

COMMENTARY

Tourist arrivals to Mauritius for the quarter ended 31st March 2014 amounted to 263,716; a decrease of 1% on the corresponding quarter last year, with arrivals from our main European markets namely France and UK down by 4% and 5% respectively. Arrivals from Reunion Island, the second market for Mauritius after France, also decreased by 5%. The drop in arrivals from our traditional markets was compensated by arrivals from China which doubled on last year's figures to reach 18,034.

The Maldives continues to perform very well during the quarter under review with tourist arrivals amounting to 321,561 representing a growth of 10% on the corresponding quarter last year, mainly due to the increase in arrivals from China which grew by 24%.

For the nine months ended 31st March 2014, tourist arrivals in Mauritius amounted to 785,158; an increase of 3% on last year, whilst in Maldives the number of tourists for the same period went up by 14% to reach 907,096.

Group Results

Despite difficult trading conditions and the Easter holidays falling in April this year, the Group delivered a commendable third quarter performance with profit before tax reaching Rs 215m, an increase of 6% on last year.

The Group occupancy for the quarter under review was at the same level as last year at 78%, and RevPAR (Room Revenue per Available Room) increased by 8%, driven by improved ADR (Average Daily Rate). Total Revenue for the quarter reached Rs 1.25bn, up by 7% on the corresponding quarter last year whilst EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) amounted to Rs 365m, an improvement of 1% on last year. Net finance costs decreased by Rs 7m as a result of reduced borrowings and conversion of some of our rupee denominated loans into euro at lower rates of interest. Our associate, which operates the Tamassa hotel, continued to improve its results and the share of profit accruing to the LUX* Group amounted to Rs 4m compared to a loss of Rs 2m for the same quarter last year.

The turnover of the Group for the nine months ended 31st March 2014 increased by 10% to reach Rs 3.3bn from Rs 3bn a year ago. These strong results have been driven by solid RevPAR growth from our operations both in Maldives and Mauritius as shown in the table below:

Quarter to 31st March 2014				Nine months ended 31st March 2014			
Mauritius	Reunion	Maldives	The Group	Mauritius	Reunion	Maldives	The Group
+0.1%	-7.3%	+5.3%	+0.1%	+4.0%	-0.9%	+7.0%	+3.0%
+7.4%	+10.1%	+8.7%	+9.8%	+6.1%	+3.9%	+9.6%	+7.5%
+7.4%	-2.1%	+15.8%	+8.5%	+11.4%	+0.4%	+20.3%	+11.7%

EBITDA for the nine months ended 31st March 2014 improved by 13% to reach Rs 814m and operating profit improved by 18% to Rs 574m. Profit before Income tax improved by 51% and Profit attributable to the Group increased by 45% to reach Rs 304m.

Between 1st July 2013 and 31st March 2014, the net cash flow from operations amounted to Rs 488m, an improvement of Rs 93m on last year and the Group paid down a total of Rs 359m in term loans during the period. Term loans and Convertible Bonds as at 31st March 2014 stood at Rs 4.6bn compared to Rs 4.9bn at 30th June 2013. The gearing of the Group which was 57% at 30th June 2013 is now at 53% on the basis that the bond holders will not convert their bonds into equity. If the Convertible Bonds were treated as equity, the gearing of the Group at 31st March

2014 would be 46% compared to 51% at 30th June 2013. Interest cover (EBITDA / Finance costs) for the nine months ended 31st March 2014 was at a healthy 3.7 times compared to 3 for the corresponding period last year.

Asset Sales

We are pleased to report that we are currently transferring the title deeds for the 12 LUX* Belle Mare villas and the transaction will be recognized in this current quarter. Concerning the sale of Hotel Le Recif in Reunion Island, discussions with the potential buyer are proceeding well and shareholders will be informed of the outcome of our negotiations in due course.

LUX* 2016 Strategic Plan

We are happy to report that our short term strategy is well on track with many initiatives having been implemented to enable the group to achieve double digit growth in EBITDA.

We have implemented a renovation program at all our LUX* branded properties. The final phase of the remodeling project at LUX* Belle Mare will commence on July 1st 2014 when we will close the property for two months. During that time, all the rooms and suites will be remodeled according to the design and specifications of the world renowned Interior Designer, Kelly Hoppen. All the public areas will be redecorated and the hotel will reopen with several exciting new and unique food & beverage outlets. Our goal is to enhance the guest experience and offer amazing value. We are confident that when the resort re-opens in September 2014 it will be successfully launched and positioned as one of the leading beach resorts in the Indian Ocean.

Concerning our global development strategy, our project at Ajman, UAE, is progressing well and the growing demand for the region is encouraging for the future. We are also delighted to report having signed agreements with "Lijiang Yulong Tourism Corporation Limited", a publicly quoted tourism company in the People's Republic of China, to manage a series of boutique hotels in the "Greater Shangri-La" region, in the South Western part of China along the famous Tea Horse Road. We are also in negotiation with other owners and developers in China to secure further management agreements to operate resorts & hotels in different areas.

Outlook

Despite the reduction in the number of arrivals from our traditional markets, we remain upbeat and optimistic about the future growth of our group. In Mauritius, the combination of the daily A380 service from Emirates with the newly launched TUI Dreamliner from the UK have together eased the connectivity issues. The anticipated increased capacity on the Air Mauritius China routes coupled with the recently announced China Southern weekly service from Shenzhen will further support the market diversification already successfully implemented elsewhere in the Indian Ocean.

