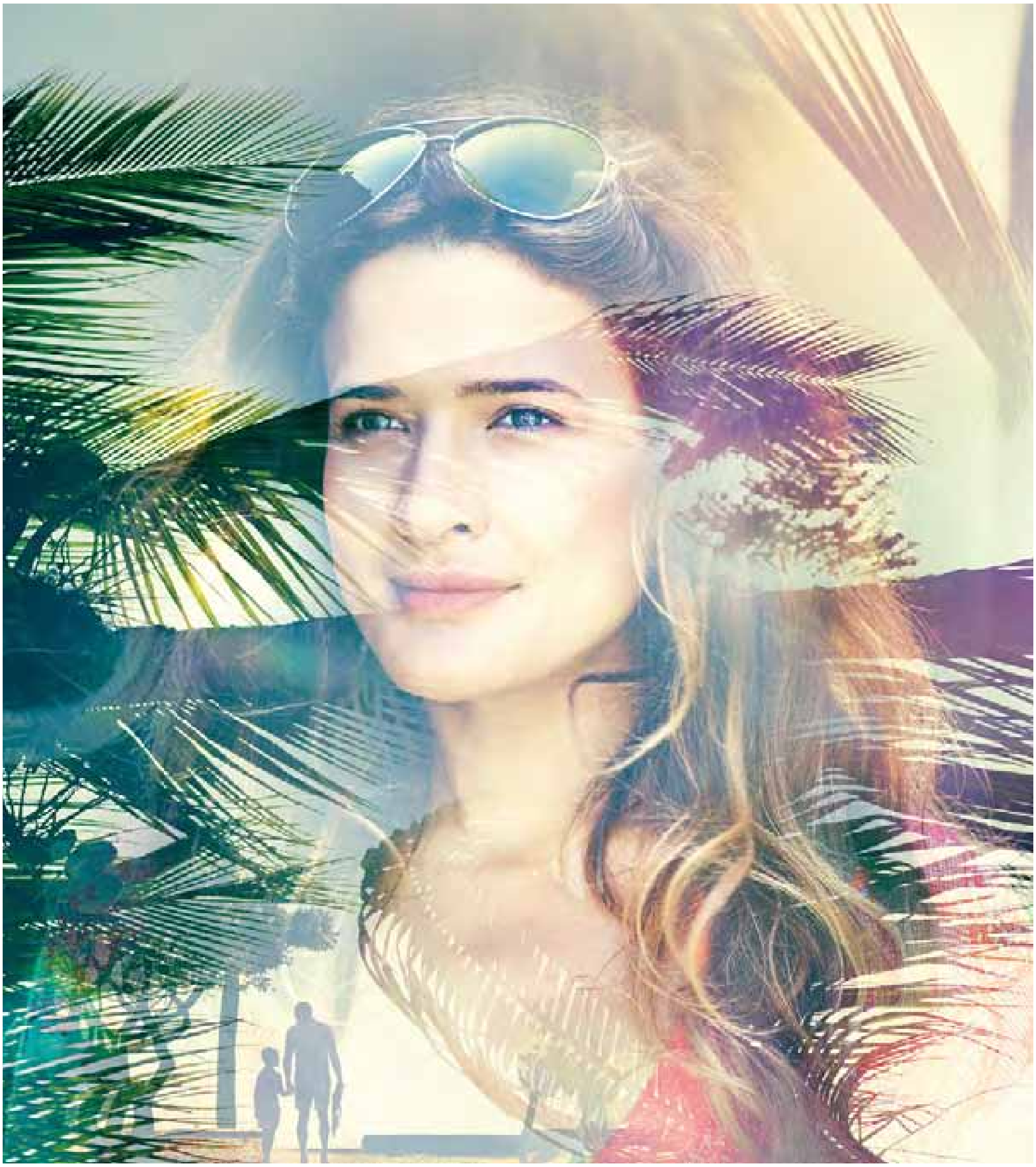

ANNUAL REPORT

2014

LUX*

RESORTS & HOTELS

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LUX*
RESORTS & HOTELS

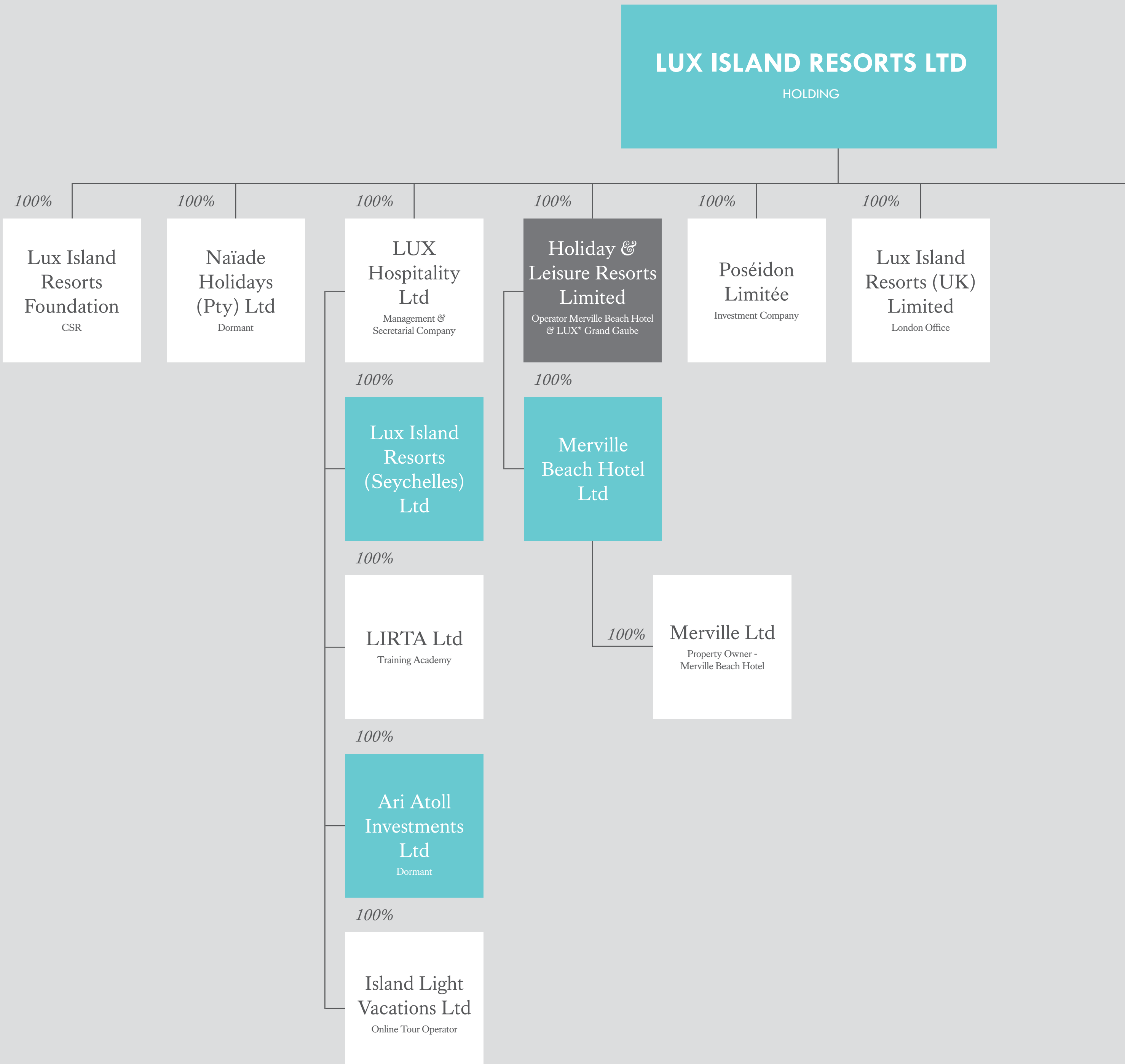
DEAR SHAREHOLDER,

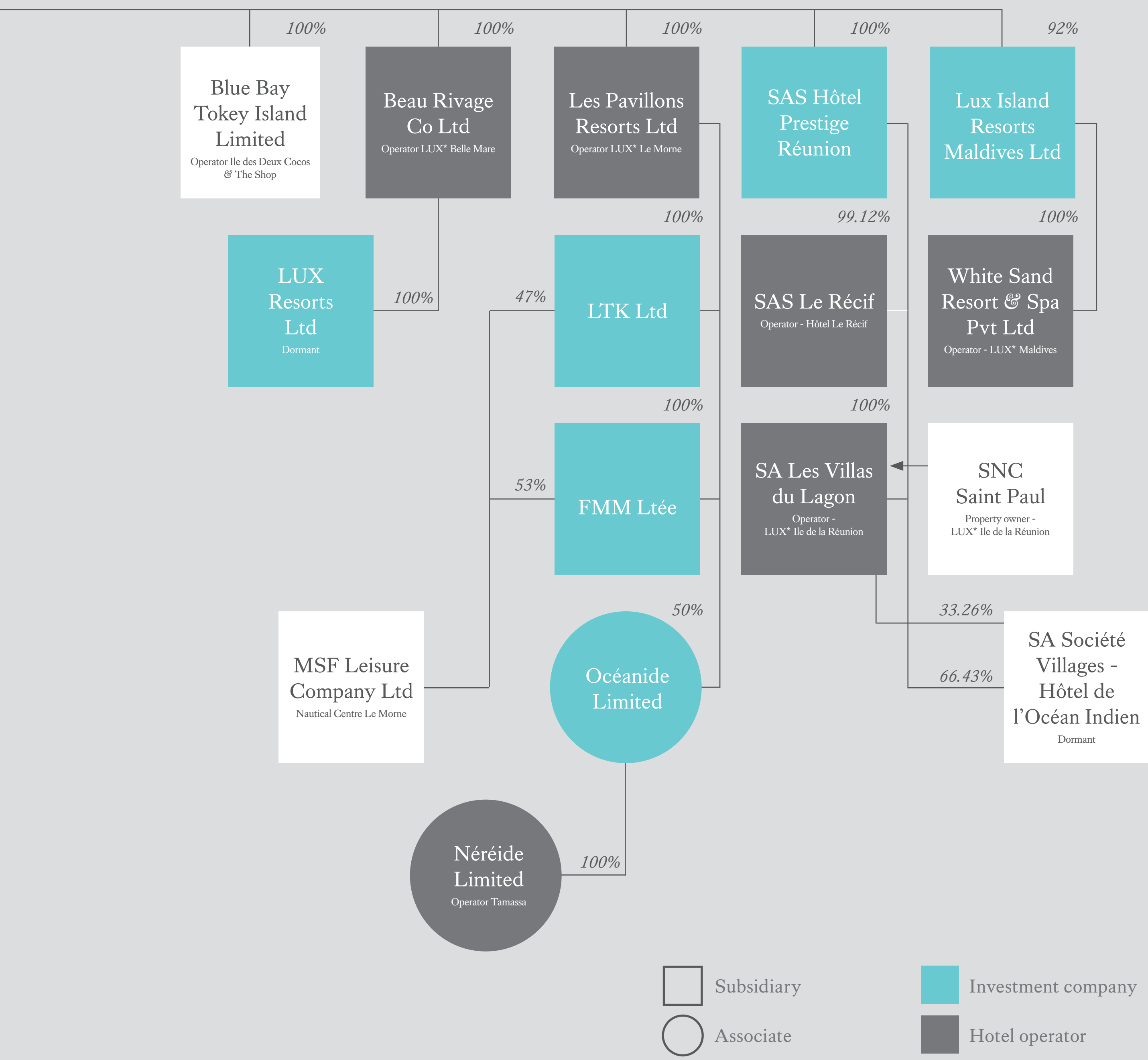
Your Board of Directors is pleased to present the Annual Report of Lux Island Resorts Ltd for the year ended 30th June 2014. This report was approved by the Board of Directors on 29th September 2014.

Arnaud Lagesse
Chairman

GROUP STRUCTURE

AS AT 30TH JUNE 2014




100%
Blue Bay Tokey Island Limited
Operator Ile des Deux Cocos & The Shop
100%
Beau Rivage Co Ltd
Operator LUX* Belle Mare
100%
Les Pavillons Resorts Ltd
Operator LUX* Le Morne
100%
SAS Hôtel Prestige Réunion
92%
Lux Island Resorts Maldives Ltd
100%
LUX Resorts Ltd
Dormant
47%
100%
LTK Ltd
99.12%
SAS Le Récif
Operator - Hôtel Le Récif
100%
White Sand Resort & Spa Pvt Ltd
Operator - LUX* Maldives
100%
53%
FMM Ltée
100%
SA Les Villas du Lagon
Operator - LUX* Ile de la Réunion
SNC Saint Paul
Property owner - LUX* Ile de la Réunion
MSF Leisure Company Ltd
Nautical Centre Le Morne
50%
Océanide Limited
33.26%
66.43%
SA Société Villages - Hôtel de l'Océan Indien
Dormant
100%
Néréide Limited
Operator Tamassa
Subsidiary
Associate
Investment company
Hotel operator

DIRECTORS' PROFILES

ARNAUD LAGESSE

Arnaud Lagesse appointed as Non-Executive Chairman of the Company on 29th October 2003, holds a 'Maîtrise de Gestion' from the University of Aix-Marseille III, France and is a graduate of 'Institut Supérieur de Gestion', France. He also completed an Executive Education Program at INSEAD, Fontainebleau, France, and an Advanced Management Program (AMP180) at Harvard Business School, Boston, USA. He joined GML in 1993 as Finance and Administrative Director before becoming its Chief Executive Officer in August 2005. He also participated in the National Corporate Governance Committee as a member of the Board. He is a member of the Board of Directors of several of the country's major companies and the Chairman of Alteo Limited, Ireland Blyth Limited, BlueLife Ltd, AfrAsia Bank Limited inter alia. Arnaud Lagesse is an ex-president of the Mauritius Chamber of Agriculture, the Mauritius Sugar Producers Association and the Sugar Industry Pension Fund. Arnaud Lagesse is also the Chairman of GML Fondation Joseph Lagesse since July 2012.

Directorship in other listed companies: *Alteo Ltd, Forward Investment & Development Enterprises Ltd, Ireland Blyth Limited, Phoenix Beverages Limited, Phoenix Investment Company Ltd, The United Basalt Products Ltd, Bluelife Ltd*

PAUL JONES

With more than 4 decades of international hotel management experience, Paul Jones joined LUX* in 2010, where he quickly established his mark as a charismatic leader, with a unique and passionate approach to hospitality management, centred around People, Culture and Service.

Paul Jones' rich career covers various key leadership positions, having served for almost 20 years as Managing Director of the Sun Resorts Group, and later, as President of One&Only, where he was instrumental in successfully growing the brand on a global basis.

Recognized as a leading figure in the establishment and development of the hotel and tourism industry in Mauritius, Paul Jones was conferred the Dignity of Companion of the Order of St Michael and St George by her Majesty Queen Elizabeth II. He was also awarded one of the highest honours by the President of the Comoros, the Chevalier de l'Etoile d'Anjouan, for his significant contribution to the growth and development of the hotel and tourism sector in the Comoros.

Paul Jones directly oversees the Company's overall strategic direction, spearheading the Group's global development plans. He holds an MBA with distinction from the University of Surrey and followed the Program for Management Development at The Harvard Business School. He is a Fellow of the Institute of Hospitality in the UK.

He was appointed as Chief Executive Officer of the Company on 1st October 2010 and as Director of the Board on 29th September 2011.

Directorship in other listed companies: *None*

ALEXIS HAREL

Born in 1962, Alexis Harel holds a Bachelor of Science Degree in Business Administration-Accounting from Louisiana State University, USA. He started his career in auditing with De Chazal Du Mée, then occupied managerial position in the industrial sector and participated in setting up the first BPO (Business Process Outsourcing) company in Mauritius where he was Managing Director. He joined Grays & Co in 1992 and currently holds the position of Commercial Director. He is an Executive Director of Terra Mauricia and member of the Management Committee. He also serves as Director of Rehm Grinnaker Construction Co Ltd, Terragri and Grays Distilling amongst others.

He was appointed as Director of the Company and as Chairman of the Audit Committee in April 2004 and as Chairman of the Corporate Governance Committee in April 2005.

Directorship in other listed companies: *Terra Mauricia Limited, United Docks Ltd*

DÉSIRÉ ELLIAH

Born in 1964, Désiré Elliah is a Fellow of the Association of Chartered Certified Accountants with 26 years experience in auditing, accounting and corporate finance. Before joining the Group in 2004 as Chief Financial Officer, he was a partner of DCDM, the largest accounting firm in Mauritius. He has extensive experience in feasibility studies, financial restructuring, share valuation and due diligence reviews.

He was appointed as Director of the Company in October 2004.

Directorship in other listed companies: *None*

STÉPHANE LAGESSE

Born in 1959, Stéphane Lagesse holds a degree in Gestion des Entreprises Parix IX Dauphine and joined the Palmar Group in 1983 where he currently holds the position of Managing Director. He participated in the setting up of two garment manufacturing companies in Mauritius.

He was appointed as Director of the Company in March 1999 and as a member of the Audit Committee in October 2003.

Directorship in other listed companies: *None*

JULIAN HAGGER

Born in 1970, Julian Hagger has a rich career of some 20 years in hospitality of which 14 years in senior management and at corporate level in prestigious international groups such as Belmond (Orient-Express), Ritz-Carlton and Marriott.

He is a holder of a Bachelor of Science Degree in Business Administration from Hawaii Pacific University, U.S.A, and holds a diploma in Swiss Hotel Management from the Hotel Institute of Management (H.I.M), Montreux, Switzerland.

Julian Hagger is responsible for driving top-line revenue for LUX* Resorts & Hotels and associated businesses, ensuring the strategic priorities of the discipline are aligned and designed to yield profitable sales, increased market share, and enhanced competitive advantage.
He was appointed as Director of the Company in February 2012.

Directorship in other listed companies: *None*

JEAN-CLAUDE BÉGA

Born in 1963 and Fellow of the Association of Chartered Certified Accountants, Jean-Claude Béga joined GML in 1997 and is the Chief Financial Officer of GML Management Ltée. He is a member of the Mauritius Institute of Professional Accountants and a Fellow of the Mauritius Institute of Directors. Jean-Claude Béga is the Chairman of Phoenix Beverages Limited and EllGeo Re. (Mauritius) Ltd and director of a number of companies including Alteo Limited and AfrAsia Bank Limited.

He was appointed as director and member of the Audit Committee in June 2004.

Directorship in other listed companies: *Alteo Limited, Phoenix Beverages Limited, BlueLife Limited (Alternate Director)*

CHRISTOF ZUBER

Swiss, born in 1956, Christof Zuber holds a PhD in economics from University of Zurich.
Following a first consulting activity in International Banking, Christof Zuber moved into the world of Fast Moving Consumer Goods. After several positions in Switzerland and abroad in key account management, sales and marketing with Jacobs Suchard, he assumed responsibility as CEO of different companies. Two of them where publicly quoted: Attisholz Holding Ltd. with the Household Brands Hakle and Tela followed by the brewery Feldschlösschen Holding Ltd. as the Swiss market leader. He gained exposure to the travel sector as CEO of the Hotelplan Group, a European multibillion Tour Operator with activities in Hotels and Airline. Today Christof Zuber is a private equity advisor and investor and assumes strategic and occasionally operational responsibilities still in the travel sector and luxury goods.

He was appointed Director of the Company in February 2012 and member of the Remuneration Committee and of the Corporate Governance Committee in September 2012.

Directorship in other listed companies: *None*

J. CYRIL LAGESSE

Born in 1932, J. Cyril Lagesse set up in the early 1970s the 'Compagnie d'Investissement et de Développement Limitée', now GML Investissement Ltée, founder entity of today's well known GML, which has positioned itself as one of the regional leaders. J. Cyril Lagesse sits on the board of several of the country's most prestigious companies, two of which are listed on SEM.

He was appointed as Director of the Company in October 2003.

Directorship in other listed companies: *Ireland Blyth Limited, Phoenix Beverages Limited, Phoenix Investment Company Ltd*

JEAN DE FONDAUMIÈRE

Born in 1953, Jean de Fondaumière is a Chartered Accountant of Scotland. He worked in Australia for eleven years and subsequently in Mauritius for fifteen years until he retired as the CEO of the Swan Group at the end of 2006. He is a past Chairman of The Stock Exchange of Mauritius and his former directorships include companies operating in the African, Indian Ocean and Asia Pacific regions. Jean de Fondaumière holds a portfolio of directorships in Mauritius for companies operating in commerce, finance, power generation, sugar and tourism.

He was first appointed director of the company in November 2003, resigned in December 2006 and appointed director in March 2008 at which time he became a member of the Remuneration Committee of the Company. He was also appointed as member of the Audit Committee in September 2012.

Directorship in other listed companies: *Alteo Limited, Constance La Gaité Company Limited, Hotelest Limited*

MAXIME REY

Born in 1952, Maxime Rey started an accounting career in 1973 in Mauritius, first in auditing, and then in the sugar industry. Immigrating to South Africa in 1981, he worked for Kuehne and Nagel (Pty) Ltd, the South African arm of a leading global provider of innovative and fully integrated supply chain solutions. He was appointed Group Financial Controller in 1989 and Director in 1992. Back in Mauritius in 1993, he joined the Swan Group, one of the market leaders in the insurance sector in Mauritius, where he is presently holding the position of Senior Manager - Group Finance, while also heading the Loans and Legal Departments of the Group. He serves as Director of a number of companies in the commercial, financial, investment, sugar and tourism sectors, and is a member of various Board Committees.

He was appointed as Director of the Company in September 2012.

