hotels will therefore depend on the movement in exchange rates. With regards to the Maldives, although booking pace is improving steadily, our business on the books is approximately 7% down on last year for the third quarter with ADR showing 9% growth. The feedback both from the trade and our guests is extremely positive and therefore we are optimistic about the future results of the resort. We expect both the revenue and EBITDA of the hotel for the current quarter to approximate those of last year. LUX* Saint Gilles is continuing on the same trend as Q2 and should perform well for the current quarter.

With regards to the performance of the group, providing there is no significant deterioration in the current environment and no further depreciation of Sterling and the Euro, our results for the third quarter should be similar to last year.

By order of the Board

LUX Hospitality Ltd
Company Secretary

25th January 2017.

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, 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.
- 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.