We are pleased to report that both occupancy and ADR held on the books for the current quarter are well ahead of last year. Therefore, providing there is no significant deterioration in the environment, we are confident that the profit before taxation for the full financial year ending 30th June 2014 from continued operations will improve significantly on last year.

Dividend

The board of directors of Lux Island Resorts Ltd has today declared a dividend of Rs 0.50 per share in respect of the financial year ending 30th June 2014. This dividend will be paid on or about 23rd June 2014 to all shareholders of the Company registered at close of business on 2nd June 2014.

By order of the Board

LUX Hospitality Ltd
Company Secretary

14th May 2014.

GROUP ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

	Quarter to 31st March		Nine months to 31st March		Year ended 30th June
	2014 Rs 000 (Un-audited)	2013 Rs 000 (Un-audited)	2014 Rs 000 (Un-audited)	2013 Rs 000 (Un-audited)	2013 Rs 000 (Audited)
Continuing Operations					
Revenue	1,247,089	1,162,768	3,275,243	2,965,044	3,771,263
Earnings before Interest, Tax, Depreciation and Amortisation	364,739	362,173	813,919	724,924	774,320
Depreciation and Amortisation	(79,959)	(77,638)	(239,873)	(238,960)	(313,552)
Operating profit	284,780	284,535	574,046	485,964	460,768
Net finance costs	(74,442)	(80,811)	(220,784)	(242,153)	(303,443)
Share of results of associate	4,474	(1,825)	7,102	(6,194)	(12,095)
Profit before income tax	214,812	201,899	360,364	237,617	145,230
Taxation	(23,968)	(11,518)	(42,530)	(17,534)	(38,635)
Profit after taxation from continuing operations	190,844	190,381	317,834	220,083	106,595
Result after tax from discontinued operation	-	-	-	-	3,487
Profit for the period	190,844	190,381	317,834	220,083	110,082
Non-controlling interest	(8,215)	(7,878)	(13,813)	(9,934)	(6,935)
Profit attributable to the group	182,629	182,503	304,021	210,149	103,147
Other comprehensive income					
Movement for the period			(9,464)	(9,878)	7,592
Total recognised gain			294,557	200,271	110,739
Basic - Earnings per share			2.67	1.85	0.91
SEGMENTAL INFORMATION					
Segment revenue:					
Mauritius	611,357	581,513	1,588,948	1,434,609	1,796,834
Maldives	442,043	385,759	1,071,578	934,441	1,200,826
Reunion	193,689	195,496	614,717	595,994	773,603
Total revenue	1,247,089	1,162,768	3,275,243	2,965,044	3,771,263
Segment results:					
Mauritius	166,444	170,355	340,248	298,933	271,785
Maldives	128,307	113,620	230,016	168,565	182,663
Reunion	(9,971)	560	3,782	18,466	6,320
Results before net finance costs	284,780	284,535	574,046	485,964	460,768

GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

	31st March 2014 Rs 000 (Un-audited)	31st March 2013 Rs 000 (Un-audited)	30th June 2013 Rs 000 (Audited)
ASSETS			
<i>Non current assets</i>			
Property, plant & equipment	7,405,416	7,401,660	7,382,497
Intangible assets	1,152,979	1,103,227	1,164,840
Investment in associates	214,380	223,466	217,634
Other financial assets	36	96	36
Deferred tax assets	36,677	39,841	36,097
Retirement benefit asset	8,224	11,671	10,216
	8,817,712	8,779,961	8,811,320
<i>Current assets</i>	1,326,027	1,373,922	1,046,485
TOTAL ASSETS	10,143,739	10,153,883	9,857,805
EQUITY AND LIABILITIES			
Shareholders' interest	3,900,679	3,695,654	3,606,122
Non-controlling interest	115,564	108,484	101,638
Non-current liabilities	4,444,345	4,705,167	4,751,745
Current liabilities	1,683,151	1,644,578	1,398,300
TOTAL EQUITY AND LIABILITIES	10,143,739	10,153,883	9,857,805
Net Assets per Share	Rs 34.29	32.49	31.70

GROUP ABRIDGED STATEMENT OF CASH FLOWS

	31st March 2014 Rs 000	31st March 2013 Rs 000	30th June 2013 Rs 000
Net cash flows from operating activities	488,441	395,388	520,814
Net cash flows from investing activities	(210,355)	(35,526)	(71,256)
Net cash flows from financing activities	(362,616)	(225,133)	(204,667)
Movement in cash & cash equivalents	(84,530)	134,729	244,891
<i>Cash and bank balance</i>			
At beginning of period	64,049	(180,842)	(180,842)
At end of period	(20,481)	(46,113)	64,049

ABRIDGED STATEMENT OF CHANGES IN EQUITY

	31st March 2014 Rs 000	31st March 2013 Rs 000	30th June 2013 Rs 000
At beginning of period	3,606,122	3,495,383	3,495,383
Total recognised gain	294,557	200,271	110,739
At end of period	3,900,679	3,695,654	3,606,122

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, 2013, except for the adoption of relevant amendments to published Standards, Standards and Interpretations issued and effective for accounting period starting on July 1, 2013.
- 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.