Directorship in other listed companies: *Belle Mare Holding Ltd, Constance La Gaieté Company Ltd, Mauritius Freeport Development Company Ltd*

LAURENT DE LA HOGUE

Born in 1975, Laurent de la Hogue holds a Master degree in Management and Finance from the "Ecole Supérieure de Gestion et Finance" in Paris, France. He joined GML in 2001 as Treasurer for the setting up of the central treasury unit before becoming Finance Executive - Corporate & Treasury for GML Management Ltée in April 2011. Laurent de La Hogue is actually the Chairman of GML Trésorerie Ltée and Director of a number of organisations such as Abax Holding Ltd and The United Basalt Products Ltd among others.

He was appointed as Alternate Director in August 2009 and as Director on 15th February 2011.

Directorship in other listed companies: *The United Basalt Products Ltd*

BOARD AND COMMITTEES

BOARD OF DIRECTORS

DIRECTORS
Arnaud Lagesse (Chairman)
Paul Jones (Chief Executive Officer)
Jean-Claude Béga
Laurent de la Hogue
Jean de Fondaumière
Désiré Elliah
Julian Hagger
Alexis Harel
J. Cyril Lagesse
Stéphane Lagesse
Maxime Rey
Christof Zuber

AUDIT COMMITTEE
Alexis Harel (Chairman)
Jean-Claude Béga
Jean de Fondaumière
Stéphane Lagesse

CORPORATE GOVERNANCE COMMITTEE
Alexis Harel (Chairman)
Arnaud Lagesse
Christof Zuber

REMUNERATION COMMITTEE
Arnaud Lagesse (Chairman)
Jean de Fondaumière
Alexis Harel
Christof Zuber

SECRETARY
LUX Hospitality Ltd
Per Désiré Elliah

ALTERNATE DIRECTORS
Jean-Raymond Harel (Alternate to Alexis Harel)
Amaury Lagesse (Alternate to Stéphane Lagesse)
Hugues Lagesse (Alternate to J. Cyril Lagesse)
Dev Poolovadoo (Alternate to Désiré Elliah)

ALTERNATE DIRECTOR'S PROFILE

Jean-Raymond Harel
Born in 1934, Jean-Raymond Harel completed a Bachelor of Science Degree in Chemical Engineering from Louisiana State University in Baton Rouge, Louisiana, USA, in 1957. He had a rich career in the Sugar Industry and relative fields such as design of equipment, general engineering, preliminary studies leading to the implementation of a thermal power plant and setting up of an alcohol distillery. He retired from his executive functions a few years ago.
He was appointed as Director of the Company in July 1998 and as Chairman from October 1998 to November 2002. He resigned as Director and was appointed as Alternate Director to Alexis Harel in April 2004.
Directorship in other listed companies: None

Amaury Lagesse
Born in 1961, Amaury Lagesse has studied Management in South Africa and started working in a clothing company in Durban for one year. He then specialised in textile management in England and Scotland before joining in 1987 the Palmar Group, where he currently holds the position of Production Manager.
He was appointed as Alternate Director to Stéphane Lagesse in December 2003.
Directorship in other listed companies: None

Hugues Lagesse
Born in 1975, Hugues Lagesse holds a diploma in administration and finance from "Ecole Supérieure de Gestion et Finance" in Paris, France. In September 2007, he followed a course on Management at INSEAD in Fontainebleau, France and a course in Real Estate development in Paris and at Harvard Business School in Boston, USA.
He is the Senior Development Executive of BlueLife Ltd, a listed company on the Mauritius Stock Exchange, a member of GML which deals with the promotion and development of land property.
He was appointed as Alternate Director to J. Cyril Lagesse in April 2004.
Directorship in other listed companies: None

Deodass Poolovadoo
Born in 1962, Deodass Poolovadoo was one of the first persons to join the Company in 1990. He graduated in Accounting and Finance from the UK and is the Group Financial Controller responsible for the financial management of the Company and of its subsidiaries.
He was appointed as Alternate Director to Désiré Elliah in August 2009.
Directorship in other listed companies: None

MANAGEMENT AND ADMINISTRATION

EXECUTIVE DIRECTORS
Paul Jones – Chief Executive Officer
Désiré Elliah – Chief Financial Officer
Julian Hagger – Chief Sales and Marketing Officer

CHIEF INTERNAL AUDITOR
Pritila Joynathsing-Gayan

SENIOR MANAGERS
Marie-Laure Ah-You – Chief Strategy Officer
Jean Pierre Auriol – Area General Manager, LUX* Le Morne & Tamassa
Nicolas Autrey – Chief Human Resources Officer
Stephane Baras – Directeur Général, LUX* Ile de la Réunion & Hôtel Le Récif
Pascal Bertrand – Régional General Manager, LUX* Belle Mare, LUX*Grand Gaube, LUX* Ile de la Réunion & Ile des Deux Cocos
Jeff Butterworth – Chief Spa & Wellness Officer
Mario de l'Estrac – Manager, Ile des Deux Cocos
Jérémie de Fombelle – General Manager, LUX* Le Morne
Shaun Dunhofen – General Manager, LUX* Maldives
Tony Duval – General Manager, Merville Beach
Tobi Kuhlang – Head of Global Revenue Management
Walter Lanfranchi – Corporate Chef
Brice Lunot – General Manager, LUX* Grand Gaube
Gemma Marsh – Brand Guardianship Manager
Axelle Mazery – Group Press & Public Relation Manager
Ashish Modak – General Manager, LUX* Belle Mare
Smita Modak – Group Training Manager
Nitesh Panday – General Manager, Tamassa
Sydney Pierre – Head of Worldwide Sales
Dev Poolovadoo – Group Financial Controller
Hurrydeo Ramlagun – Financial Reporting Manager
Dominik Ruhl – Regional Director Middle East, Maldives and Western China
Ruben Thumiah – Regional Financial Controller
Guillaume Valet – Group Head of Legal, Secretarial and Corporate Affairs

BANKERS
The Mauritius Commercial Bank Ltd
State Bank of Mauritius Ltd
Bank One Limited
Barclays Bank Plc
Standard Bank (Mauritius) Ltd
State Bank of India (Mauritius) Ltd
AfrAsia Bank Ltd
HSBC Limited (Mauritius, UK, Germany, Maldives)
Bank of Ceylan
Standard Bank of South Africa Limited
Banque Française Commerciale Océan Indien
Banque de la Réunion
MCB Seychelles
Bramer Bank Ltd

LEGAL ADVISORS
Clarel Benoit
André Robert
Hervé Duval

AUDITORS
Ernst & Young
Chartered Accountants

REGISTERED OFFICE
Pierre Simonet Street
Floréal
Mauritius

REGISTRY AND TRANSFER OFFICE
LUX Hospitality Ltd
Pierre Simonet Street
Floréal
Mauritius

NOTARY
Jean Pierre Montocchio

DIRECTORSHIP

AS AT 30TH JUNE 2014

	Lux Island Resorts Ltd	Beau Rivage Co Ltd	Blue Bay Tokey Island Limited	Les Pavillons Resorts Ltd	Poséidon Limitée	LUX Resorts Ltd	FMM Ltee	LTK Ltd	MSF Leisure Company Ltd	LIRTA Ltd	LUX Hospitality Ltd	
Ahnee Robert												
Autrey Nicolas										✓		
Baras Stéphane												
Béga Jean-Claude	✓											
Burian Peter												
De Fondaumière Jean	✓											
De la Hogue Laurent	✓											
Elliah Désiré	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	
Hagger Julian	✓										✓	
Harel Alexis	✓	✓	✓	✓	✓	✓					✓	
Harel Jean-Raymond (Alternate to Alexis Harel)	✓											
Jones Paul	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Julie Bernadette Suzanne (Alternate to Peter Burian and Gemma Mein)												
Lagesse Arnaud	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	
Lagesse Amaury (Alternate to Stephane Lagesse)	✓											
Lagesse J. Cyril	✓											
Lagesse Hugues (Alternate to J. Cyril Lagesse)	✓											
Lagesse Stéphane	✓											
Liu Leon												
Mein Gemma												
Poolovadoo Dev (Alternate to Désiré Elliah)	✓											
Rey Maxime	✓											
Shimadry Neermal												
Vythilingum Selvinah (Alternate to Neermal Shimadry)												
Zuber Christof	✓										✓	

(1) Désiré Elliah (Alternate to Arnaud Lagesse)

	Lux Island Resorts UK Limited	Lux Island Resorts (Seychelles) Ltd	Lux Island Resorts Maldives Ltd	White Sands Resort & Spa Pvt Ltd	Naïade Holidays (Pty) Ltd	Holiday & Leisure Resorts Limited	Island Light Vacations Ltd	Lux Island Resorts Foundation	Merville Beach Hotel Ltd	Merville Limited	Hôtel Prestige Réunion SAS	Les Villas du Lagon SA	SVHOI SA	Le Récif SAS
				✓										
												✓	✓	✓
		✓	✓											
	✓			✓ (1)	✓	✓	✓	✓	✓	✓		✓	✓	
				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
		✓	✓											
	✓	✓	✓	✓		✓			✓	✓				
				✓										
		✓	✓											
				✓										
				✓										

FINANCIAL HIGHLIGHTS & RATIOS

STATEMENTS OF PROFIT OR LOSS	**Year ended June 30, 2014**	Year ended June 30, 2013 Re-stated	Year ended June 30, 2012	Year ended June 30, 2011	Six month ended June 30, 2010
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Total revenue	4,212,199	*3,771,263*	*3,714,030*	*3,095,265*	*1,130,602*
EBITDA	917,367	*774,497*	*667,049*	*665,479*	*95,670*
Depreciation and amortisation	(328,457)	*(313,552)*	*(309,913)*	*(244,002)*	*(107,601)*
Operating Profit before finance charges	588,910	*460,945*	*357,136*	*421,477*	*(11,931)*
Finance charges	(259,382)	*(303,443)*	*(331,489)*	*(309,158)*	*(151,295)*
Share of results in associated company	263	*(12,095)*	*(11,391)*	*(66,372)*	*(61,990)*
Profit before taxation	329,791	*145,407*	*14,256*	*45,947*	*(225,216)*
Taxation	(67,478)	*(38,635)*	*20,731*	*(32,963)*	*(29,964)*
Profit after taxation	262,313	*106,772*	*34,987*	*12,984*	*(255,180)*
Result after tax from discontinued operation	22,636	*3,487*	*(1,846)*	*(1,478)*	*(1,714)*
Non-controlling interests	(13,687)	*(6,935)*	*(6,245)*	*(4,947)*	-
Profit attributable to the Group	271,262	*103,322*	*26,896*	*6,559*	*(256,894)*
	Rs	Rs	Rs	Rs	Rs
Earnings / (Loss) per share (EPS)	2.38	*0.91*	*0.24*	*0.07*	*(2.70)*
Dividends per share	0.50	-	-	-	-

		Re-stated	Re-stated		
STATEMENTS OF FINANCIAL POSITION	**Rs'000**	Rs'000	Rs'000	Rs'000	Rs'000
Total assets	10,342,196	*9,847,589*	*10,078,596*	*10,336,220*	*8,525,274*
Interest bearing debt	4,606,325	*4,997,687*	*5,403,286*	*5,759,881*	*4,479,307*
Borrowing excluding overdraft	4,400,252	*4,940,068*	*5,092,367*	*5,440,604*	*3,892,761*
Total equity	4,436,734	*3,707,444*	*3,596,254*	*3,492,707*	*2,995,537*
Net Assets per share	39.01	*32.59*	*31.62*	*30.71*	*34.84*
Financial Ratios					
EBITDA margin	22%	*21%*	*18%*	*21%*	*8%*
Interest cover (EBITDA/Interest)	3.54	*2.55*	*2.01*	*2.15*	*0.63*
Dividend cover	4.77	*N/a*	*N/a*	*N/a*	*N/a*
Return on equity	6%	*3%*	*1%*	*0%*	*-9%*
Return on assets	2.6%	*1.0%*	*0.3%*	*0.1%*	*-3.0%*
Debt to equity	1.04	*1.35*	*1.50*	*1.65*	*1.50*

FINANCIAL STATUS AT A GLANCE

Consolidated Statement of Cash Flows Year ended 30th June 2014		Rs 000
Net cash flows from operating activities		617,888
Net cash flows from investing activities	*(1)*	(150,130)
Net cash flows from financing activities	*(2)*	(629,584)
Net increase in cash & cash equivalents		(161,826)
Cash and Cash equivalents on 30th June 2013		64,049
Cash and Cash equivalents on 30th June 2014		(97,777)

Statement of Financial Position As at 30th June 2013	Rs 000
Assets	
Cash and Cash Equivalents	*64,049*
Current Assets	*696,411*
Current assets held for sale	*228,406*
Investment & Other	*1,418,607*
Property, Plant and Equipment	*7,382,497*
Total Assets	*9,789,970*
Liabilities & Equities	
Cash and Cash Equivalents	-
Current liabilities	*1,309,322*
Liabilities associated with assets held for sale	*31,357*
Non-current liabilities	*4,741,847*
Share Capital. Premium & Reserves	*2,851,687*
Retained Earnings	*754,119*
Non-controlling Interest	*101,638*
	9,789,970

Consolidated Income Statement Year ended 30th June 2014	Rs 000
Revenue	4,212,199
Profit for the Year	284,949
Non-controlling interest	(13,687)
Profit attributable to the group	271,262

Statement of Financial Position As at 30th June 2014		Rs 000
Assets		
Cash and Cash Equivalents		-
Current Assets	*(3)*	980,462
Investment & Other	*(4)*	1,327,536
Property, Plant and Equipment	*(5)*	7,925,902
Total Assets		10,233,900
Liabilities & Equities		
Cash and Cash Equivalents		97,777
Current Liabilities	*(6)*	1,456,344
Non-current Liabilities	*(7)*	4,243,045
Share Capital. Premium & Reserves	*(8)*	3,345,540
Retained Earnings		967,722
Non-controlling Interest		123,472
		10,233,900

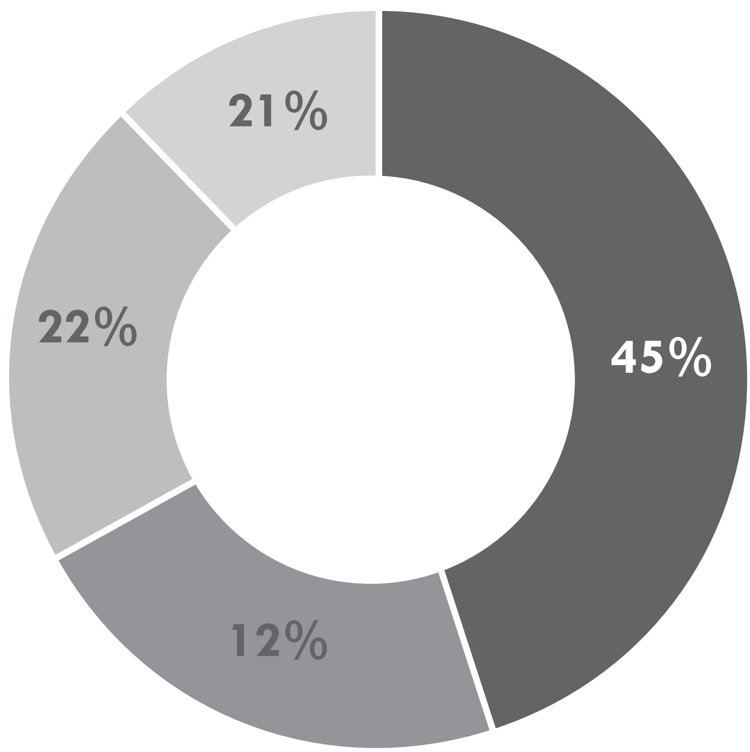
Retained Earnings As at 30th June 2014	Rs 000
Balance at 30th June 2013	754,119
Effect of adopting changes in IAS 19	(785)
Total Earnings for the period	271,262
Dividend	(56,874)
Balance at 30th June 2014	967,722

Notes
(1) Net cash paid for investing activities is mainly in respect of Capital expenditure incurred during the period. The main one being for renovation of LUX* Belle Mare.
(2) Net cash flow used in financing activities was due to refund of Bank loans and Debentures for an amount Rs 568M and dividends paid of Rs 61m.
(3) Increase in current assets is explained by movements in Trade and other receivables as a result of increase in activities and proceeds receivable from sales of LUX* Belle Mare Villas for Rs 148m.
(4) Investment and other decreased by Rs 91m mainly due to amount amortised in respect of intangible assets, whilst movement in investment in associated company was offset by movement in deferred tax assets.
(5) Property Plant and Equipment increased by 543m mainly due to revaluation adjustment of Rs 600m, additions of Rs 256m and depreciation charge of (Rs 313m).
(6) Current liabilities increased by Rs 147m mainly due to higher proportion of loans and borrowing repayable within one year (Rs 82m), higher deposit from Tour operators for future reservations and increase in creditors as a result of increased in activities and provisions.
(7) Non-current liabilities decreased by Rs 499m due to refund of Bank loans and Debentures.
(8) The main movement in Share Capital, Premium and Reserves is in respect of revaluation of properties net of deferred taxation.

VALUE ADDED STATEMENTS

Year ended 30 June 2014

	Year ended 30 June 2014 Rs000	Year ended 30 June 2013 Rs000
Revenue	4,212,199	3,771,263
Value Added Tax	372,900	331,668
Total revenue	4,585,099	4,102,931
Paid to suppliers for materials and services	1,959,362	1,857,483
Value added	2,625,737	2,245,447
Share of results of associates	263	(12,095)
Discontinued operations	22,636	3,487
Exceptional items		
Total wealth created	2,648,636	2,236,839
Distributed as follows:		
Members of staff		
Salaries and other benefits	1,203,778	1,062,369
Providers of capital		
Dividends to ordinary shareholders	56,874	-
Interest paid on borrowings	259,382	303,443
Profit attributable to minority holders	13,687	6,935
	329,943	310,378
Government and parastatal corporations		
Value Added Tax	372,900	331,668
Income tax (Current and deferred)	67,478	38,635
Environmental Protection fee	11,848	10,559
Licences, permits and levies	3,339	1,919
Lease costs	116,505	64,613
	572,070	447,394
Reinvested in the Group to maintain and develop operations		
Depreciation and amortisation	328,457	313,552
Retained profit	214,388	103,147
	542,845	416,699
Total Wealth Distributed and Retained	2,648,636	2,236,839



Members of staff

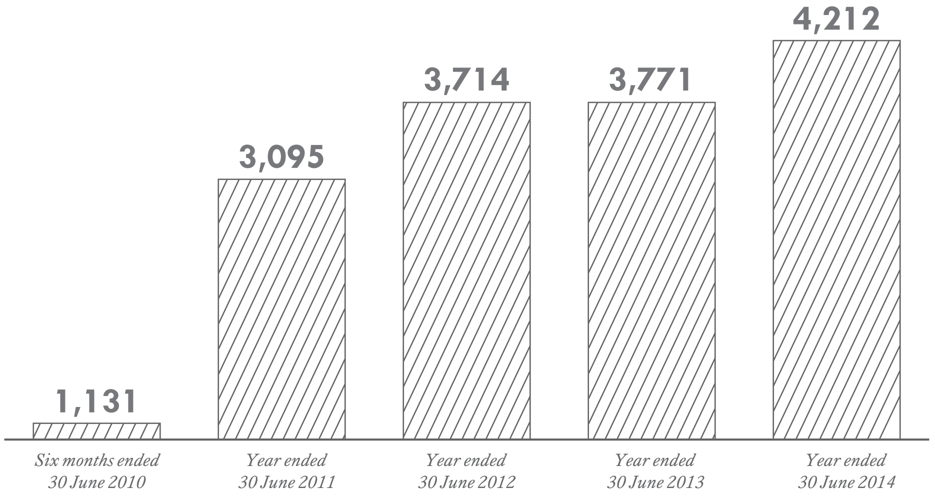
Providers of capital

Government and parastatal corporations

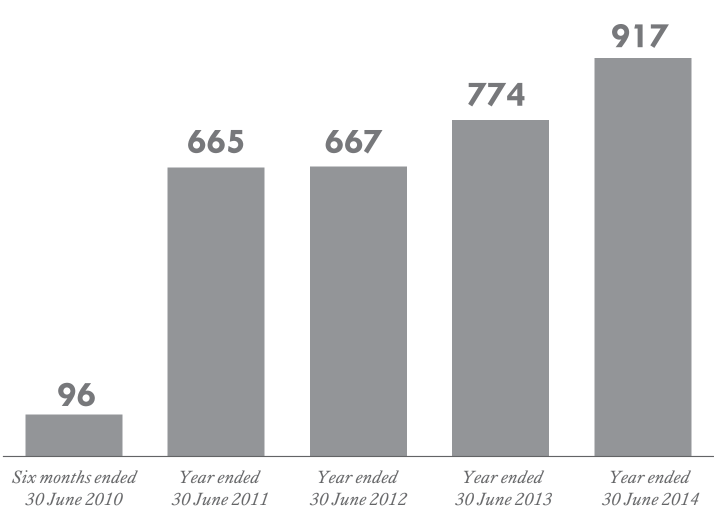
Reinvested in the Group to maintain and develop operations

HIGHLIGHTS

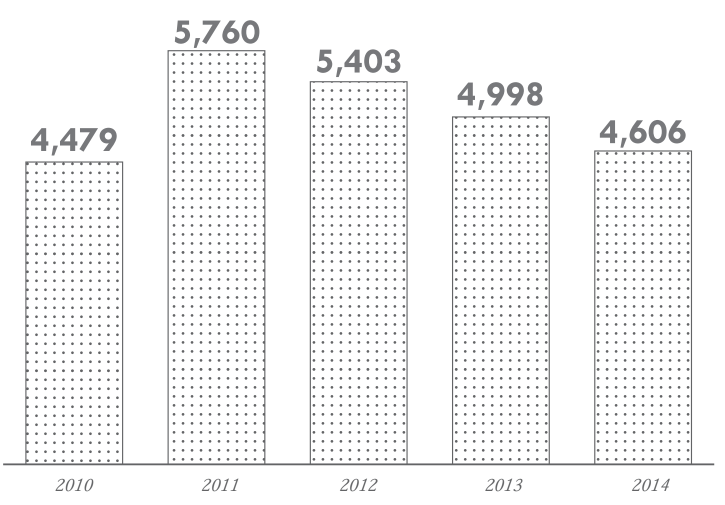
Revenue (Rs m)



EBITDA (Rs m)

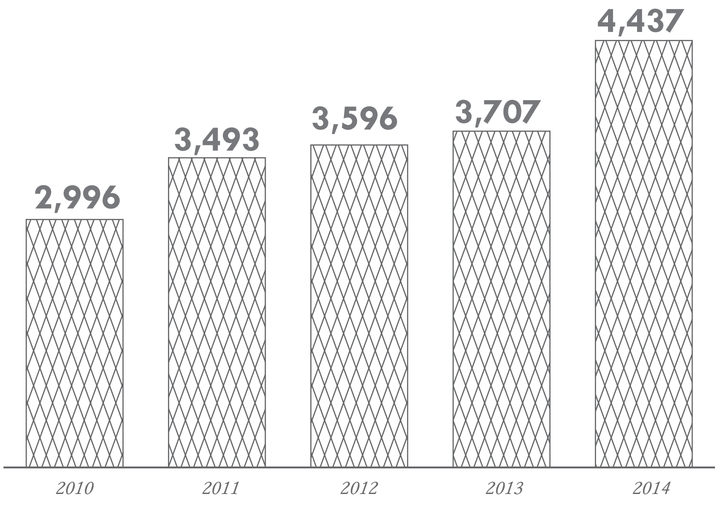


Interest Bearing Debt (Rs m)

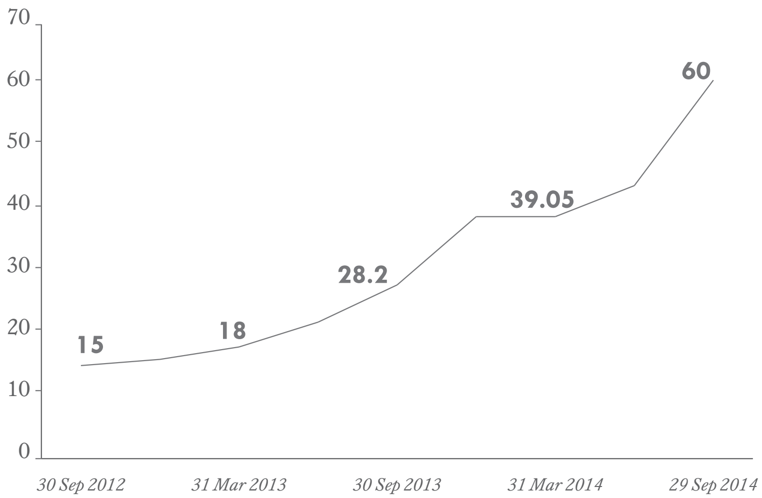


White Sands Resort and SPA, operating LUX Maldives is accounted as a subsidiary since January 2011.

Shareholders Fund (Rs m)



Share Price (Rs)



ARNAUD LAGESSE

Chairman

CHAIRMAN'S REPORT

TOTAL REVENUE FOR THE YEAR UNDER REVIEW REACHED RS 4,2 BN

It is with great pleasure that, on behalf of the Board of Directors, I am submitting my report and the Group's audited results for the year ended 30th June 2014.

In last year's annual report, we shared our LUX* 2016 strategic plan which resides in the execution of six strategic pillars, namely Grow Revenues, Reduce Costs, Put People First, Elevate the Experience, Brand Strength & Optimal Distribution and Project Development with the objective to achieve annual double digit growth in EBITDA over the next three years. I am pleased to report that despite the challenges and an economic environment which remains uncertain, we are well on track to attain our objectives with EBITDA for the year under review growing by Rs 143m or 18% to reach Rs 917m. This performance is the result of the skills, dedication and energy of our people, our brand and our relentless focus on delivering on our strategy. On behalf of the Board, I would therefore like to extend my sincere thanks to our 2,854 colleagues who have strived to put our guests at the heart of everything they do with pride and dedication.

During the year under review total revenue reached Rs 4,2bn up by 12% on 2013 and Operating profit grew by 28% from Rs 461m to Rs 589m. Net finance cost for the year which was Rs 303m in 2013 went down by Rs 44m to Rs 259m as a result of reduced borrowing and conversion of a significant portion of our rupee denominated loans into euro at a lower interest rate. Tamassa Resort, 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 2.19.

During the year, the Group disposed of the twelve villas of LUX* Belle Mare which were then leased back to the hotel and the profit on disposal 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 507m 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 fully exchanged for equity.

The share price of LUX* continues its upward trend and has hit a five-year high at Rs 60. I am also pleased to note that LUX* shares was one of the best performers on the stock market during the last financial year. On the back of improved performance and slightly better visibility, the Board declared for the first time since June 2009, a dividend of 50 cents per share in May 2014. I am confident that, providing there is no deterioration in the environment and the positive trend continues and subject to cash flow, the Group should increase the dividend payout in the coming years.

LUX* STRATEGY

As mentioned last year, our business model is focused on managing hotels, rather than owning them, which will enable us to grow at an accelerated pace with limited capital investment. This business model allows us to focus on building our brand based on guests' needs and a key characteristic of the managed business model is that it is highly cash generative, with a high return on capital employed.

To this end, we incorporated last year a wholly owned subsidiary company, namely Lux Hospitality Ltd whose objective is to manage our existing hotels and to enter into management contracts with third party owners. We are pleased to report that construction of LUX* Al Zorah in United Arab Emirates (Ajman), which will be managed by Lux Hospitality under a long-term management contract, has already started and the opening date is scheduled for 2016. Lux Hospitality also signed during the year a Memorandum of Understanding with Lijiang Yulong Tourism Corporation Limited, a Company registered in the People's Republic of China for the development of a series of hotels in the great Shangri-La Region. We are pleased to announce the opening of the first hotel LUX* Lijiang on the 9th September 2014 and a second property in Benzilan is already under construction and scheduled for opening in 2015.

We would like our shareholders to own shares directly in Lux Hospitality Ltd. The strategy in the short term is that once Lux Hospitality Ltd reaches a critical mass in terms of management contracts; the Company will distribute the shares of Lux Hospitality Ltd as dividend in specie. An application will then be made to the Stock Exchange of Mauritius to list the shares of Lux Hospitality Ltd on the main market.

SHARE SCHEME

Recruiting and retaining an outstanding executive leadership team is critical to ensuring that LUX* Resorts and Hotels succeeds over both the short and long term. To this end, the Board has approved through its subsidiary Lux Hospitality Ltd, an Executive Share Scheme (ESS). The ESS is intended to align the interests of key management and executives with the interest of shareholders. It is also intended to enhance the Company's competitiveness in attracting and retaining talented key senior management and executives. The ESS contemplates the award of fully paid shares of Lux Hospitality Ltd, upon meeting prescribed performance targets and or service conditions. Awards granted under the ESS will vest upon the satisfactory achievement of pre-determined operational and financial targets. The total number of shares which may be issued pursuant to awards granted under ESS shall not exceed 15% of the total number of shares issued by Lux Hospitality Ltd.

OUTLOOK

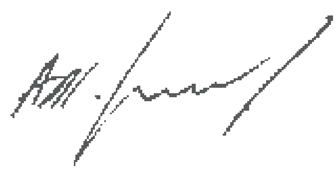
The Global Economic Environment is improving and there is cause for a more optimistic and positive outlook on the future growth of tourism globally. In Mauritius, the increase in arrivals noted from the European markets in August 2014 by 12.8% on last year is very encouraging and France the largest market for Mauritius increased by 11% whilst UK and Germany grew by 20% and 18% respectively.

On the basis of the estimated results for the first quarter of the new financial year that ended 30th September 2014 and the forecast for the second quarter and assuming no deterioration in general economic conditions, we will continue our progression and will improve on the results produced in 2013/2014.

APPRECIATION

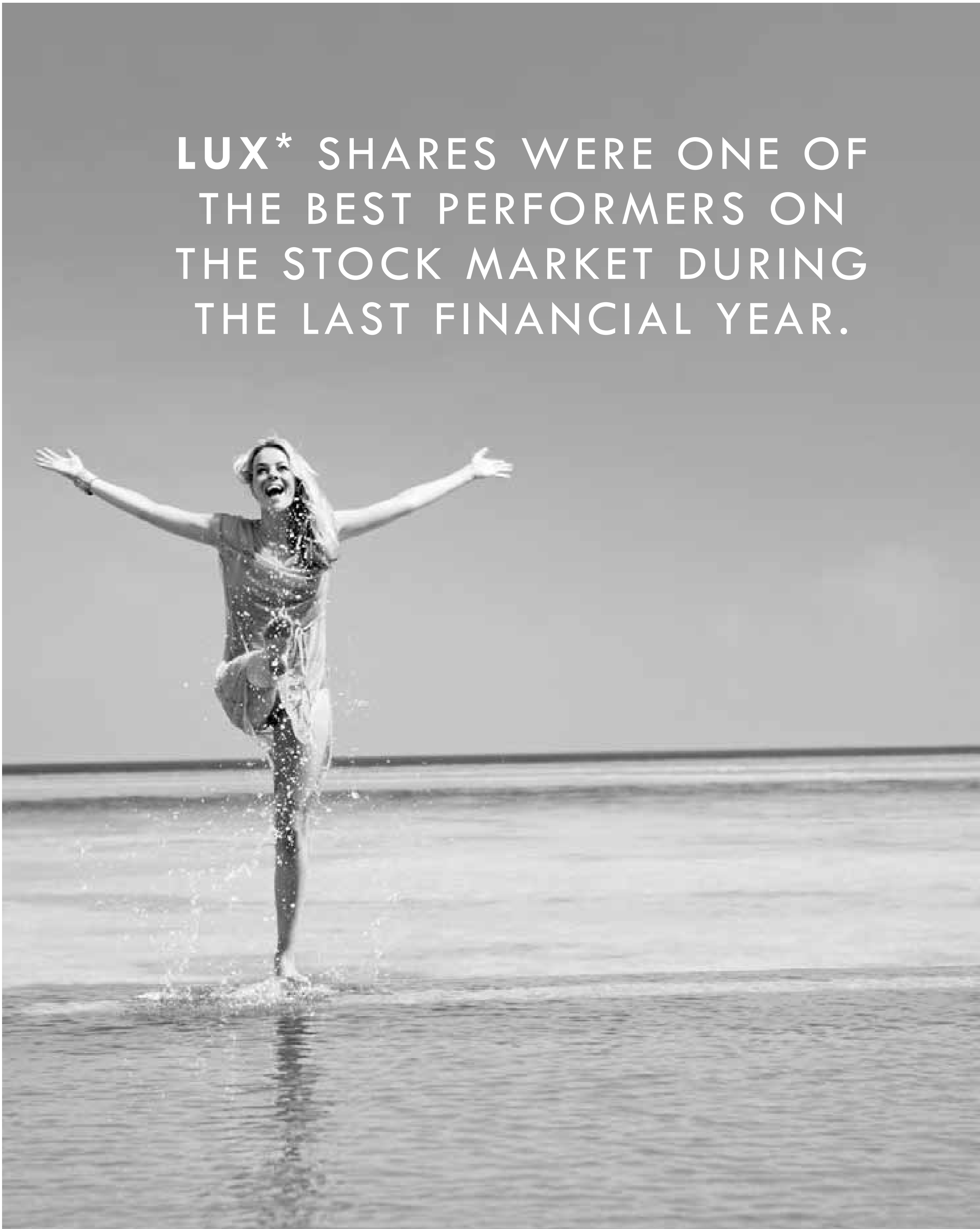
I wish to express the Board's and my appreciation for the continuous support shown by all shareholders, customers, bankers and business partners. I should also like to extend once more my sincere thanks to our dedicated team members for their valuable contributions and to our Chief Executive Officer and the management team for delivering these outstanding results.

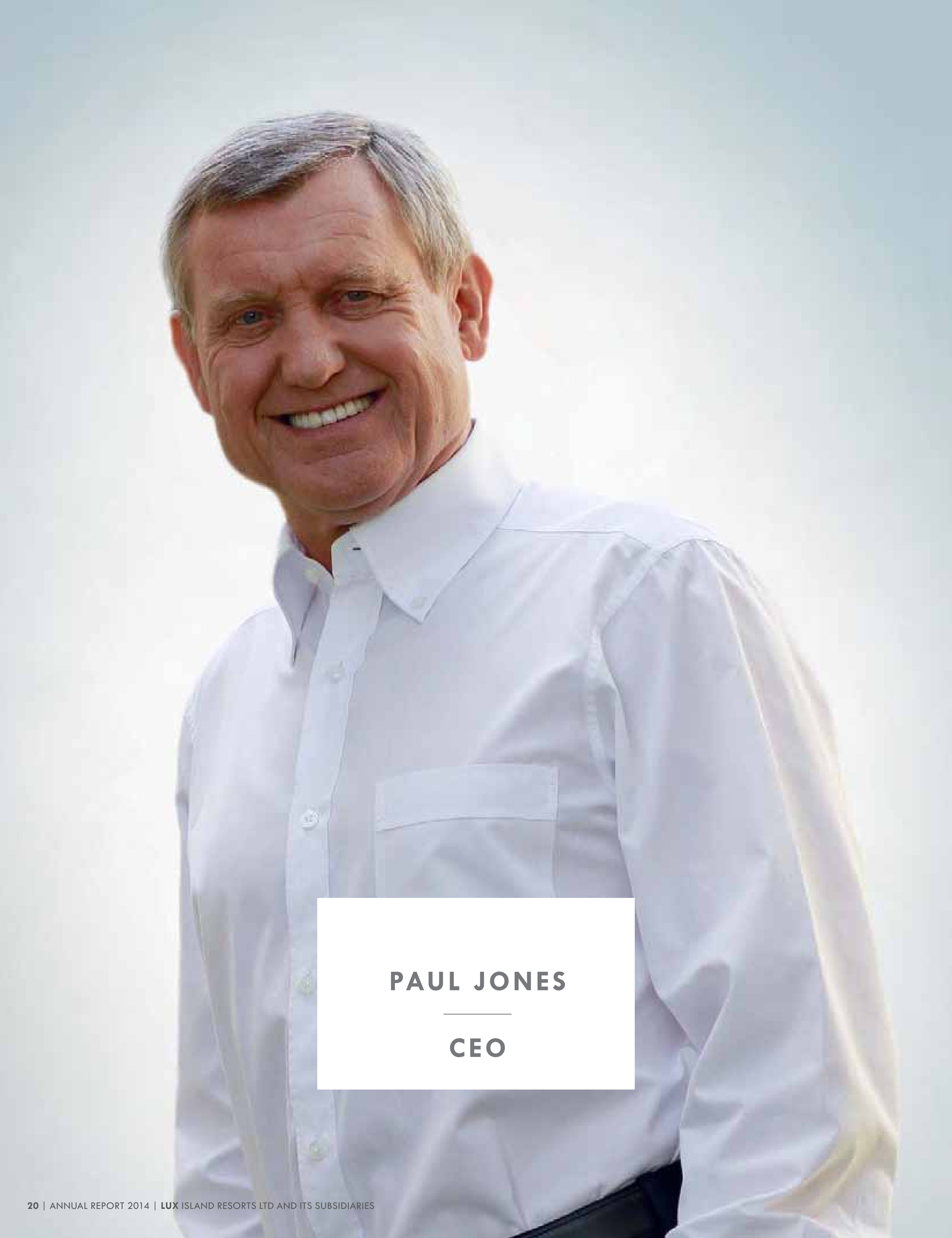
I also express my gratitude to my Board colleagues for their invaluable assistance and guidance.



Arnaud Lagesse
Chairman

29th September 2014


LUX* SHARES WERE ONE OF THE BEST PERFORMERS ON THE STOCK MARKET DURING THE LAST FINANCIAL YEAR.



PAUL JONES

CEO

CHIEF EXECUTIVE OFFICER'S REVIEW

The year 2014 was another strong year for LUX* Resorts & Hotels. Despite an environment that continued to be characterized by challenging macro-economic conditions around the world, we delivered on our strategy and reported good growth in our operating profit and earnings per share.

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 Réunion, 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 number of arrivals, has increased by 28% to a total of 360,449.

GROUP RESULTS

There are a number of widely recognized key industry metrics that are commonly used to track performance of hotels. These include Room Occupancy, ADR (Average Daily Rate) and Rev PAR (Room Revenue per Available Room) and are amongst the key performance measures actively monitored by LUX* Resorts & Hotels.

I am pleased to report that for the year ended 30th June 2014, all the highlighted key metrics have improved during the year. 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 ended 30th June 2014 increased by 12% to Rs 4.2 billion and Earnings before Interest Tax Depreciation and Amortisation (EBITDA) went up by 18% from Rs 774m to Rs 917m. EBITDA margin improved by 1% point on last year to reach 22%.

As might be anticipated, however, performance varied over the regions and across segments with each facing different economic, social and physical conditions as detailed hereafter.

MAURITIUS RESULTS

Despite the ongoing challenges in some markets and the continuing growth in the room supply in Mauritius failing to match a corresponding growth in arrivals, our hotels in Mauritius delivered strong results for the year ended 30th June 2014 with EBITDA reaching Rs 545m, an improvement of 14% on last year. The occupancy was 74%, up by 4% points on last year and ADR improved by 5%. As a result of the increase in occupancy and ADR, Rev PAR improved by 12%.

Total revenue of our Mauritius operations was Rs 2 billion against Rs 1.8 billion a year ago, which represents an increase of 11%. Operating profit increased by 28% from Rs 272m to Rs 349m.

MALDIVES RESULTS

Overall the industry dynamics remain favourable in the Maldives, with industry demand achieving record highs and supply growth maintained at a minimum. In this environment, our Maldives property did very well in 2014 with total revenue reaching Rs 1.4 billion with an increase of 15% year on year. Chinese nationals were the largest country of origin of visitors to the Maldives, with arrivals from China growing by 28% year on year, outpacing overall arrivals growth in Maldives of 12%. This trend contributed to the strong performance of our Maldives property, with occupancy up by 6% points to 77%. The increase in occupancy, coupled with a 12% increase in ADR, resulted in a strong increase of 21% in RevPAR for the financial year. Operating profit for the year increased by 35%, from Rs 183m to Rs 247m.

RÉUNION ISLAND RESULTS

Due to their dependency on the French market, our hotels in Réunion Island had another difficult year with arrivals to the destination going down from last year. Against this background, the combined occupancy of our hotels was down by 1% point to 63% but still higher than the industry average for the destination. However, RevPAR was at the same level as last year thanks to the growth in ADR which went up by 2%. Total revenue for the two hotels increased marginally by 2% to reach Rs 788m and their operating results showed a loss of Rs 7m compared to a profit of Rs 6m, a year ago. Management continues to work on improving the business and we are working closely with the French Government to promote the diversification strategy with a special focus on the Chinese market.

PROPERTY, PLANT AND EQUIPMENT

The increase in Property Plant and Equipment is mainly due to the revaluation exercise carried out during the year (Rs 600m) and capital expenditure for an amount of Rs 258m offset by depreciation charge for the year of Rs 312m.

LIQUIDITY AND CASH FLOW MANAGEMENT

For the full year ended 30th June 2014, net cash flow from operating activities increased by 27% or Rs 130m, from Rs 489m in 2013 to Rs 619m, as a result of increase in cash generated from operations by Rs 92m, net decrease in interest paid of Rs 44m partially offset by increase in payment of income tax of Rs 7m. Net cash flows used in investing activities was Rs 150m, largely due to ongoing purchases of furniture, fittings and equipment by our resorts for their operations of Rs 239m, deposit in respect of renovation works at LUX* Belle Mare for an amount of Rs 55m and offset by proceeds from sale of LUX* Belle Mare villas of Rs 146m.

The net cash flow financing activities amounted to Rs 630m following loan repayments for an amount of Rs 569m and the payment of a dividend to shareholders totalling Rs 61m.

Interest cover (EBITDA/finance charges) which was at 2.5 last year improved significantly to a healthy 3.5 cover ratio.

OUR BRAND PHILOSOPHY

Please refer to page 26.

HUMAN RESOURCES AND CONTINUOUS LEARNING

I strongly believe that the hospitality industry is all about Our People.

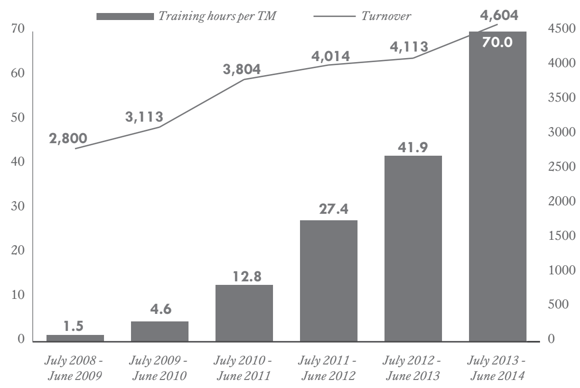
I would like to express my sincere appreciation to all our Team Members for their passion and hard work which enabled the integrity of our Brand through the delivery of our promise of Lighter, Brighter holiday experiences to our Guests across our destinations.

Those remarkable results would not have been a reality without the focus on the Guest experience and the LUX* Hospitality Standards by all our team members, especially those engaged in the delivery of the experience to our guests.

The strategic focus has been and will continue to be the education of our Team Members through continuous learning to give them all the skills they need to serve our Guests. We will continue to substantially invest in management time and partnerships with world class resources to give the best education to our Team Members.

We will also work thoroughly on taking appropriate actions to increase the loyalty of our Team Members by reinforcing the service culture, talent recruitment and management, and our forthcoming hotel openings under management contracts.

I am delighted to report that we have recorded an average of 70.68 training hours per Team Member during the financial year. We therefore outperformed our target of 60 hours per Team Member as set out in our previous annual report, therefore achieving an increase of 68.72 % compared to the previous financial year.
I strongly believe that there is a direct correlation between training hours and revenue as depicted in the graph below for all hotels operated by LUX*.



LUX* INNOVATION CHALLENGE 2014

For the last 2 years the LUX* Innovation Challenge has proved to be a vital force in promoting a forward thinking attitude amongst our teams and has facilitated in strengthening the LUX* Resorts & Hotels brand image.

Our category for the LUX* Innovation Challenge 2014 was "Innovate to Increase Loyalty of Team Members". All participating teams comprising the resorts and the head office worked on one idea each. All teams were required to test launch the idea to check efficiency and effectiveness and present the findings to the jury. The top 7 ideas contested in the finals which were held at LUX* Grand Gaube on May 27th, 2014 and 3 winners were announced.

The focus of this category was People, and excellent ideas were received from all teams reiterating the importance we place on the well-being of our team members. As part of the Strategic Initiatives for this year, the best ideas will be implemented across all operations.

The best idea contributed by Tamassa Team was "Etiquette and Moral Week" and is also a contestant at the Worldwide Hospitality Awards 2014 under the category "Best Initiative in Human Resources."

PROJECTS

Three years in the making and two short months in the completion, LUX* Belle Mare, the flagship property of LUX* Resorts & 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, where we are forecasting good growth in Rev Par.

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 whilst also opening 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 already under construction in Benzilan that is scheduled for opening in the second half of 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 the sale of Le Récif in Réunion Island, negotiations with the initial buyer has terminated as the latter has not been able to fulfill the conditions precedent.We are in discussion with another buyer for the sale of the hotel whereby, LUX* will remain as manager.

AWARDS AND ACCOLADES

We are very proud of the large number of industry awards our brand has won during the last financial year and we focused on ensuring that they stay relevant to the changing needs of our guests. To support this, we conduct intensive survey with our guests to ensure that we have the best possible understanding of their actual needs. This unique insight is allowing us to better differentiate our hotel experiences and is a key driver of our ability to grow ahead of the market. All hotels in Mauritius, LUX* Maldives and LUX* Ile de la Réunion have won the "Certificate of Excellence Award" by Trip Advisor in 2014. For other awards received by LUX* Resorts & Hotels during the financial year ended 30th June 2014, please refer to page 24.

OUTLOOK

We remain optimistic that we will maintain our performance throughout 2015. The increase in arrivals from Europe noted lately should improve the performance of our Mauritius properties aided by the continuing increase in arrivals from the Asian market, particularly China. We expect our Maldives property to maintain its strong performance and our hotels in Réunion Island should improve on their results from last year.

Over the next few years, we intend to grow our fee based business. We are constantly looking for growth opportunities and we are working closely with several hotel owners and developers with a view to securing management contracts.

I wish to extend my gratitude to my executive management team who all performed well as a team to deliver the strong results.

To conclude on behalf of the Executive Management team, I would like to express our gratitude to all who contributed to our success in the 2013/2014 financial year, including our customers, our guests, shareholders, business partners, suppliers and the communities in which we operate. To our 2,854 team members across all the countries in which we are present, again a profound thank you for your ongoing dedication, passion and support without which we could not have achieved such stellar results.

I seize this opportunity to thank my fellow Board members, and in particular the Chairman Arnaud Lagesse, for their wise counsel and unfailing support.

Sincerely always

Paul Jones
Chief Executive Officer

29th September 2014

AWARDS

LUX* RESORTS & HOTELS

Awarded "Luxury Hotels and Resorts Operator of the year 2014"
by TTG Travel Awards (London)

Awarded Gold Award for Services
by COTRI (China Outbound Tourism Research Institute)

Awarded as Best Hotel Group of the year for the second edition of the "Ile Maurice Tourisme Awards"
"Ile Maurice Tourisme Awards"

LUX* Me Spa awarded as the "Best Luxury Spa Group for the Indian Ocean region"
by the World Luxury Spa Awards

Awarded "Luxury Hotels and Resorts Operator of the year 2013"
by TTG Travel Awards (London)

LUX* Me Spa awarded as the "Best Luxury Spa Group"
by the World Luxury Spa Awards

LUX* BELLE MARE

LUX* Belle Mare, Named Among Best Reviewed Hotels
on the Expedia Insiders' Select 2014 List

Ranked 9th Hotel in Mauritius for the category "Top 10 Hotels in Mauritius"
in Trip Advisor Travelers' Choice Award

Voted as the "Top Clean 2013"
by Venere.com's users

Awarded "Best Resort overseas"
by National Geographic Traveler China

LUX* LE MORNE

Recommended in the Quality
Section 2014 of HolidayCheck.com

Awarded Most Romantic Hotel of the Year
by regional tourism website www.ilemaurice-tourisme.info

Awarded "Traveller's Choice" among the Top Hotels in Africa and in Mauritius
by TripAdvisor

Awarded "Traveller's Choice" among the Top Hotels for Romance in Mauritius
by TripAdvisor

Awarded "Traveller's Choice" among the Top Luxury Hotels in Mauritius
by TripAdvisor

Awarded "Hotelo Award 2013"
by TUI Austria – selected to be among the 100 most popular hotels worldwide

LUX* ILE DE LA RÉUNION

Awarded "Quality Tourism Ile de la Réunion"
by the Ile de la Réunion Tourism Board (IRT)

Awarded the French National Label Qualité Tourisme the official mention "Qualité Tourisme"

Awarded 'Réunion Island's Leading Hotel'
by the World Travel Awards

Awarded the "Island's Leading Hotel"
by the World Travel Awards

LUX* MALDIVES

Awarded "Indian Ocean's Leading Beach Resort"
by the World Travel Awards

Awarded "Leading All-Inclusive Resort"
by Maldives Travel Awards

AWinner of "Overall Customer Satisfaction" category and best hotel-partner of TEZ tour

FROM THE HEART!

NO, NO TO PRETENCE AND OVERZEALOUS FORMALITIES TO IMPRESS OUR VISITORS, LUX* RESORTS & HOTELS WANTS NOTHING MORE THAN TO PROVIDE GENUINE HOSPITALITY THAT COMES FROM THE HEART, WITH A NATURAL SMILE THAT SHINES FROM WITHIN.

Where some may focus on perfecting the process of a transaction, ours is to continuously strive towards helping our guests celebrate life. It is core to our brand DNA and so important to us that we have made it the company mission; yes indeed to HELPING PEOPLE CELEBRATE LIFE!

This is such an important job for all 2,854 of our passionate team members with whom we periodically take time out of our busy schedules to brainstorm new ways of making each moment matter for our guest.

Why? Well because LUX* banishes thoughtless patterns to create a truly unique vacation experience. One that is lighter, brighter.

For the free spirits who want authenticity, not imitation; spontaneous, not set-in-stone plans – we are proud to introduce Locale Light: our unique travel concept that combines an authentic sense of the locale with lighter, brighter luxury.

Whether on the beach, in the city, or in the wild, our award-winning resorts and hotels are infused with the light of their locale; showcasing the nature and culture of some of the world's most stunning and sought-after destinations.

This year we have introduced a new exciting destination to the LUX* portfolio. A boutique hotel in the magical Ancient Town of Lijiang, Yunnan, China and protected by UNESCO Charter is the first of a series of boutique hotels that will form part of a journey through the Greater Shangri-La region and branded as LUX* Tea Horse Road. Soon we will be adding LUX* Al Zorah which will be established as one of the most exquisite new destinations in the United Arab Emirates.

These developments are shaping the evolution of the brand as we adapt our brand concept to new properties in new destinations evolving LUX* Resorts to LUX* Resorts & Hotels.

Furthermore, the premiumisation in our portfolio's hardware, concomitant with renovations carried out across the existing resorts and acquisition of new management contracts combined with the significant uplift in service standards and experiences delivered across the properties, demonstrates LUX* Resorts & Hotels' growing position as a global luxury operator.

To support this evolution we continue investing towards creating a brand that appeals globally to discerning travellers. Those in search of a simple, fresh and sensory experience – that is thoughtfully designed to surprise and delight, whilst offering generous touches and creative detail that make the ordinary truly extraordinary.

Scroll our website, flick through the pages of our new LUX* 01 Magazine or check out our new advertising campaign in the following pages to get a taste of what we refer to internally as LUX* 2.0.

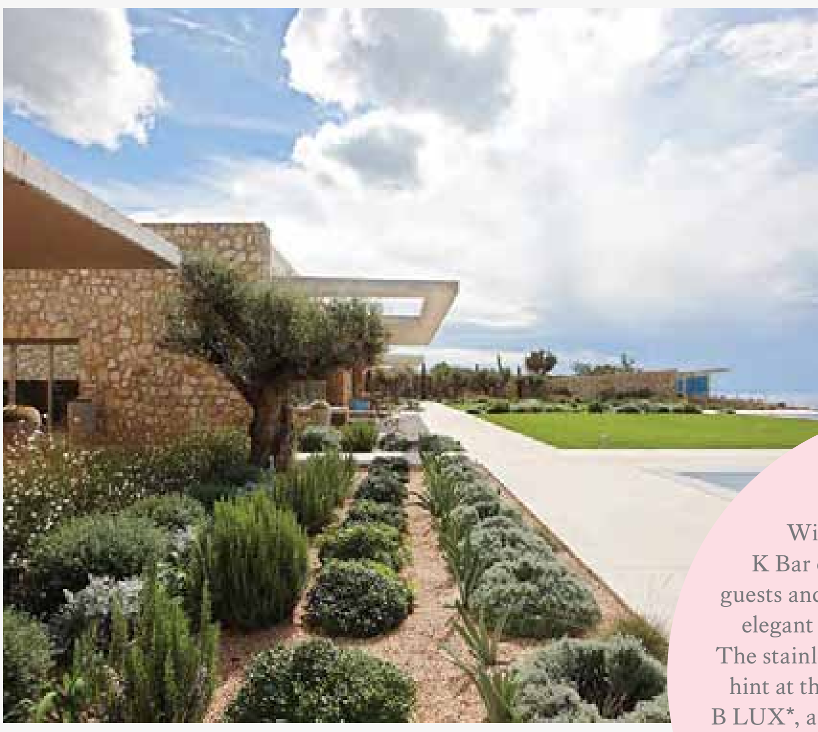

LUX*
RESORTS & HOTELS

Star ratings are all very well but we do more than tick boxes in the way conventional resorts and hotels do. Traditional classifications may hint at excellent service and first-rate facilities but it's the surprises, together with the spontaneity and sincerity of our team members that inspires so many of our guests to keep coming back. Since luxury means different things from person to person, we focus on perfecting the priorities, while peppering the environment and your experience with pop-up treats and uplifting moments.

LUX* Belle Mare comes out

THE PLACE TO BE IN MAURITIUS

Fresh from a $16m investment, LUX* Belle Mare has reopened not only wearing an all-new look, care of interiors doyenne and TV personality Kelly Hoppen, but also flaunting three showstopping restaurants, conceived by a foodie dream team. Michelin-starred Vineet Bhatia, global food and beverage guru Patrick John and innovative corporate chef Walter Lanfranchi have combined culinary forces to ensure LUX* Belle Mare is *the* place to dine in style.



Stephen Woodhams

Double-gold medallist at the Chelsea Flower Show and resident of both London's Marylebone and Ibiza, Stephen Woodhams has designed gardens in Mallorca, Ibiza, St Tropez and Barbados. Now he has transformed the landscaping at LUX* Belle Mare to create an enchanted paradise on the beach.

K Bar

With Ms Hoppen as its muse, K Bar offers its clientele of cherished guests and local scenesters Mauritius' most elegant environment in which to relax. The stainless-steel tank and shiny draft taps hint at the in-house microbrewery, where B LUX*, a range of craft beers, is exclusively brewed for us by the Flying Dodo Brewing Company. Don't miss Cuvée LUX*, a characterful beer aged in old whisky barrels and enhanced with a hint of Café LUX*.

ICI

The ICI counter is bigger and better than ever – ask for a tour of the ice cream factory at LUX* Belle Mare.

Amari by Vineet

Vineet Bhatia was the first Indian chef to be awarded a Michelin star, for his Rasoi restaurant in London's fashionable Chelsea. Now he brings his inimitable spices to Amari. Refined styling and contemporary flavours, with tables indoors and out, make this simply the most luxurious curry house on the planet.

Duck Laundry

As much as feast for the eyes as the appetite, the chic Duck Laundry is the top table in Mauritius today, with its contemporary Chinese flavours and pan-Asian preparations. A wood-fired beech duck oven and hanging birds feature alongside a sushi, maki and sashimi bar, plus a noodle-making station and a vast spread of dim sum.

Mari Kontan

Enter this typical Mauritian tavern and take a historical trip around the island via rum, Creole flavours and Séga music. LUX* celebrates the culture of each of its destinations – Mauritius is perhaps best known for its cane crops and the rums they produce. Mari Kontan presents the world's widest collection of Mauritian and Réunion rums, spanning all varieties of rhum agricole and rhum industrial. Here, we toast the Creole spirit in every sense.

Café LUX*

LUX* Belle Mare takes coffee culture one step further by hosting its own on-property roasting plant. Whether flat white or FrappeLux, it's all now made with Mia milk fresh from a new Mauritian dairy – sip, gulp, smile at the latté art.

Beach Rouge

Our naturally perfect beach has been complemented by chic design. Showcasing pure white sands, accented by ocean blues by day and ruby reds by night, Beach Rouge is the place to go for couldn't be-fresher carpaccio, grilled seafood and tunes as chilled as the rosé – plus just enough space to dance your way into the evening.

OUR GROWING RESORTS & HOTELS PORTFOLIO

LUX* BELLE MARE, MAURITIUS

Elegant east-coast sweep of beach, pool and perfection

Fresh in feel, look and style, these mod-colonial suites and private thatched villas are dressed with contemporary panache, slap bang in paradise. A statement swimming pool (the island's largest) at the heart of this five-star resort is overlooked by forward-thinking foodie destination, Mix. Gently buzzing by day, sashaying to Balearic beats by night, Beach Rouge is a restaurant-bar with soul. Expect nothing-is-too-much-trouble service from the skilled baristas in Café LUX* to the experts at our Dive Shop.
The spa is a knockout too: but it's not just a pretty, sweetly scented space; highly qualified therapists want you to leave feeling your best – whether through treatments, yoga or Tai Chi. And we haven't even mentioned that the coastline feels as though you have it to yourselves: crystal-clear water, with a turquoise glint, and sand as soft and white as you'll ever know.

174 suites, including 60 Junior Suites, 27 Pool Junior Suites, 33 Romantic Junior Suites, 10 Beach View Junior Suites, 7 Honeymoon Suites, The LUX Suite, 16 Family Suites. Eight restaurants, bars and cafés.*

Don't miss...

- Time on the tranquil brochure-perfect beach.
- Touring the globe via the Asian, European and African flavours of Mix, with many dishes made before your eyes.
- The world-class spa whether for a little relaxation or for a specialised results-focused LUX* Me programme.
- Trying one of our more exotic ice cream flavours at ICI.
- Fun times in PLAY for little ones, and Studio 17 for teens.

You'll also love...

- Exploring the lagoon by a pirogue, a small traditional flat-bottomed fishing boat.
- Dazzling scuba diving.
- Nature walks and yoga sessions at Domaine de L'Etoile in eastern Mauritius.
- Browsing the market at Centre de Flacq.
- Big-game fishing.
- Golfing at one of three nearby courses.

In the press

'Cool, calming spaces punctuated with colour.'
House & Garden

LUX* BELLE MARE, VILLAS

Refined interiors, rustic thatched charm

Your own fully fitted private luxury villa, with a butler on call around the clock, heated pools and landscaped gardens, with all the added perks of a five-star resort. With interior design by Kelly Hoppen, the bright, elegant and uplifting spaces are soothing and utterly private, with bathrooms alone worth writing home about. Entertain in your villa, or call for a ride to the restaurant – do it all your way. Enjoy your own discreet hideaway or follow the winding path down to the Indian Ocean – knowing that sunloungers are always reserved for you on the beach. At LUX* Belle Mare, we invite you to embrace the best of Mauritius' natural beauty, without having to surrender your need for independence, sophistication and service. Better than a home from home.

12 private villas, all with private pools and butler service. 8 Ocean Villas, 2 Beachfront Villas, 2 Prestige Villas.

Don't miss...

- As well as all of the fun and facilities at LUX* Belle Mare? How's about lunch served by your private butler on a private island? We can arrange an exclusive luxury boat trip, which includes snorkelling, waterfalls and a historic lighthouse.
- Spicing up your stay with an activity such as skydiving – then ease your way back to Earth with an hour-long massage back at your villa.
- There's no better resort for truly bespoke time: let us tailor a day of LUX* Me treatments to your preferences, starting with a healthy breakfast on your terrace, ending with a soothing petal-sprinkled bath in your sunken tub.

In the press

'Try an evening of wine tasting, or – even better – take a cookery class with a chef.'
Sunday Times Travel Magazine

LUX*
LE MORNE

Soul-stirring romance on the wilder southwest

Flower-filled gardens, high-drama sunsets – that's just the start of a stay in one of our lagoon-facing suites at the end of this leafy Unesco-protected peninsula. Even our acclaimed spa enjoys a grandstand view of that rugged and inspiring Le Morne Brabant peak. Take a dip in one of four pools, stroll or ride horses along the seemingly endless stretch of talcum-soft sands, or take it up a gear with tennis, biking and a raft of complimentary watersports. The only challenge? You might not want to shut your eyes and miss a second of this scenery.

149 rooms, including 64 Superior Rooms, 10 Junior Suites, 15 Honeymoon Suites, 45 Prestige Junior Suites and 15 Ocean Junior Suites. Seven restaurants, bars and cafés.

Don't miss...

- Just-caught seafood and New World wines at our beach barbecue.
- Savouring Thai tastes in Nipa, and Creole, Indian and Chinese flavours in the Kitchen.
- Having your photo taken, backdropped by the stunning main pool and the sea beyond.

You'll also love...

- Kitesurfing at one of the world's best spots for this sport in the world, right on our doorstep.
- Swimming with dolphins, a short boat ride away.
- Hiking up Le Morne with the island's only licensed guide, or through Black River Gorges National Park.
- Admiring the natural spectacle that is the Seven Coloued Earths.
- Golfing at two courses nearby.

In the press

'This luscious Indian Ocean beach resort is about healthy living, sure, but you won't be brainwashed by it... Food is omnipresent.' *Tatler*

LUX* GRAND GAUBE

All-singing, all-dancing lagoon-hugging resort



Tiered thatched hideaways overlooking three filao-framed aquamarine bays – Grand Gaube is shamelessly abundant in every tropical-paradise cliché, from palm-tree-strung hammocks to feet-in-the-sand dining under the stars. Add to that chirping tree frogs and singing birds. Take it totally easy or let us entertain you: shuffle from spa to one of five pools or shimmy from a scuba lesson to Séga-music session – watersports, games, and cultural events all come in generous supply. Epicureans, with so much to savour, prepare to loosen your waistbands, especially if you go all-inclusive; and as you'd expect from a fishing community, the grilled seafood is as delicious as just-caught fish, crab and lobster get. Sun-blessed by day and moon-struck at night, there's never a dull moment, whether you're a can't-sit-still family or an eyes-only-for-each-other couple.

198 rooms and suites, including 22 Superior Rooms, 104 Ocean Superior Rooms, 46 Deluxe Rooms, 23 Junior Suites, 2 Senior Suites, 1 Emperor Villa. Six restaurants, bars and cafés.

Don't miss...

- Flopping on beanbags under coconut palms and brightly coloured bougainvilleas.
- A serving of gateaux piment under the banyan trees at our beach shack.
- A scoop or three from our ice-cream-peddling Mini.
- Swaying to the rhythm of a vivacious Séga performance right on the sand.
- A whirl at beach volleyball.

You'll also love...

- The bird's-eye view of the spectacular coral reefs by seaplane.
- Dipping your toes into Grand Baie's buzzing scene of bars and boutiques.
- Trying your hand at – or maybe mastering – big-game fishing.

In the press

'A place for romance and relaxation... Simple luxury where the focus is on extraordinary and tailor-made experiences.' *The Telegraph*

LUX*
ILE DE LA REUNION

Colonial character, French poise, Creole soul

Adventurers love this far-flung corner of France. And this is the volcanic island's only five-star beach resort – bang on Réunion's best stretch of coral-enhanced sands, fringing a reef-sheltered lagoon. Not fussy or formal, these pine trees and plantation-style porched villas beg you to unwind. Although many guests find there are too many natural attractions on their doorstep to linger long after breakfast, you might find yourself torn about whether to stray further than the sunlounger. As well as showcasing the island's largest swimming pool, there are power-plate and Pilates classes, tennis, snorkelling and volleyball on tap – plus pétanque too. Naturellement. The French accent is also deliciously evident in the elegant eateries, suited to every mood, from relaxed beachside seafood platter brunches to dressy landmark celebrations in Orangine.

174 sea-facing rooms and suites, 85 Superior Rooms, 61 Deluxe Rooms, 8 Junior Suites, 10 Family Rooms. Five restaurants, bars and cafés.

Don't miss...

- Lunch *à deux* in the lovingly labelled herb garden.
- Learning to make zingy Creole curries at Carry's Bar at La Plage.
- Birdwatching from your balcony.
- Borrowing snorkels and flippers to get up close and personal with tropical fish a few feet from shore in these boat-free waters.

You'll also love...

- An awe-inspiring tour of the pitons and cirques – best admired from a helicopter.
- Following a speleologist through the lava tunnels or hiking through lush national parks.
- Exploring the Unesco-approved terrain by a 4x4, whale-watching and waterfall canyoning – the hotel's speciality is arranging just the right excursions on land and sea.

In the press

'An impressive property with direct access to L'Hermitage beach, a 6km strip blessed with a lagoon rich in marine life.'
The Independent

Ile de la Réunion

Distance to Roland Garros Airport: 49km (0h45)

Distance to Pierrefonds Airport: 27km (0h35)

LUX* MALDIVES

Fantasy-island stilted villas and a divers' dreamworld

Thatched over-the-water villas jutting out from pure white sands – no wonder it's so often said that this stylish sanctuary is as soothing as resorts get. Dhidhoofinolhu is our private-island paradise in South Ari Atoll, a 25-minute seaplane hop from Malé. Life is sweet in our surf and on our turf: the sheltered lagoon provides unbeatable viewings of stingrays, coral fish and dolphins, and the five-star PADI diving centre exhilarates pros and novices alike. On land, follow secret zigzagging pathways through orchid-touting tropical gardens and seek out tennis, swimming pools, spa time and specialist fitness sessions. You won't have to mosey far to discover one of the many excellent eateries and atmospheric bars. Whether a honeymooning couple or a family of any ages, you're assured barefoot luxury at its best.

193 pavilions, suites and villas, including 36 Beach Pavilions, 12 Sunset Junior Suites, 45 Beach Villas, 46 Water Villas, 12 Beach Pool Villas, 38 Prestige Water Villas, 3 Family Water Villas, 1 Presidential Villa. Nine restaurants, bars and cafés.

Don't miss...

- Snorkelling in our house reef amid ridiculously clear waters.
- Touring global cuisine from street food to fine dining.
- Luxuriating in our award-winning spa with views out to sea.

You'll also love...

- A boat tour of our stunning turquoise lagoon.
- A brush with whale sharks – join our safaris to spy the world's largest fish.
- Bike rides and walking tours treat culturally curious visitors to a taste of local life care of coral-stone houses and craft stalls.

In the press

'The views from the spa cabins – both through the glass floor, window, and out to sea – are special.'
The Times

Maldives

25 min seaplane journey from Malé Intl. Airport during daylight hours

20 min domestic flight and 10 min speedboat option, also available late evening

LUX*
LIJIANG

Culture and character along China's ancient tea trail

The Shangri-La region's age-old traditions and unspoiled landscapes are lure enough to this history-steeped area in western China. Now our luxury boutique hotel in the heart of this Unesco World Heritage site gives discerning travellers every reason to visit this extraordinary destination.
Our Chamadao library invites you to absorb more about this fascinating part of the world, while all the expected perks of our hotels make a holiday here as rejuvenating as it is edifying.
The opening of LUX* Lijang marks the start of an exciting new circuit of distinctive stays in the provinces of Yunnan and Szechuan, up towards Tibet, and the completed range of these regional properties is set to provide bespoke experiences that will be collectively known as the LUX* Tea Horse Road.
Consider this a taster.

10 rooms, 6 Superior Rooms, 2 Deluxe Rooms, 2 Junior Suites. 1 restaurant, 1 bar, 1 library.

Don't miss...

- Having a Naxi cooking class.
- Sipping world-class brews in our specialist tea room.
- Learning about the ancient art of Dongba pictographs.
- Indulging in high-performance spa treatments inspired by Chinese medicine.

You'll also love...

- Horseback riding through stunning scenery.
- Guided hikes for every level of fitness.
- Open-air concerts and festivals in Lijiang.
- Bike rides to the ancient town of Shuhe.

Lijang

Distance to Lijiang Sanyi Intl. Airport: 28km (0h30)

LUX*
AL ZORAH

Designer beachside luxury, a short drive from Dubai

Amid luminescent lagoons and creeks, here in Ajman, the smallest of the seven Emirate sheikdoms, this sleek destination resort is a snappy 40 minutes by car from Dubai International Airport and a breezy 10 minutes from Sharjah. Styled by Jean-Michel Gathy, the architect commended for high-end hotels from Bora Bora to Mexico – the 202 rooms, suites, apartments and private villas guarantee contemporary glamour here on the Persian Gulf. Add to the full gamut of state-of-the-art wellness facilities two dazzling kilometres of silky sandy beach, and natural mangroves within reach, plus a year-round sunny climate, and you're assured of hospitality fit for sybarites.

Phase 1: 193 pavilions, suites and villas, including 36 Beach Pavilions, 12 Sunset Junior Suites, 45 Beach Villas, 46 Water Villas, 12 Beach Pool Villas, 38 Prestige Water Villas, 3 Family Water Villas, 1 Presidential Villa. Nine restaurants, bars and cafés. Phase 2 (Opening mid 2016): Additional 20 rooms.

Don't miss...

- Apart from every five-star hotel amenity? Diving, boating, kitesurfing and everything else that's fun in the water.
- Ticking off the birds you've spotted is a doddle thanks to almost 60 species living in the surrounding forest.

You'll also love...

- Strolling a boardwalk that promises you a parade of restaurants, cafés and shops galore.
- A whirl in the world-class marina with beach club.
- Teeing up at the Jack Niklaus signature 18-hole golf courses.

Al Zorah

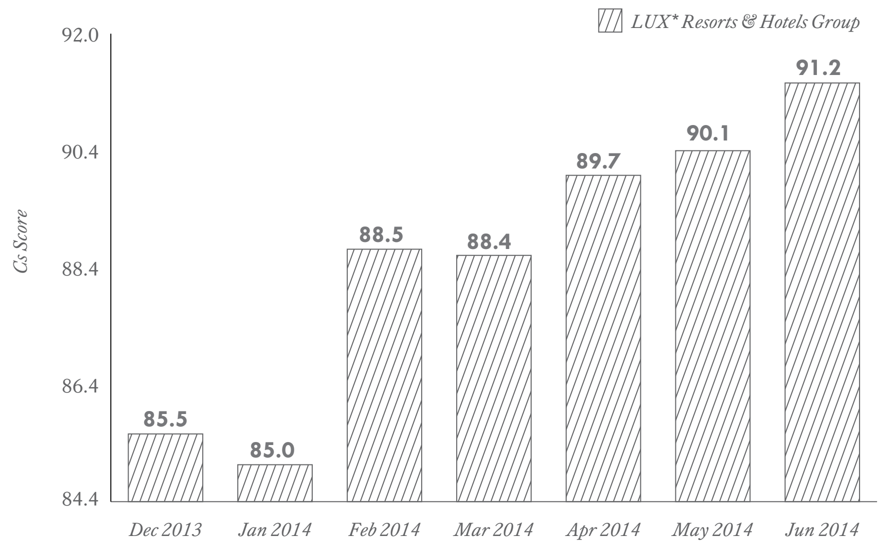
Distance to Dubai Intl. Airport: 30km (0h40)

GUEST SATISFACTION AT LUX* RESORTS & HOTELS

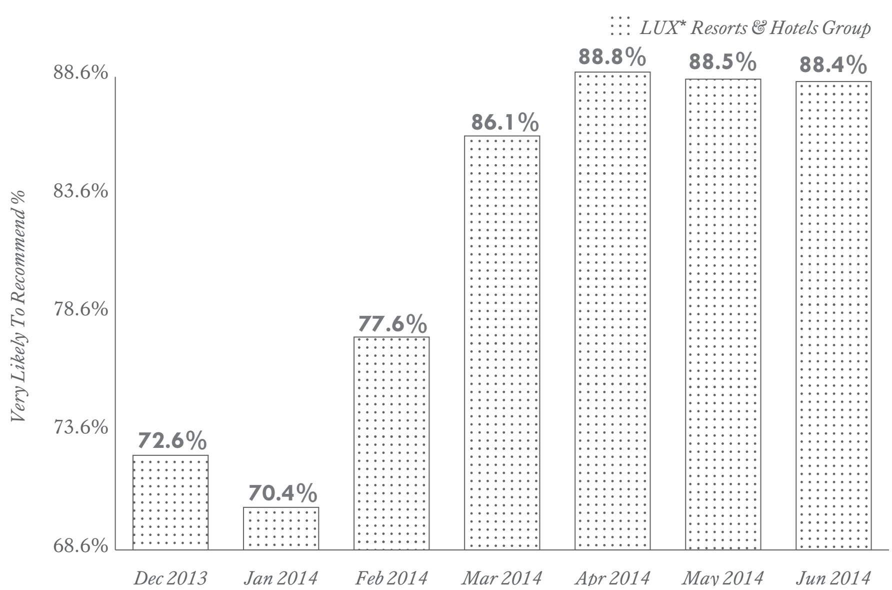
In line with our commitment to continuously improve Guest Experience and Satisfaction, we introduced in December 2013 a new cutting-edge Guest Satisfaction Measurement system, which allows us to engage and understand our guests better, by receiving feedback in real time and converting the latter into immediate operational response across the organization.

We are pleased to report significant improvements on every Key Performance Measure: Overall Guest Satisfaction Score improved for several months in a row to reach 91.2% in June 2014, Guests' Intention to Recommend LUX* to others grew at a fast pace by a significant 16 points, and scores for perceived 'Value for Money' increased over consecutive months, ending at 84.1%.

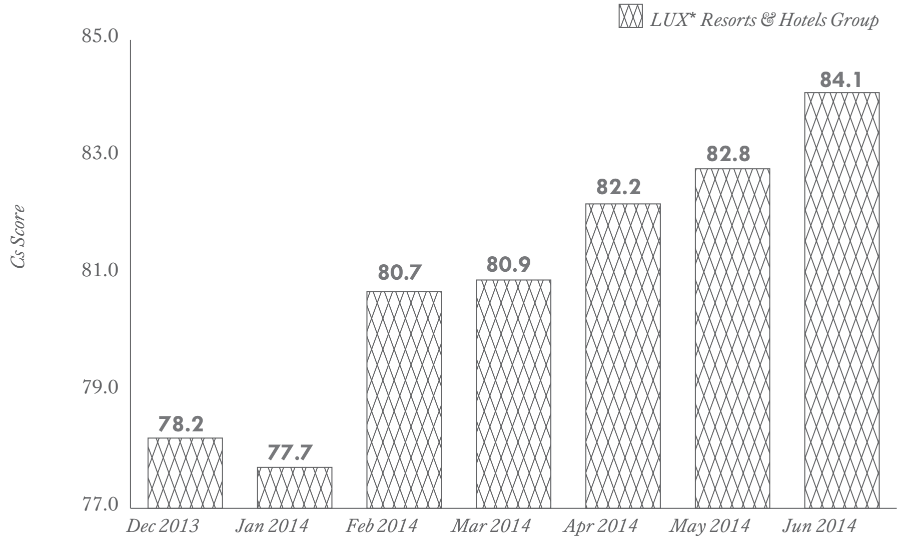
Guest Satisfaction Overall Score



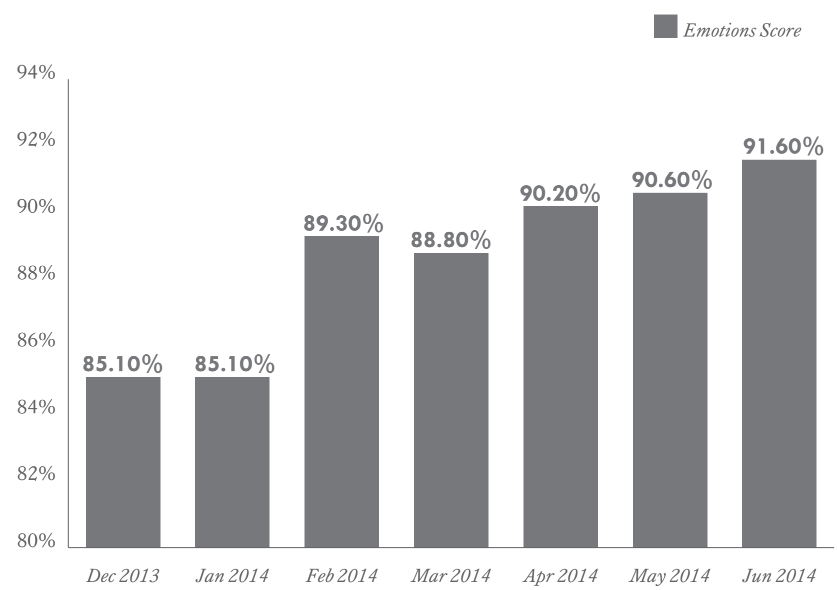
Recommend %



Value For Money



As we aim to continuously deliver simple, fresh and sensory experiences, thoughtfully designed to surprise and delight our guests, we have endeavoured to measure our guests' sentiment by capturing their responses on 9 emotional dimensions: Feeling Welcome, Comfortable, Important, Pampered, Entertained, Relaxed, Content, Secure, and Respected. We are pleased to report continuous improvement over several months, with an overall score reaching 91.6% in June 2014.



Knowing which levers drive guest loyalty allows us to accurately target and continue implementing various initiatives aimed at enhancing the entire guest experience, and progress towards our vision and purpose of "Helping People Celebrate Life by Making each Moment Matter".

We are confident that with the continued efforts and commitment of all Team Members, we will be able to maintain this upward trend.

CORPORATE GOVERNANCE REPORT

STATEMENT OF CORPORATE GOVERNANCE

The Group is engaged in adhering to the Code of Corporate Governance issued by the National Committee on Corporate Governance. The Board is fully committed to attaining and sustaining the highest standards of Corporate Governance with the aim of long-term value creation for the shareholders. This is achieved through group-wide awareness of business ethics and the stewardship and supervision of the management of the Group by the Board of Directors and the various Committees of the Board.

COMPANY CONSTITUTION

A copy of the Constitution is available at the registered office of the Company and on its website *www.luxresorts.com*

There are no clauses of the constitution deemed material for special disclosure.

SHAREHOLDING

At 30th June 2014, the Company's share capital was Rs 1,140,346,510 (114,034,651 shares of Rs 10 each) and there were 3,277 shareholders (30.06.13: 3,270) on the registry.

The directors regard GML Investissement Ltée (GMLIL) as the ultimate holding company and as at 30th June 2014, two directors were common to the Company and GML Investissement Ltée (GMLIL), namely Messrs Arnaud Lagesse and J. Cyril Lagesse.

Shareholding of more than 5% of the Company at 30th June 2014 were:

GML Investissement Ltée	39.21%
The Mauritius Commercial Bank Ltd	6.59%
The Anglo-Mauritius Assurance Society Ltd	5.85%
Other shareholders	48.35%
Total	100.00%

The Company's shareholding profile as at 30th June 2014 was as follows:

Defined Brackets	Number of Shareholders	Number of Shares Owned	Percentage %
1-500	*1,085*	*199,611*	*0.175*
501-1,000	*375*	*306,939*	*0.269*
1,001-5,000	*910*	*2,294,906*	*2.012*
5,001-10,000	*318*	*2,356,007*	*2.066*
10,001-50,000	*413*	*9,132,693*	*8.009*
50,001-100,000	*79*	*5,732,793*	*5.027*
100,001-250,000	*53*	*7,793,933*	*6.835*
250,001-1,000,000	*36*	*17,584,318*	*15.42*
1,000,001-1,500,000	*2*	*2,421,516*	*2.123*
Over 1,500,000	*6*	*66,211,935*	*58.063*
	3,277	*114,034,651*	*100.00*

SUMMARY OF SHAREHOLDER CATEGORY

Category of Shareholders	Number of Shareholders	Number of Shares Owned	% of Total Issued Shares
Individuals	*2,935*	*24,144,293*	*21.173*
Insurance and assurance companies	*24*	*9,075,531*	*7.959*
Pension and provident funds	*19*	*1,617,409*	*1.418*
Investment and trust companies	*2*	*48,476,757*	*42.511*
Other corporate bodies	*297*	*30,720,661*	*26.94*
	3,277	*114,034,651*	*100.00*

SHARE PRICE INFORMATION

At the time of reporting, the share price of the Company is around Rs 60/- compared to Rs 28/- at the same period for the previous financial statements.

SHAREHOLDERS' AGREEMENT

The Company is aware of the existence of a shareholders' agreement, signed in September 2007 between GMLIL, Forward Investment and Development Enterprises Limited and the Anglo-Mauritius Assurance Society Limited, which together hold 48.36% of the share capital of the Company.

This agreement, which is mainly a working arrangement among the shareholders mentioned above, takes into account the interest of all shareholders under the Companies Act 2001 and the principles of good Corporate Governance. It makes provision for the management of Lux Island Resorts Ltd and lays down procedures for key decisions, the administration and constitution of the Board and committees of the Board, dividend policy, retention and disposal of shares, and pre-emption rights.

DIVIDEND POLICY

Subject to internal cash-flow requirements and the need for future capital investments, it is the Company's policy to declare 50% dividends out of profits available for distribution, in accordance with the Companies Act 2001. The Audit Committee and the Board ensure that the Company satisfies the solvency test at each dividend declaration.

The Board declared a final dividend of Rs 0.50 with respect to the year ended 30th June 2014.

Summary of dividend per share paid over the past five years in MUR:

Period	Interim	Final	Total
Year ended 31st December 2009	*0.50*	*nil*	*0.50*
Six months ended 30th June 2010	*nil*	*nil*	*nil*
Year ended 30th June 2011	*nil*	*nil*	*nil*
Year ended 30th June 2012	*nil*	*nil*	*nil*
Year ended 30th June 2013	*nil*	*nil*	*nil*
Year ended 30th June 2014	*nil*	*0.50*	*0.50*

BOARD OF DIRECTORS

There has been no change in the Board of Directors of the Company as at 30th June 2014.

The re-appointment as directors of Messrs Arnaud Lagesse and Jean de Fondaumière who retired by rotation shall be submitted to the approval of the shareholders at the forthcoming Annual Meeting of Shareholders, together with the re-election of Mr J. Cyril Lagesse as Director under Section 138(6) of the Companies Act in line with the recommendations of the Corporate Governance Committee, which also serves as Nomination Committee.

All new directors are given a Directors Induction pack to get acquainted with the Company and its subsidiaries. They are also encouraged to meet with the Company's senior officers to gain a better insight into the operations.

The table below sets out the directors' respective category, direct and indirect interests and number of other directorships in listed companies as at 30th June 2014:

Directors	Category	Direct Interest		Indirect Interest %	Number of Other Directorships in Listed Companies
		Shares	%		
Jean-Claude Béga	*NED*	*239,253*	*0.21*	-	*3*
Jean de Fondaumière	*INED*	-	-	-	*3*
Laurent de la Hogue	*NED*	*25,000*	*0.02*	-	*1*
Désiré Elliah	*ED*	*855,766*	*0.75*	-	-
Julian Hagger	*ED*	*92,000*	*0.08*	-	-
Alexis Harel	*INED*	*21,538*	*0.02*	-	*2*
Paul Jones	*ED*	*100,000*	*0.08*	-	-
Arnaud Lagesse	*NICB*	*49,881*	*0.04*	*0.57*	*7*
J. Cyril Lagesse	*NED*	*90,570*	*0.07*	-	*3*
Stéphane Lagesse	*NED*	*107,564*	*0.09*	-	-
Maxime Rey	*NED*	-	-	-	*3*
Christof Zuber	*INED*	-	-	-	-
Alternate Directors					
Jean-Raymond Harel	-	*23,600*	*0.02*	-	-
Amaury Lagesse	-	*20,933*	*0.01*	-	-
Hugues Lagesse	-	*11,642*	*0.01*	*0.10*	-
Dev Poolovadoo	-	*486,947*	*0.43*	-	-

ED Executive director
INED Independent non-executive director
NED Non-executive director
NICB Non-independent Chairperson of the Board

None of the directors hold any direct interest in the subsidiaries of the Company.

During the year under review, share dealings by directors (including alternate directors) were as follows:

	Number of Shares Purchased/(Sold) Directly	*Number of Shares Purchased/(Sold) Indirectly*
Jean-Claude Béga	*3,375*	-
Arnaud Lagesse	*9,939*	-
Dev Poolovadoo	*20,000*	-

The directors endeavour to follow the principles of the Model Code for Securities Transactions by Directors of Listed Companies as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules 2000, and disclose any transaction in the shares of the Company as applicable.

The Company keeps an Interests Register in accordance with the Companies Act 2001 and an Insiders Register pursuant to the Securities Act 2005, and the registers are regularly updated with the information submitted by the directors and/or other insiders as applicable.

COMMUNICATION

The Chairman and the Management of the Company regularly meet fund managers, institutional investors and investment analysts to discuss the state of affairs of the Company and that of the industry in general, within the parameters of the Listing Rules and other applicable regulations. Any figures or information presented to those panels are simultaneously posted on the Company's website.

The Company communicates with the broader investment community and stakeholders via press releases and its quarterly results, which is published on the website.

BOARD APPRAISAL

The Board appraisal is conducted annually by means of a questionnaire filled in by each director. The questions asked were categorised as follows:

- Company's relationship and communication with its shareholders
- Board's responsibilities and relationship with Executive Management
- Size, composition and independence of the Board
- Board meetings and Chairman's appraisal
- Board's committees
- Director's self-assessment

The results were analysed and discussed in the Corporate Governance Committee and improvement actions were considered for implementation. For the year under review, the evaluation process confirmed that a majority of directors consider the Board to be effective and well balanced.

BOARD ACTIVITY DURING THE YEAR

The Board met five times between 1st July 2013 and 30th June 2014 - the individual attendance by directors is detailed below - for the purpose of considering and approving, amongst other things:

- The audited financial statements for the year ended 30th June 2013 and relevant publications
- Approval of Q1 results
- Approval of Q2 results
- Approval of Q3 results
- Budget for the financial year ending 30th June 2015

Decisions were also taken by way of written resolutions signed by all the directors.

Attendance Report (Year ended 30th June 2014)

	Board	Committees		
		Audit	Remuneration	Corporate Governance
Number of meetings held	*5*	*5*	*2*	*1*
Jean-Claude Béga	*4*	*5*		
Laurent de la Hogue	*5*			
Jean de Fondaumière	*4*	*5*	*1*	
Désiré Elliah	*5*			
Julian Hagger	*5*			
Alexis Harel	*4*	*5*	*2*	*1*
Paul Jones	*5*			
Arnaud Lagesse	*5*		*2*	*1*
J. Cyril Lagesse	*4*			
Stéphane Lagesse	*5*	*4*		
Maxime Rey	*5*			
Christof Zuber	*5*		*2*	*1*
In attendance				
Chief Executive Officer		*5*		*1*
Chief Financial Officer		*5*		
Chief Internal Auditor		*2*		
External auditors		*1*		

COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee is governed by a Charter which is in line with the provisions of the Code of Corporate Governance for Mauritius ("the Code").

The overall objective of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities. In so doing, the committee will review the financial reporting process, the system of internal control and management of risks, the audit process, the ethical behaviour of the Company, its executives and senior officials, and the Company's process for monitoring compliance with laws and regulations and its own code of business conduct.

In performing its duties, the committee maintains an effective working relationship with the board of directors, management, and the internal and external auditors. The committee mainly makes recommendations to the board for its approval or final decision.

To perform his or her role effectively, each Committee member is encouraged to obtain an understanding of the detailed responsibilities of Committee membership as well as the Company's business, operations, and risks.

The Audit Committee met five times during the year and has, amongst other things considered the following:

- Approval of the financial statements as at 30th June 2013
- Review of the budget for 2014/15
- Audit Plan for 2014/2015
- Taken cognizance of the internal and external audit reports issued.

The members of the Audit Committee are as follows:

Alexis Harel – Chairman
Jean-Claude Béga
Jean de Fondaumière
Stéphane Lagesse

Remuneration Committee

The Remuneration Committee has as its main aim to determine the basic salary and other benefits attributable to the Senior Officers of the Company and that of the Directors. In this exercise the Committee takes into account prevailing market conditions and the job profile and responsibilities of the Officers and Directors.

The Remuneration Committee met two times during the year and its members comprised:

Arnaud Lagesse – Chairman
Jean de Fondaumière
Alexis Harel
Christof Zuber

Corporate Governance Committee

The Corporate Governance Committee, which also acts as the Nomination Committee, is governed by a charter which determines the objects and functions of the Committee.

The main role of the Committee is to advise and make recommendations to the Board on all aspects of corporate governance which should be followed by the Company, so that the Board remains effective while complying with sound and recommended corporate practices and principles.

The members of the Committee are :

Alexis Harel – Chairman
Arnaud Lagesse
Christof Zuber

Company Secretary

All directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Independent Professional Advice

The directors may also seek independent professional advice at the Company's expense as and when required.

Statement of Remuneration Philosophy

All directors receive a fixed fee and an additional fee for each board meeting attended. In addition, members of the Audit Committee and Corporate Governance Committee receive an extra fee for each committee meeting attended. No additional fees are paid to the members of the Remuneration Committee.

For the year ended 30th June 2014, there was no change to the fee structure of directors, which was as follows:

Board	
Annual director's fees	*Rs100,000*
Attendance fee	*Rs10,000*
Audit Committee	
Chairman's Attendance fee	*Rs75,000*
Member's Attendance fee	*Rs50,000*
Corporate Governance Committee	
Attendance fee	*Rs25,000*

Remuneration paid to each executive director has not been disclosed individually as the Board considers this information as very sensitive in this very competitive environment. However, remuneration is set by the Remuneration Committee based on prevailing market rates.

Related Party Transactions

Please refer to page 120, Note 39 to the Financial Statements.

Executive Share Scheme

Please refer to Note 33 of the Financial Statements.

Donations

The Company has a policy of channelling all requests for donations (excluding political donations, which are dealt with directly by the Board) and other forms of social assistance through its Corporate Social Responsibility function, duly incorporated under Lux Island Resorts Foundation since December 2009. Please refer to page 53, in Other Statutory Disclosures, for information regarding political and other donations.

Calendar of Important Events

Publication of 1st-quarter results	*November 2014*
Annual Meeting of Shareholders	*December 2014*
Declaration/payment of interim dividend (if applicable)	*November/December 2014*
Publication of half-yearly results	*February 2015*
Publication of 3rd-quarter results	*April/May 2015*
Declaration/payment of final dividend (if applicable)	*June/July 2015*
Financial year-end	*June 2015*
Publication of abridged end-of-year results	*September 2015*

Internal Control and Risk Management

The directors are responsible for ensuring that the system of controls that is in place is sufficient and appropriate in order to enable the Company to mitigate the risks which may impact its objectives. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against misstatement or loss.

Internal Audit

The Company has an established internal audit function which reviews internal controls on an ongoing basis. The function is headed by a Chief Internal Auditor who reports administratively to the CEO and functionally to the Audit Committee. A risk-based audit plan, which provides assurance over key business processes and business risks facing the Company, is approved by the Audit Committee annually.

Risk Management

The Group's activities are exposed to a wide range of risks that could impact on its operational and financial performance. The Board has overall responsibility for setting the risk management strategy and the audit Committee reviews, monitors and assesses the process to ensure adequacy and effectiveness of the risk management system. All risks are documented in a Risk Register and this is reviewed at least yearly to identify new and emerging risks. All mitigating measures taken to manage those risks are subject to review at least annually and reported to the Audit Committee.

The main risks faced by the Group are listed below.

- **Industry or sector risk**

The volume of tourist arrivals in Mauritius and the other destinations where the Group operates may not grow to match with the expansion in room capacity brought about by the construction of new hotels. This imbalance may create competitive pressure on Lux Island Resorts Ltd.

The Group is however well experienced and positioned in the market and is able to compete effectively in the main markets.

- **Political risk**

The role of Government is crucial in the development of the tourism industry. Political stability, allocation of adequate funds for the promotion of this sector and a well balanced approach to the opening of air access are very important factors to be considered.

The Company, through its affiliation with 'Association des Hoteliers et Restaurateurs – Ile Maurice' (AHRIM) and equivalent associations in Maldives and Réunion, takes part in discussions which affect the policies regarding air access and tourism.

- **Market Risk**

The economic recession or downturn in Europe which remains the Group's main market could adversely and materially affect the Group's operations and financial condition.

Management's strategy is to diversify its client base so as to be less dependent on one market.

- **Information System Risk**

The Company relies on critical information systems to handle its operations. A breakdown in any of these systems will cause disruptions in operations and may affect the financial results. Regular backups of all systems are kept to mitigate the risk of information loss. An IT audit was conducted in the financial year to identify any weaknesses in our systems and measures were taken to address those weaknesses.

- **Human Resource Risk**

The hospitality industry, in the countries in which the Group operates, is very competitive and with the limited workforce available in these countries, finding the right people and retaining them are the challenges that the Group face.

The Group conducts regular salary benchmarking across the industry to ensure that its people receive salaries and benefits which are in line with industry norms. Moreover, the Company has a well-defined training programme to ensure the continuous development of its staff. The Company has also joined forces with Ron Kaufman, founder of UP! Your Service College and one of the world's most sought-after educators, consultants, and thought-leaders in achieving superior service.

- **Health, Safety and Environmental Risks**

The health and well-being of our guests and staff is a high priority for the Group. Intensive training is provided to staff, and the highest standards of care are applied to the services and products provided to our guests.

- **Insurable Risk Review**

In order to protect itself against any liability falling outside the scope of coverage or against any inadequate coverage, the Group reviews its insurance policies on a yearly basis with expert advisors.

- **Financial Risks**

The Group's activities expose it to a variety of financial risks. A description of the significant risk factors is given below.

Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has policies in place to ensure that sales of products and services are made to clients with an appropriate credit history. Adequate insurance cover has also been taken against this risk.

Interest rate risk

The Group is exposed to interest rate risk as it borrows at variable rates (PLR, LIBOR, EURIBOR and OAT) + a margin. Any increase in these rates may negatively affect its results.

Foreign Exchange risk

It is the practice in the hospitality industry to fix tariffs yearly in advance. In order to achieve stability of tariffs in the overseas markets and as a hedge against a fall in the value of the Mauritian Rupee, contracts with tour operators are denominated in the major international currencies of the markets to which the foreign tour operators belong.

A significant number of contracts are therefore denominated in Euros, Pounds Sterling and US Dollars and invoices are raised in these currencies. While protecting the Group against any fall in the parity of the Mauritian Rupee, it exposes it to a fall in revenue should the Rupee appreciate against one or more of the international currencies.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping reliable credit lines available.

- **Ethics**

The Group's whistleblowing policy, which is an extension to the Group's Code of Ethics, gives details of the telephone hotline in place to report any areas of malpractices, fraud or non-compliance to law or Company's policies. The hotline is operated by an independent third party to ensure confidentiality of matters reported. All cases are investigated and reported to the Corporate Governance Committee.

- **Corporate Social Responsibility**

Please refer to the Sustainable Developement Practices on pages 55 to 58.

- **Green Initiatives**

Please refer to pages 55 to 58.

Désiré Elliah
LUX Hospitality Ltd
Secretary

29th September 2014

OTHER STATUTORY DISCLOSURES

(PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

The directors have pleasure in submitting the Annual Report of Lux Island Resorts Ltd and its subsidiaries for the year ended 30 June 2014.

MAIN ACTIVITIES

The main activities of Lux Island Resorts Ltd and its subsidiaries consist of operating and managing hotels.

RESULTS FOR THE YEAR

The statements of profit or loss for the year ended 30 June 2014 are shown on page 65. Revenue of the Company and the Group was Rs 185 million and Rs 4,212 million respectively (2013: Company Rs 270 million and the Group Rs 3,771 million). The Company's profit for the year amounted to Rs 44 million (2013: profit of Rs 45 million) while the Group made a profit of Rs 285 million compared to a profit of Rs 110 million for the year ended 30 June 2013.

DIVIDENDS

A dividend of Rs 0.50 has been declared in respect of the financial year ended 30 June 2014 (2013: Nil).

DIRECTORS SERVICE CONTRACT

The Chief Executive Officer and the Chief Sales and Marketing Officer have a service contract which expires on 30th June 2017 and 15th June 2016 respectively. The executive director of White Sand Resorts & Spa Pvt Ltd has a service contract which expires on 15th July 2016. The other executive directors of the Group have no service contract. Their employment is only subject to the Employment Rights Act and has no expiry date.

INDEMNITY INSURANCE

During the current year, the directors of Lux Island Resorts Ltd and its subsidiaries have renewed the indemnity insurance cover for directors'/officers' liability. There is no indemnity insurance for other employees.

CONTRACT OF SIGNIFICANCE

During the year under review, there was no contract of significance.

DIRECTORS' SHARE INTEREST

The interests of the directors in the securities of the company, as at 30th June 2014, are disclosed at page 46.

DIRECTORS' EMOLUMENTS

Remuneration and benefits *(including bonuses and commissions)* received and receivable from the Company and related corporations were as follows:

	Year ended 30 June 2014		Year ended 30 June 2013	
	Executive	**Non- Executive**	Executive	Non- Executive
The Company	**Rs**	**Rs**	Rs	Rs
Subsidiary:	300,000	2,198,000	*271,671*	*1,605,000*
Poséidon Limitée and Lux Hospitality Ltd (note (a))	52,559,000	-	*32,310,000*	-

(a) includes alternate directors.

Remuneration paid to each individual executive director has not been disclosed as the directors consider this information as very sensitive in this very competitive environment.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS, INTERNAL CONTROL AND RISK MANAGEMENT

For the year under review, the directors report that:

- the financial statements fairly present the state of affairs of the Group and the Company as at the end of the financial period and the result of operations and cash flows for that period;
- adequate accounting records and an effective system of internal controls and risk management have been maintained;
- appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;
- the financial statements have been prepared in accordance and comply with International Financial Reporting Standards;
- the financial statements have been prepared on the going concern basis;
- they are responsible for safeguarding the assets of the Group and of the Company;
- they have taken reasonable steps for the prevention and detection of fraud and other irregularities; and

The external auditors are responsible for reporting on whether the financial statements are fairly presented.

DONATIONS

Donations were as follows:

	JUNE 2014		JUNE 2013	
	Political	**Others**	Political	Others
The Company	**Rs**	**Rs**	Rs	Rs
The Subsidiaries	-	-	-	-
Holiday & Leisure Resorts Limited	-	78,857	-	*679,862*
Beau Rivage Co Ltd	-	69,172	-	-
Merville Ltd	-	-	-	*116,231*
Island Light Vacation Ltd	-	-	-	*40,917*
Les Pavillons Resorts Ltd	-	71,706	-	-
LUX Hospitality Ltd	-	47,622	-	-

AUDITORS

The fees paid to the auditors, for audit and other services were as follows:

	THE GROUP		THE COMPANY	
	June 2014	June 2013	**June 2014**	June 2013
	Rs	Rs	**Rs**	Rs
(a) Ernst & Young				
Audit services	2,730,000	*2,390,000*	610,000	*590,000*
Other services	230,000	*320,000*	95,000	*25,000*
Total	2,960,000	*2,710,000*	705,000	*615,000*
(b) Other Auditors				
Audit services	1,884,250	*1,618,500*		
Other services	-	-		
Total	1,884,250	*1,618,500*		

By Order of the Board

Arnaud Lagesse
Chairman

29th September 2014

Paul Jones
Chief Executive Officer

SUSTAINABLE DEVELOPMENT PRACTICES

We believe that our presence in different destinations among various communities and working with diverse markets can be a very powerful tool for bringing us together to improve employment welfare, community building and environment protection. We are very proud of the fact that the people and partners working with us are helping to multiply a positive impact for a better world. Sustainable practices imply workplace diversity and inclusion, ethics, community involvement and environmental protection. The world is moving towards a low-carbon footprint concept and so is LUX* Resorts & Hotels.

We had at the beginning of the year set a number of sustainability targets using 2013-2014 as a baseline, and which will be monitored and, where necessary, updated on an annual basis. The targets are:

- To reduce our Group CO_2 emissions by 10% on Room Nights Sold by 2020
- To increase our Group energy efficiency by 10% on Room Nights Sold by 2020
- To reduce Group waste produced by 10% on Room Nights Sold by 2020
- To increase our Group water usage efficiency by 5% on Room Nights Sold by 2020

During the year, we strengthened our stakeholder engagement by reaching out to more and varied audiences. Our guests are also keen to be part of our energy efficiency programmes. No company can solve problems affecting stakeholders on its own. It requires multistakeholder dialogue. Sustainable practices are designed to protect both the resources and the relationships. Through the forthcoming Global Reporting Initiative, LUX* Resorts & Hotels can better identify criteria and indicators that are important to its operations and stakeholders.

TREAD LIGHTLY: 100% CARBON FREE STAYS

We recognise that Tourism development can contribute significantly to increasing energy use and emissions. At LUX* Resorts & Hotels, we have opted for the reduction of its carbon footprint in our hotels. Tread Lightly[1], an initiative adopted in July 2011 and re-launched in July 2013 - aims to offset the carbon emissions of each guest.

"Tread Lightly" is the offsetting of 100% of the carbon emitted during guest stays. LUX* is working in partnership with ImpactChoice (www.impactchoice.com), a leading market provider of environmental sustainability solutions. An amount of one euro per room night is contributed per guest's night on a voluntary basis. Euros 141,920 have been collected through this project in 2013-2014. Tread Lightly is our flagship initiative for climate change mitigation, and it forms a significant contribution to our commitment to tackling the main cause of climate change that is already having adverse socio-economic and environmental impacts onto the islands within which we operate. It is estimated that one tourist night represents 88 kg CO_2.

We provide our guests with the opportunity to offset the total CO_2 emissions by contributing to the Sofala Community Carbon Project in Mozambique for an amount representing 35% of the guest's contribution, which involves the rehabilitation of forest areas. This project has been validated by Envirotrade (http://www.envirotrade.co.uk/html/projects_gorongosa.php). Under the project, farmers situated in the previously war-torn area of Sofala have become the contracted guardians of new forests and receive an income from the sale of carbon offsets. Such carbon finance has brought food security and economic development while making possible the realization of community projects such as schools and other businesses like honey production, poultry farming and furniture-making.

Guests who contribute towards the project receive an offset certificate from the Sofala Community against the planting of trees.

65% of the Guest's contribution are being invested in the countries where LUX* is operating to enhance the positive environmental, economic and socio-cultural impacts of LUX* Resorts & Hotels. Through "Tread Lightly", LUX* is investing in technologies towards reduction of carbon emissions for a carbon-clean future with in the pipeline projects such as diesel reduction, in-house water bottling, plasma lamps, amongst others.

[1] *http://www.luxresorts.com/en/tread-lightly*

ENERGY

Over the past years, LUX* Resorts & Hotels has taken initiatives to bring continuous improvements in energy efficiency. It has implemented a Carbon/Energy Management Plan which involves different actions to be undertaken. Energy performance is monitored on a weekly and quarterly basis. Since the cost of energy, and hence the benefits of energy efficiency, are crucial in investment decisions, LUX* Resorts & Hotels will continue to invest in new technologies and initiatives so as to enhance optimization of energy usage.

Several energy-saving measures including conservation and efficiency improvements have been introduced to reduce the energy consumption, and hence the energy bill. An Energy Management System (EMS) has been introduced in all hotels. Key cards control in all rooms ensures that lighting, air conditioners and other electronic appliances are switched off whenever the rooms are unoccupied. External lighting is timer-controlled, while fuel consumption in standalone generators is monitored on a daily basis.

WATER

The objective of LUX* Resorts & Hotels is to optimise the use of fresh water by consuming it in the most efficient way and by preventing negative impacts on the quality of surface water in the regions and destinations where our resorts operate. In some locations (LUX* Maldives, LUX* Grand Gaube and LUX* Le Morne), water is supplied by desalination plants, thus reducing the water stress on local supplies. Water desalination is very costly thereby limiting its larger scale adoption. Guests are sensitized on water efficiency through in-room collaterals and the "Laundry Asterix" with messages to reduce laundry. Less laundry provides the co-benefits of reduced water and energy consumption, lower GHG emissions and operating costs. Optimizing the use of water is also part of our strategy to adapt to climate change and climate variability in the locations where we operate.

WASTE & EFFLUENTS

Waste can be very harmful, especially in small islands where waste disposal areas are very limited. During the process of new product development, consideration is given to avoiding waste during production and to the possibility of recycling the finished product. Waste is segregated at all plants to facilitate the logistics for optimal recycling. All PET bottles and cans are segregated from general waste for recycling. A proportion of the waste produced is first of all reused (especially glass bottles of water) while other waste products such as plastic bottles, paper or used oil are recycled. LUX* Resorts & Hotels works with the company Bioil which collects around 2 tonnes of used oil per year and converts it into biofuel. All hotels and resorts dispose of their wastewater in a sustainable manner. Hotels are equipped with secondary treatment plants to treat their wastewater and the totality is used for irrigation of lawns and gardens.

SOCIETY

LUX* Resorts & Hotels is proud to have contributed financially to the implementation of numerous social and community projects during the year 2013-2014. During this financial year, the Company has budgeted an amount of Rs 2,183,000/- for CSR activities in Mauritius.

The sectors that we have prioritized for CSR include the health for the needy, the alleviation of poverty, the re-establishment of human dignity and the importance of education and training at different levels. Requests for donations (excluding political donations, which are dealt with directly by the Board) and other forms of social assistance are managed by our Sustainability and CSR Manager in collaboration with the GML Joseph Lagesse Foundation.

Each of our resorts and hotels in Mauritius as well as the Head Office individually support a local community project, working in close collaboration with an NGO. The NGOs with which we are working are:

- Thalassemia Society Ltd (LUX* Belle Mare)
- Ecole Pailles en Queue (LUX* Grand Gaube)
- Atelier Joie de Vivre (LUX* Le Morne)
- Centre d'Eveil de Souillac (Tamassa)
- Ecole de la Vie de Baie du Tombeau (Merville Beach)
- Ecosud / Mahebourg Espoir (Ile des Deux Cocos)
- Centre d'Eveil de Mangalkhan (Head Office)

We also partner with Pack for a Purpose,[2] an NGO that encourages travellers to fill any available space in their luggage with supplies for children in need. This brings a positive impact on the communities around our hotels and resorts. A bundle of pencils or a solitary stethoscope can have a huge impact on a small local community and we encourage our guests to Pack for a Purpose!

In the Maldives, LUX* Resorts & Hotels has initiated a major conservation project by opening a Marine Biology Centre dedicated to researching the presence and conservation of whale sharks in the South Ari Atoll waters. LUX* Maldives also partners with the 'Youth Foundation Movement of Dhigurah' and Dhigurah School on several community projects (education, society development, island infrastructure and community peace) as well as supporting them through donations.

In Réunion, LUX* Ile de la Réunion is partner to the NGO '1000 sourires' which fosters underprivileged, handicapped or sick children from Réunion and offers them opportunities to discover, escape and dream through activities and travels. Activities organised for the children include awareness on civic values, cooking classes for kids, science workshops and also shows with local comedians.

Product Responsibility

"LUX* Resorts & Hotels naturally cares about its audience and their experience, but it also cares about the sustainability of the islands in which it operates". It hence has a responsibility towards its stakeholders in terms of product. In fact, all hotels are already implementing customer satisfaction surveys to measure the level of satisfaction with respect to several facilities and services, including Emotions, Evening Entertainment, Beach, Food and Beverages, Fitness, Front Office, Housekeeping, IT, Kids Club, Kitchen, Laundry, Pool and Reservations.

[2] *For an example, such as LUX* Le Morne, please see: http://www.packforapurpose.org/destinations/africa/mauritius/lux-le-morne*

GLOBAL REPORTING INITIATIVE

As mentioned in our annual report last year, LUX* Resorts & Hotels has taken the initiative for GRI reporting in order to enhance its position as a sustainable development tourism operator. It has been working on same during the financial year 2013-2014 with the support of the external Sustainability Reporting Consultant ELIA (Eco-Living In Action) and internally geared by our Sustainability & CSR Manager with the commitment of the Executive Committee and collaboration of the Sustainability Committee. The GRI report will be published in the forthcoming weeks and will be available on our website.

Consequently, this report will contain Standard Disclosures from the GRI G4 Sustainability Reporting Guidelines. The intention is that our Annual Report for the next financial year 2014-2015 will be an Integrated one and fully compliant with the G4 core option. The transition from G3.1 to G4 over a period of two years reflects our experimental approach to internalize corporate sustainability reporting within our corporate governance culture. LUX* Resorts & Hotels strives to continuously innovate to strengthen its culture of its care for people and for the planet, and the adoption of the GRI reporting framework provides us with a coherent benchmark for communicating our responsiveness to sustainable development.

STATEMENT OF COMPLIANCE

(SECTION 75 (3) OF THE FINANCIAL REPORTING ACT)

Name of PIE: Lux Island Resorts Ltd

Reporting Period: 30 June 2014

We the Directors of Lux Island Resorts Ltd, confirm that to the best of our knowledge, Lux Island Resorts Ltd has not complied with Section 2.8.2 of the Code of Corporate Governance which requires the disclosure of remuneration of directors on an individual basis in the Corporate Governance report. We consider such information to be commercially sensitive and as such we have not disclosed this information.

SIGNED BY:

Arnaud Lagesse
Chairman

29th September 2014

Paul Jones
Chief Executive Officer

SECRETARY'S CERTIFICATE

We certify that, to the best of our knowledge and belief, the Company has filed with the Registrar of Companies, all such returns as are required of the Company under the Companies Act 2001, in terms of section 166(d).

Désiré Elliah
LUX Hospitality Ltd
Secretary
29th September 2014

FINANCIAL STATEMENTS

2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LUX ISLAND RESORTS LTD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Lux Island Resorts Ltd (the "Company") and its subsidiaries (the "Group") on pages 64 to 130 which comprise the statements of financial position as at 30 June 2014 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements on pages 64 to 130 give a true and fair view of the financial position of the Group and the Company as at 30 June 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Other matter

This report, including the opinion, has been prepared for and only for the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

We have no relationship with or interests in the Group and the Company other than in our capacities as auditors, tax advisors, and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Financial Reporting Act 2004

The directors are responsible for preparing the corporate governance report. Our responsibility is to report on the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosure in the annual report is consistent with the requirements of the Code.

Ernst & Young
Ebène, Mauritius

29th September 2014

Li Kune Lan Pookim, A.C.A, F.C.C.A
Licensed by FRC

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Notes	THE GROUP			THE COMPANY	
		2014	2013 Re-stated*	2012 Re-stated*	**2014**	2013
		Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000
ASSETS						
Non-current assets						
Property, plant and equipment	*4*	7,925,902	*7,382,497*	*7,545,673*	94,717	*100,761*
Intangible assets	*5*	1,073,758	*1,164,840*	*1,177,975*	-	-
Investment in subsidiary companies	*6*	-	-	-	2,839,384	*1,423,318*
Investment in associated company	*7*	232,449	*217,634*	*239,337*	-	-
Other financial assets	*8*	5	*36*	*94*	-	-
Deferred tax assets	*9*	21,282	*36,097*	*46,214*	-	-
Retirement benefit assets	*10*	42	-	*3,385*	-	-
		9,253,438	*8,801,104*	*9,012,678*	2,934,101	*1,524,079*
Current assets						
Inventories	*11*	87,065	*91,916*	*103,355*	-	-
Trade and other receivables	*12*	893,397	*604,495*	*606,245*	1,852,135	*3,721,057*
Cash and short-term deposits	*32 (a)*	108,296	*121,668*	*130,077*	20,859	*35,667*
		1,088,758	*818,079*	*839,677*	1,872,994	*3,756,724*
Non-current assets classified as held for sale	*13*	-	*228,406*	*226,241*	-	-
TOTAL ASSETS		10,342,196	*9,847,589*	*10,078,596*	4,807,095	*5,280,803*
EQUITY AND LIABILITIES						
Capital and reserves						
Issued capital	*14*	1,140,346	*1,140,346*	*1,140,346*	1,140,346	*1,140,346*
Share premium	*14*	391,819	*391,819*	*391,819*	391,819	*391,819*
Treasury shares	*14*	(18,081)	*(18,081)*	*(18,081)*	(18,081)	*(18,081)*
Other reserves	*16*	1,831,456	*1,337,603*	*1,330,011*	48,271	*31,174*
Retained earnings		967,722	*754,119*	*650,146*	1,040,687	*1,053,180*
Equity attributable to the owners of the parent		4,313,262	*3,605,806*	*3,494,241*	2,603,042	*2,598,438*
Non-controlling interests	*17*	123,472	*101,638*	*102,013*	-	-
Total Equity		4,436,734	*3,707,444*	*3,596,254*	2,603,042	*2,598,438*
Non-current liabilities						
Interest bearing loans and borrowings	*18*	3,775,476	*4,397,471*	*4,762,879*	593,130	*611,565*
Deferred tax liabilities	*9*	416,403	*296,204*	*308,561*	6,079	*9,595*
Retirement benefit obligations	*10*	37,951	*33,104*	*28,415*	-	-
Government grants	*19*	13,215	*15,068*	*17,079*	-	-
		4,243,045	*4,741,847*	*5,116,934*	599,209	*621,160*
Current liabilities						
Interest bearing loans and borrowings	*18*	830,850	*600,216*	*640,407*	24,424	*8,457*
Trade and other payables	*20*	801,581	*751,782*	*721,598*	1,580,420	*2,052,748*
Current tax liabilities	*21 (d)*	29,986	*14,943*	*3,403*	-	-
		1,662,417	*1,366,941*	*1,365,408*	1,604,844	*2,061,205*
Liabilities associated with assets held for sale	*13*	-	*31,357*	-	-	-
Total liabilities		5,905,462	*6,140,145*	*6,482,342*	2,204,053	*2,682,365*
TOTAL EQUITY AND LIABILITIES		10,342,196	*9,847,589*	*10,078,596*	4,807,095	*5,280,803*

These financial statements have been approved for issue by the board of directors on 29 September 2014.

Name of directors

(1) Arnaud Lagesse

* - Certain figures shown here do not correspond to the 2012 and 2013 financial statements and reflect adjustments with respect to IAS 19 revised.

The notes set out on pages 70 to 130 form an integral part of these financial statements.

Independent Auditors' report on pages 62 to 63.

STATEMENTS OF PROFIT OR LOSS

YEAR ENDED 30 JUNE 2014

	Notes	THE GROUP		THE COMPANY	
		Year ended 30 June 2014	Year ended 30 June 2013 Re-stated*	**Year ended 30 June 2014**	Year ended 30 June 2013
		Rs'000	Rs'000	**Rs'000**	Rs'000
Continuing operations					
Sale of goods and services	22	4,108,722	3,709,480	-	-
Finance revenue	23	12,567	10,657	154,535	251,207
Other operating income	24	90,910	51,126	30,482	19,029
Revenue		4,212,199	3,771,263	185,017	270,236
Cost of inventories	25	840,247	754,667	-	-
Employee benefits expense	26	1,203,778	1,062,192	-	-
Other operating expenses	27	1,250,807	1,179,907	19,134	49,182
		3,294,832	2,996,766	19,134	49,182
Earnings before interest, tax, depreciation and amortisation		917,367	774,497	165,883	221,054
Depreciation and amortisation	28	(328,457)	(313,552)	(2,140)	(2,309)
Operating profit	29	588,910	460,945	163,743	218,745
Finance costs	30	(259,382)	(303,443)	(121,692)	(174,377)
Share of results in associated company	7	263	(12,095)	-	-
Profit before tax		329,791	145,407	42,051	44,368
Income tax expense/(credit)	21	67,478	38,635	(2,330)	(492)
Profit from continuing operations		262,313	106,772	44,381	44,860
Discontinuing operations					
Result for the year attributable to discontinuing operations	13	22,636	3,487	-	-
Profit for the year		284,949	110,259	44,381	44,860
Profit for the year attributable to:					
- Owners of the Company		271,262	103,324	44,381	44,860
- Non-controlling interests		13,687	6,935	-	-
		284,949	110,259	44,381	44,860
Earnings per share attributable to equity holders of the parent:					
From continuing and discontinuing operations					
Basic (Rs)	31	2.38	0.91		
Fully diluted (Rs)	31	2.38	0.91		
From Continuing operations					
Basic (Rs)	31	2.19	0.88		
Fully diluted (Rs)	31	2.19	0.88		

* - Certain figures shown here do not correspond to the 2013 financial statements and reflect adjustments with respect to IAS 19 revised.

The notes set out on pages 70 to 130 form an integral part of these financial statements.

Independent Auditors' report on pages 62 to 63.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2014

	Notes	THE GROUP		THE COMPANY	
		Year ended 30 June 2014	Year ended 30 June 2013 Re-stated*	**Year ended 30 June 2014**	Year ended 30 June 2013
		Rs'000	Rs'000	**Rs'000**	Rs'000
Profit for the year		284,949	*110,259*	44,381	*44,860*
Other Comprehensive income that might not be reclassified to profit or loss subsequently					
Revaluation adjustment on property	4	600,496	-	(3,904)	-
Actuarial gains/(losses)		(958)	*1,460*	-	-
Income tax relating to components of other comprehensive income	9	(92,796)	*(811)*	1,186	-
		506,742	*649*	(2,718)	-
Other Comprehensive income that may be reclassified to profit or loss subsequently					
Exchange difference on translation of foreign operations		(1,499)	*16,906*	-	-
Cash flow hedge movement	16	(23,107)	*1,329*	19,815	*(3,459)*
Share of reserves in associated company	7	14,552	*(9,608)*	-	-
Income tax relating to components of other comprehensive income	9	439	*(199)*	-	-
		(9,615)	*8,428*	19,815	*(3,459)*
Total other comprehensive income		497,127	*9,077*	17,097	*(3,459)*
Total comprehensive income for the year		782,076	*119,336*	61,478	*41,401*
Other comprehensive income attributable to:					
- Owners of the Company		484,363	*8,241*	17,097	*(3,459)*
- Non-controlling interests		12,764	*836*	-	-
		497,127	*9,077*	17,097	*(3,459)*
Total comprehensive income attributable to:					
- Owners of the Company		755,625	*111,565*	61,478	*41,401*
- Non-controlling interests		26,451	*7,771*	-	-

* - Certain figures shown here do not correspond to the 2013 financial statements and reflect adjustments with respect to IAS 19 revised.

The notes set out on pages 70 to 130 form an integral part of these financial statements.

Independent Auditors' report on pages 62 to 63.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2014

THE GROUP	Notes	Attributable to the equity holders of the parent Issued capital (Note 14)	Share premium	Treasury shares (Note 14)	Other reserves (Note 16)	Retained earnings	Total	Non-Controlling Interests	Total equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July 2012									
- As previously reported		*1,140,346*	*391,819*	*(18,081)*	*1,330,011*	*651,288*	*3,495,383*	*102,013*	*3,597,396*
- Effect of adopting changes in IAS 19		-	-	-	-	*152*	*152*	-	*152*
- Tax effect of adopting changes in IAS 19		-	-	-	-	*(1,294)*	*(1,294)*	-	*(1,294)*
- As re-stated		*1,140,346*	*391,819*	*(18,081)*	*1,330,011*	*650,146*	*3,494,241*	*102,013*	*3,596,254*
Other comprehensive income for the year		-	-	-	*7,592*	*649*	*8,241*	*836*	*9,077*
Profit for the year		-	-	-	-	*103,324*	*103,324*	*6,935*	*110,259*
Total comprehensive income for the year		-	-	-	*7,592*	*103,973*	*111,565*	*7,771*	*119,336*
Dividend to non-controlling interests	*17*	-	-	-	-	-	-	*(8,146)*	*(8,146)*
At 30 June 2013		*1,140,346*	*391,819*	*(18,081)*	*1,337,603*	*754,119*	*3,605,806*	*101,638*	*3,707,444*
At 01 July 2013		*1,140,346*	*391,819*	*(18,081)*	*1,337,603*	*754,119*	*3,605,806*	*101,638*	*3,707,444*
Other comprehensive income for the year		-	-	-	*485,148*	*(785)*	*484,363*	*12,764*	*497,127*
Profit for the year		-	-	-	-	*271,262*	*271,262*	*13,687*	*284,949*
Total comprehensive income for the year		-	-	-	*485,148*	*270,477*	*755,625*	*26,451*	*782,076*
Share-based payment	*33*	-	-	-	*8,705*	-	*8,705*	-	*8,705*
Dividend to equity holders of the company	*15*	-	-	-	-	*(56,874)*	*(56,874)*	-	*(56,874)*
Dividend to non-controlling interests	*17*	-	-	-	-	-	-	*(4,617)*	*(4,617)*
At 30 June 2014		*1,140,346*	*391,819*	*(18,081)*	*1,831,456*	*967,722*	*4,313,262*	*123,472*	*4,436,734*

The notes set out on pages 70 to 130 form an integral part of these financial statements.

Independent Auditors' report on pages 62 to 63.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2014

THE COMPANY	Notes	Issued capital (Note 14)	Share premium	Treasury shares (Note 14)	Other reserves (Note 16)	Retained earnings	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 30 June 2012		*1,140,346*	*391,819*	*(18,081)*	*34,633*	*1,008,320*	*2,557,037*
Other comprehensive income for the year		-	-	-	*(3,459)*	-	*(3,459)*
Profit for the year		-	-	-	-	*44,860*	*44,860*
Total comprehensive income for the year		-	-	-	*(3,459)*	*44,860*	*41,401*
At 30 June 2013		*1,140,346*	*391,819*	*(18,081)*	*31,174*	*1,053,180*	*2,598,438*
At 01 July 2013		*1,140,346*	*391,819*	*(18,081)*	*31,174*	*1,053,180*	*2,598,438*
Other comprehensive income for the year		-	-	-	*17,097*	-	*17,097*
Profit for the year		-	-	-	-	*44,381*	*44,381*
Total comprehensive income for the year		-	-	-	*17,097*	*44,381*	*61,478*
Dividend	*15*	-	-	-	-	*(56,874)*	*(56,874)*
At 30 June 2014		*1,140,346*	*391,819*	*(18,081)*	*48,271*	*1,040,687*	*2,603,042*

The notes set out on pages 70 to 130 form an integral part of these financial statements.

Independent Auditors' report on pages 62 to 63.

STATEMENTS OF CASH FLOWS

YEAR ENDED 30 JUNE 2014

	Notes	THE GROUP		THE COMPANY	
		Year ended 30 June 2014	Year ended 30 June 2013 Re-stated*	Year ended 30 June 2014	Year ended 30 June 2013
		Rs'000	Rs'000	Rs'000	Rs'000
OPERATING ACTIVITIES					
Cash from operations					
Profit before tax from continuing operations		329,791	145,407	42,051	44,368
- Result attributable to discontinuing operations		22,636	3,487	-	-
Adjustments for:					
- Investment impaired		31	58	-	26,061
- Executive share scheme	33	8,705	-	-	-
- Share of results of associated company	7	(263)	12,095	-	-
- Foreign exchange differences		(3,904)	1,193	-	-
- Depreciation and amortisation		328,457	313,552	2,140	2,309
- (Profit)/loss on disposal of property, plant and equipment		(18,541)	1,021	-	(68)
- Retirement benefit obligations		3,767	9,446	-	-
- Interest income		(12,567)	(10,657)	(98,152)	(151,207)
- Interest expense		259,382	303,443	121,692	174,377
- Dividend income		-	-	(56,383)	(100,000)
		917,494	779,045	11,348	(4,160)
Changes in working capital:					
- Inventories		4,402	12,078	-	-
- Trade and other receivables		(15,742)	(39,583)	452,855	(99,257)
- Trade and other payables		(17,928)	45,389	450,331	842,892
Cash generated from/(used in) operations		888,226	796,929	13,872	739,475
Interest received		12,567	10,657	98,152	151,207
Income tax paid	21(d)	(22,591)	(15,233)	-	-
Interest paid		(259,382)	(303,443)	(121,692)	(174,377)
Net cash flows from/(used in) operating activities		618,820	488,910	(9,668)	716,305
INVESTING ACTIVITIES					
Purchase of property, plant and equipment	32(b)	(239,036)	(71,661)	-	-
Purchase of intangible assets	5	(1,584)	(172)	-	-
Deposit on capital expenditure		(55,301)	-	-	-
Deposit on sales of villa		-	31,357	-	-
Proceeds from sale of property, plant and equipment		145,791	577	-	536
Dividend received		-	-	56,383	100,000
Net cash flows (used in)/from investing activities		(150,130)	(39,899)	56,383	100,536
FINANCING ACTIVITIES					
Payments of long-term borrowings		(523,680)	(247,595)	(4,280)	(807,173)
Proceeds from long-term borrowings		-	100,625	-	100,625
Repayment of obligation under finance leases		(3,225)	(3,426)	-	-
Payment of debentures and other loans		(41,189)	(46,125)	-	-
Dividend paid		(56,874)	-	(56,874)	-
Dividend to non-controlling interests		(4,616)	(8,146)	-	-
Net cash flows used in financing activities		(629,584)	(204,667)	(61,154)	(706,548)
Net (decrease)/increase in cash and cash equivalents		(160,894)	244,344	(14,439)	110,293
At 01 July		64,049	(180,842)	31,551	(78,742)
Net foreign exchange difference		(932)	547	-	-
At 30 June	32(a)	(97,777)	64,049	17,112	31,551

* - Certain figures shown here do not correspond to the 2013 financial statements and reflect adjustments with respect to IAS 19 revised.

The notes set out on pages 70 to 130 form an integral part of these financial statements. Independent Auditors' report on pages 62 to 63.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

1. CORPORATE INFORMATION

Lux Island Resorts Ltd is a public company incorporated in Mauritius and its shares are listed on the Stock Exchange of Mauritius. Its registered office is situated at 58 Pierre Simonet Street, Floréal. The main activity of the Group and the Company is the operation and management of resort hotels.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared on a historical cost basis as modified by the revaluation of land and buildings and available-for-sale investments which are stated at their fair values as disclosed in the accounting policies hereafter. The consolidated and separate financial statements are presented in Mauritian rupees and all values are rounded to the nearest thousand (Rs'000) except when otherwise indicated.

Statement of Compliance

The consolidated and separate financial statements of Lux Island Resorts Ltd and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Lux Island Resorts Ltd and its subsidiaries as at June 30, 2014.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements, and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interests.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in statement of profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to statement of profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of July 01, 2013:

	Effective for accounting period beginning on or after
New or revised standards	
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013
IAS 27 Separate Financial Statements (2011)	1 January 2013
IAS 28 Investments in Associates and Joint Ventures (2011)	1 January 2013
IAS 19 Employee Benefits	1 January 2013
Amendments	
Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	1 January 2013
Government Loans (Amendments to IFRS 1)	1 January 2013
Annual Improvements 2009-2011 Cycle	1 January 2013
Annual Improvements 2010-2012 Cycle	1 July 2013
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Interpretations	
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONT'D)

New or revised standards

IFRS 10 Consolidated Financial Statements

IFRS 10 Consolidated Financial Statements requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities.

The Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements.

The Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in 'special purpose entities' which are now known as 'structured entities'). Under IFRS 10, control is based on whether an investor has:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect the amount of the returns.

The Group already adopted this principle with respect to its structured entity in Réunion Island as more fully explained in note 6.

IFRS 11 Joint Arrangements

IFRS 11 Joint Arrangements replaces IAS 31 Interests in Joint Ventures. This new standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.

Joint arrangements are either joint operations or joint ventures:

- A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognise their assets, liabilities, revenue and expenses in relation to its interest in a joint operation (including their share of any such items arising jointly);
- A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (joint venturers) have rights to the net assets of the arrangement. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with IAS 28 Investments in Associates and Joint Ventures (2011). Unlike IAS 31, the use of 'proportionate consolidation' to account for joint ventures is not permitted.

This new standard had no impact on the financial position or performance of the Group as the Group has no such arrangements.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 Disclosure of Interests in Other Entities requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

In high-level terms, the required disclosures are grouped into the following broad categories:

- Significant judgements and assumptions - such as how control, joint control, significant influence has been determined;
- Interests in subsidiaries - including details of the structure of the group, risks associated with structured entities, changes in control, and so on;
- Interests in joint arrangements and associates - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarised financial information); and
- Interests in unconsolidated structured entities - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities.

IFRS 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required.

The Group has made additional disclosures in the financial statements as at reporting date with respect to IFRS 12.

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONT'D)

New or revised standards (Cont'd)

IFRS 13 Fair Value Measurement

IFRS 13 Fair Value Measurement replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard.

IFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

IFRS 13 applies when another IFRS requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs:

- Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - unobservable inputs for the asset or liability.

Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g. whether it is recognised in the financial statements or merely disclosed) and the level in which it is classified.

The Group has made additional disclosures to comply with the requirements of this new standard.

IAS 27 Separate Financial Statements (2011)

This is an amended version of IAS 27 which now only deals with the requirements for separate financial statements, which have been carried over largely unchanged from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements.

The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates, and jointly controlled entities are accounted for either at cost, or in accordance with IFRS 9 Financial Instruments / IAS 39 Financial Instruments: Recognition and Measurement.

The Standard also deals with the recognition of dividends, certain group reorganisations and includes a number of disclosure requirements.

This new standard had no impact on the financial position or performance of the Group.

IAS 28 Investments in Associates and Joint Ventures (2011)

This Standard supersedes IAS 28 Investments in Associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.

The Standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied (including exemptions from applying the equity method in some cases). It also prescribes how investments in associates and joint ventures should be tested for impairment.

This new standard had no impact on the financial position or performance of the Group.

IAS 19 Employee Benefits

This is an amended version of IAS 19 Employee Benefits with revised requirements for pensions and other post-retirement benefits, termination benefits and other changes.

The corridor mechanism for pension plans has been removed. This means all changes in the value of defined benefit plans will be recognised in other comprehensive income

Other changes as a result of the revised standard include:

Past service cost will be expensed when the plan amendments occur regardless of whether or not they are vested.

The distinction between short-term and other long-term employee benefits is now based on expected timing of settlement rather than employee entitlement. Changes in the carrying amount of liabilities for other long-term employment benefits will continue to be recognised in profit or loss.

The interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a net-interest amount under IAS 19 (Revised 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONT'D)

New or revised standards (Cont'd)

IAS 19 Employee Benefits

The impact of adopting changes in IAS 19 is as follows:

Impact on equity	2013	As at 1 July 2012
	Rs'000	Rs'000
Effect on defined benefit scheme (note 10(p))	*14,516*	*8,438*
Effect on defined contribution scheme (note 10(d))	*(12,729)*	*(8,286)*
Total impact	*1,787*	*152*
Tax effect (note 9)	*(2,105)*	*(1,294)*
Net impact	*(318)*	*(1,142)*

Impact on profit or loss and OCI	2013
Statement of profit or loss	Rs'000
Employee benefits expenses	*177*
Profit before and after tax from continuing operations	*177*
Statement of other comprehensive income	
Re-measurement of loss on defined benefit plan	*(4,896)*
Re-measurement of gain on defined contribution plan	*6,356*
Total impact on OCI before tax	*1,460*
Tax effect on OCI	*(811)*
Other comprehensive income for the year net of tax	*649*
Total comprehensive income for the year	*826*

IAS 19 (Revised 2011) also requires more extensive disclosures. These have been provided in Note 10.

2.3 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONT'D)

Amendments

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities were amended to provide additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Also, amendments to IFRS 11 and IFRS 12 eliminate the requirement to provide comparative information for periods prior to the immediately preceding period.

The amendments described above did not have any impact on the Group's financial position or performance.

Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

The disclosure requirements in IFRS 7 Financial Instruments: Disclosures were amended to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation.

The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and similar agreements even if they are not set off under IAS 32. The IASB believes that these disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

These amendments had no impact on the disclosures provided by the Group as there has been no offsetting of financial assets and financial liabilities during the year.

These amendments had no impact on the financial position or performance of the Group.

Government Loans (Amendments to IFRS 1)

IFRS 1 First-time Adoption of International Financial Reporting Standards was amended to address how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs. The amendments mirror the requirements for existing IFRS preparers in relation to the application of amendments made to IAS 20 Accounting for Government Grants and Disclosure of Government Assistance in relation to accounting for government loans.

This amendment had no impact on the financial position of the Group as it is not a first time adopter of IFRS.

The following are annual improvements to existing standards:

Annual Improvements 2009-2011 Cycle

- IFRS 1 — Permits the repeated application of IFRS 1, and clarification on accounting for borrowing costs on certain qualifying assets;
- IAS 1 — Clarifies the requirements for comparative information;
- IAS 16 — Clarifies the classification of servicing equipment;
- IAS 32 — Clarifies that tax effect of a distribution to holders of equity instruments should be accounted for in accordance with IAS 12 Income Taxes; and
- IAS 34 — Clarify interim reporting of segment information for total assets in order to enhance consistency with the requirements in IFRS 8 Operating Segments.

Annual Improvements 2010-2012 Cycle

- IFRS 13 — Clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.

The above Annual Improvements did not have any impact on the financial position or performance of the Group.

Interpretations

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine clarifies the requirements for accounting for stripping costs associated with waste removal in surface mining, including when production stripping costs should be recognised as an asset, how the asset is initially recognised and subsequent measurement.

The Interpretation requires stripping activity costs which provide improved access to ore are recognised as a non-current 'stripping activity asset' when certain criteria are met. The stripping activity asset is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity, using the units of production method unless another method is more appropriate.

The amendments described above did not have any impact on the Group's financial position or performance as the Group does not engage in mining activities.

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Standards and interpretations issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. This listing is of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

	Effective for accounting period beginning on or after
IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition	1 January 2018
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2017
IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014
Annual Improvements 2010-2012 Cycle	1 July 2014
Annual Improvements 2011-2013 Cycle	1 July 2014
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January 2016
IFRIC 21 Levies	1 January 2014
Amendments to IAS 27: Equity Method in Separate Financial Statements	1 January 2016

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition – 1 January 2018

IFRS 9 introduces new requirements for classifying and measuring financial assets, as follows:

Amendments in 2009

Debt instruments meeting both a 'business model' test and a 'cash flow characteristics' test are measured at amortised cost (the use of fair value is optional in some limited circumstances);

Investments in equity instruments can be designated as 'fair value through other comprehensive income' with only dividends being recognised in profit or loss;

All other instruments (including all derivatives) are measured at fair value with changes recognised in profit or loss; and

The concept of 'embedded derivatives' does not apply to financial assets within the scope of the Standard and the entire instrument must be classified and measured in accordance with the above guidelines.

Amendments in 2010

A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 Financial Instruments: Recognition and Measurement; and

The revised financial liability provisions maintain the existing amortised cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss.

Amendments in 2013

Introduces a new chapter to IFRS 9 on hedge accounting, putting in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

Permits an entity to apply only the requirements introduced in IFRS 9 (2010) for the presentation of gains and losses on financial liabilities designated as at fair value through profit or loss without applying the other requirements of IFRS 9, meaning the portion of the change in fair value related to changes in the entity's own credit risk can be presented in other comprehensive income rather than within profit or loss.

Removes the mandatory effective date of IFRS 9 (2013), IFRS 9 (2010) and IFRS 9 (2009), leaving the effective date open pending the finalisation of the impairment and classification and measurement requirements. Notwithstanding the removal of an effective date, each standard remains available for application.

The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IFRS 14 Regulatory Deferral Accounts - effective 1 January 2016

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

This new standard will not have an impact, as the Group is not a first time adopter of IFRS.

IFRS 15 Revenue from Contracts with Customers - effective 1 January 2017

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The Group is still assessing the impact of this new standard, but it is not expected to have a significant effect on financial performance. There may be an impact on the level of disclosure provided.

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities – effective 1 January 2014

This amendment to IAS 32 Financial Instruments: Presentation was made to clarify certain aspects because of diversity in application of the requirements on offsetting thereby focusing on four main areas:

- The meaning of 'currently has a legally enforceable right of set-off';
- The application of simultaneous realisation and settlement;
- The offsetting of collateral amounts; and
- The unit of account for applying the offsetting requirements.

This amendment is not expected to have an impact on the financial position or performance of the Group.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) – effective 1 January 2014

These amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements were made to:

- Provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement;
- Require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries; and
- Require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated).

These amendments will not have an impact as the Group is not considered to be an investment entity.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) – effective 1 January 2014

IAS 36 Impairment of Assets was amended to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

This amendment may have an impact on the disclosure in future, if assets are impaired and the fair value less costs of disposal is used as the recoverable amount.

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) – effective 1 January 2014

The amendments to IAS 39 Financial Instruments: Recognition and Measurement were made to clarify that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.

A novation indicates an event where the original parties to a derivative agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations.

The Group will assess the impact if in future periods it enters into a hedge arrangement.

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) - effective 1 July 2014

This amendment to IAS 19 Employee Benefits clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions, can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered.

The Group will assess the impact in future periods.

Annual Improvements 2010-2012 Cycle - effective 1 July 2014

The annual improvements 2010-2012 Cycle make amendments to the following standards:

- IFRS 2 — Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition';
- IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date;
- IFRS 8 — Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly;
- IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only);
- IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount; and
- IAS 24 — Clarify how payments to entities providing management services are to be disclosed.

The directors will assess the impact of the amendments when they become effective.

Annual Improvements 2011-2013 Cycle - effective 1 July 2014

The annual improvements 2011-2013 Cycle make amendments to the following standards:

- IFRS 1 — Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only);
- IFRS 3 — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself;
- IFRS 13 — Clarify the scope of the portfolio exception in paragraph 52; and
- IAS 40 — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

The directors will assess the impact of the amendments when they become effective.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) - effective 1 January 2016

Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- Apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11; and
- Disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

The amendment will not have an impact since the Group does not have any interests in joint operations.

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (CONT'D)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) - effective 1 January 2016

Amends IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to:

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment;
- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated; and
- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

The amendment will not have an impact since the Group does not use a depreciation method based on revenue for its property, plant and equipment and intangible assets.

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41) - effective 1 January 2016

Amends IAS 16 Property, Plant and Equipment and IAS 41 Agriculture to:

- Include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16;
- Introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales; and
- Clarify that produce growing on bearer plants remains within the scope of IAS 41.

The amendment will not have an impact as the Group does not have 'bearer plants'.

IFRIC 21 Levies - effective 1 January 2014

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The Interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

It provides the following guidance on recognition of a liability to pay levies:

- The liability is recognised progressively if the obligating event occurs over a period of time; and
- If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.

This new interpretation will not have an impact on the Group.

No early adoption of these standards and interpretations is intended by the Board of directors.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.

For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

This amendment will not have an impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

The consolidated and separate financial statements are presented in Mauritian Rupees, which is the parent's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the rate of exchange ruling at the reporting date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken to other comprehensive income until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Where the functional currency of the subsidiaries at the reporting date is not the presentation currency of the Group (the Mauritian Rupee), the assets and liabilities of these subsidiaries are translated into Mauritian Rupee at the rate of exchange ruling at the reporting date and, income and expenses are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken through other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Land and buildings are subsequently shown at fair value, based on valuations by external independent valuers, less accumulated depreciation for property and impairment losses recognised after the date of revaluation. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairments.

Increases in the carrying amount arising on revaluation are credited to revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged through other comprehensive income against the revaluation reserve to the extent that the decrease does not exceed the amount held in the revaluation reserve in respect of that same asset; all other decreases are charged to the profit or loss.

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date or when events or changes in circumstances indicate that the carrying value may not be recoverable.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in revaluation and other reserves relating to that asset are transferred to retained earnings.

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The useful life, residual value and method of depreciation of an item of property, plant and equipment are reviewed at each financial year end and adjusted prospectively if appropriate. The residual values and remaining useful lives of buildings have been estimated by the independent external valuers.

The annual rate of depreciation is as follows:

Buildings	-	2% – 9.45 %
Plant and equipment	-	10% - 20%
Furniture and fittings	-	10% - 33.33%
Motor vehicles	-	20%
Computer equipment	-	10% - 33.33%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investment in subsidiaries

Financial statements of the Company

Investment in subsidiary companies are carried at cost which is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is taken to profit or loss.

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Business combinations are accounted for using the purchase method of accounting.

Investment in associated companies

Associated companies are entities in which the Company or the Group has significant influence but which are neither a subsidiary nor a joint venture of the Company or the Group.

Financial statements of the Company

Investment in associated companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments. The impairment loss is taken to profit or loss.

Consolidated financial statements

The Group's investment in associated companies are accounted for using the equity method of accounting. The amount recognized in profit or loss reflects the Group's share of the results of operations of associated companies. The investment in associated company is carried in the Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associated company, less any impairment loss. The Group's investment in its associated company includes goodwill on acquisition, which is treated in accordance with the accounting policy for goodwill stated further below.

Where there has been a change recognised in other comprehensive income of the associate, the Group recognises its share of any changes and discloses this, when applicable, in other comprehensive income.

When the Group's share of losses exceeds the carrying amount of the investment, the investment is reported at nil value and recognition is discontinued except to the extent of the Group's commitment on behalf of the associated company. If the associated company subsequently reports profits, the entity resumes recognizing its share of profit only after its share of the profits equals the share of its losses not recognized.

Intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured as the sum of the consideration transfered, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets and liabilities assumed. If after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, the excess is recognized in profit or loss as a bargain purchase gain. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or group of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with IFRS 8 Segment Reporting.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Intangible assets (Cont'd)

Negative goodwill represents the excess of the acquirer's interest in the fair values of the identifiable net assets and liabilities acquired over the cost of acquisition. It is recognised immediately as income in the statement of comprehensive income.

Negative goodwill arising from the acquisition of an associated company is included as income in the determination of the Group's share of the associate's profit or loss of the period in which the associate was acquired.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset. The estimated useful lives of intangible assets with finite useful lives are as follows:

Computer software & Licenses	-	5 years
Leasehold rights	-	over the period of the leases.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Trade and other receivables

Trade and other receivables are initially recognised at original invoice amount and are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised through profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process.

Derivative financial instruments

The Group sometimes uses forward contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Other financial assets

Financial assets within the scope of IAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Other financial assets (Cont'd)

The Group has the following investment:

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not loans and receivables, held-to-maturity investments or investments held at fair value through profit or loss. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in other comprehensive income is included in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

Cash and short-term deposits

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the consolidated and separate statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Such financial assets are carried at amortised cost using the effective interest rate method.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss (FVTPL), loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs. The Group's financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Company or the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company or the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Derecognition of financial assets and liabilities (Cont'd)

Where the Company or the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's or the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company or the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Available-for-sale financial assets

If an available-for-sale asset is impaired, if there is objective evidence of a significant or prolonged decline in the fair value of the investment below its cost, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit or loss, the cumulative loss is transferred from other comprehensive income to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss. Reversals of impairment losses on debt instruments are reversed through profit or loss, only if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Trade and other receivables

For amounts due from customers carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are individually not significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated and separate statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Treasury shares

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognised in other reserves.

Hedge accounting

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group currently has only cash flow hedges which are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while any ineffective portion is recognised immediately in profit or loss.

Amounts taken to other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remains separately in equity until the forecast transaction or firm commitment affects profit or loss.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. Non-financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the non-financial asset, the estimated future cash flows of the investment has been affected. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of non-financial assets (Cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition, are accounted for on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

Retirement benefit obligations

The Group operates a defined benefit plan for some of its employees. For the remaining employees, the Group contributes to a unitised defined contribution pension scheme that was established on July 1, 2002. The employer contributes 9% of salaries less their contribution to the National Pensions Scheme in respect of members of the fund. Members contribute 6% of salaries less their contribution to the National Pensions Scheme. In each case the minimum monthly contribution is Rs100.

Defined benefits schemes

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods. Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'employee benefit expenses' in consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income.

Defined contributions schemes

Payments to defined contribution retirement plans are charged as an expense as they fall due. Unpaid contributions are recognized as a liability.

Other retirement benefits

For employees who are not covered by the above plan, the net present value of gratuities payable under the Employment Right Act 2008 is calculated and a liability accounted for. The obligations under this item are not funded.

Liabilities with respect to all the above scheme have been calculated by The Anglo-Mauritius Assurance Society Ltd (Actuarial Valuer).

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Retirement benefit obligations (Cont'd)

Right of set off

The Group has not offset the asset relating to one plan against a liability relating to another plan as it:

- does not have a legally enforceable right to use a surplus in one plan to settle obligations under the other plan; and
- does not intend to either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Taxes

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets, tax losses carried forward and retirement benefit obligations.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the reporting date.

Income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxes (Cont'd)

Value Added Tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of accounts receivables or payables in the statement of financial position.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held-for-sale if the carrying amount will be recovered through a sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs attributable to the sale. Property, plant and equipment and intangible assets once classified as held-for-sale are not depreciated or amortised.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the statement of profit or loss.

Lease

Group as lessee

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. The interest balance should be recognised as a finance cost.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The difference between actual payments and the straight-lining of the expense is recognised as a liability or asset in the statement of financial position.

Group as a lessor

Assets subject to operating leases are presented in the statement of financial position according to the nature of the asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Lease income is recognised on a straight-line basis over the lease term even if the receipts are not on such a basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised as an expense when incurred.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognised as deferred income and released to income in equal annual amounts over the expected useful life of the related asset.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific criteria must also be met:

(i) Sale of goods and services

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and upon customer acceptance, if any, or performance of services, net of value added taxes and discounts, and after eliminating sales within the Group. The Group turnover reflects the invoiced values derived from hotel operations.

(ii) Other revenues

Other revenues earned by the Group are recognised on the following basis:

- Interest income - as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.
- Dividend income - when the shareholder's right to receive payment is established.
- Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms.
- Management fees are recognised on an accrual basis.

Share-based payment

Executives of the Group receive remuneration in the form of share-based payments, whereby they render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transaction for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements.

Scope of Consolidation

The Company does not legally own SNC St Paul, an entity in Réunion Island which owns the property of SA Villas du Lagon. Having regard to the fact that:

- the entity was set up in order to take advantage of a specific tax exemption scheme proper to French territories;
- the Company has an obligation to buy and the present shareholders an obligation to sell the shares of the entity at a specified time at Euro 1 per shareholder;

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

The Directors of the Company believe that the entity is a Structured Entity (SEs) since:

- it has the decision-making powers to obtain the majority of the benefits of the activities of the SE;
- it has rights to obtain the majority of the benefits of the SE and therefore may be exposed to risks incident to the activities of the SE;
- it has the ability to use its power over the investee to affect the amount of the returns.

Consequently, the Directors have consolidated financial statements of the SE in accordance with IFRS 10, Consolidated Financial Statements – structured entity.

Determination of functional and reporting currency

The determination of the functional currency of the Group is critical since recording of transactions and exchange differences arising thereon are dependent on the functional currency selected.

The Group primarily generates and expends cash in Mauritius. The majority of borrowings are denominated in Mauritian Rupee. Furthermore, the shareholders of the Company are looking for returns in Mauritian Rupee and the Group's performance is evaluated in Mauritian Rupee.

Therefore, management considers Mauritian Rupee as the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. At 30 June 2014, the status of unused tax losses of the Group was as follows:

	Recognised	Unrecognised	Total
	(Rs 000)	(Rs 000)	(Rs 000)
Tax losses	*523,636*	*1,008,895*	*1,532,531*

Useful life and residual value of buildings

The depreciation of buildings is dependent on the estimation of the useful lives and residual values of the buildings, which have been made by the Group based on the report of independent valuers. The carrying amount of buildings included under Property, Plant and Equipment amounted to Rs.6,855m (2013: Rs.6,310m).

Impairment of goodwill

Goodwill is tested on an annual basis for impairment loss in accordance with IAS 36. This requires an estimation of the "value in use' of the cash generating units to which goodwill is allocated. Estimating a value in use amount requires management to make estimates of the expected future cash flows from the cash generating unit and the selection of suitable discount rate in order to compute the present value of expected cash flow. The carrying amount of goodwill as at 30 June 2014 amounted to Rs.679.6m (2013: Rs.688m). Further details are given in Note 5.

Retirement benefits obligations

The cost of defined benefit pension plans and related provision, as disclosed in Note 10 to the financial statements requires the use of actuarial valuations. The actuarial valuation involves the use of significant estimate in respect of inter alia, discount rate, expected return on plan assets, future salary increases, mortality rate and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The net employee liability at 30 June 2014 is Rs.37.9m (2013: Rs.33.1m). Further details are set out in Note 10.

Impairment of non-financial assets other than goodwill

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

4. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Freehold Land and Buildings	Buildings on Leasehold Land	Plant and Equipment	Furniture and Fittings	Motor Vehicles	Computer Equipment	Construction in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST AND VALUATION								
At 01 July 2012	568,311	6,830,034	931,920	515,347	86,472	102,770	49,490	9,084,344
Additions	1,701	10,015	45,696	6,999	-	4,091	5,522	74,024
Disposal adjustment	-	-	(3,309)	(1,709)	(1,586)	(966)	-	(7,570)
Exchange difference	-	62,845	9,124	934	173	793	28	73,897
At 30 June 2013	570,012	6,902,894	983,431	521,571	85,059	106,688	55,040	9,224,695
Transfer	-	28,011	6,392	13,507	-	-	(47,910)	-
Revaluation adjustment	5,388	(291,519)	-	-	-	-	-	(286,131)
Additions	14,802	55,618	75,677	86,420	6,270	18,744	342	257,873
Disposal adjustment	-	-	(8,990)	(8,319)	(9,988)	(4,485)	(285)	(32,067)
Exchange difference	-	5,725	144	(1,164)	(365)	295	7	4,642
At 30 June 2014	590,202	6,700,729	1,056,654	612,015	80,976	121,242	7,194	9,169,012
DEPRECIATION								
At 01 July 2012	5,204	526,114	527,077	337,988	65,424	76,864	-	1,538,671
Charge for the year	1,582	166,724	79,738	34,247	4,193	9,312	-	295,796
Disposal adjustment	-	-	(3,022)	(1,703)	(1,486)	(799)	-	(7,010)
Exchange difference	-	7,839	5,831	455	63	553	-	14,741
At 30 June 2013	6,786	700,677	609,624	370,987	68,194	85,930	-	1,842,198
Revaluation adjustment	(8,538)	(878,089)	-	-	-	-	-	(886,627)
Charge for the year	1,752	172,026	83,074	39,799	4,842	10,481	-	311,974
Disposal adjustment	-	-	(8,623)	(8,091)	(9,500)	(4,075)	-	(30,289)
Exchange difference	-	5,386	1,177	(649)	(193)	133	-	5,854
At 30 June 2014	-	-	685,252	402,046	63,343	92,469	-	1,243,110
NET BOOK VALUE								
At 30 June 2014	590,202	6,700,729	371,402	209,969	17,633	28,773	7,194	7,925,902
At 30 June 2013	563,226	6,202,217	373,807	150,584	16,865	20,758	55,040	7,382,497

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

THE COMPANY	Freehold Land and Buildings	Plant and Equipment	Furniture and Fittings	Motor Vehicles	Computer Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST AND VALUATION						
At 01 July 2012	100,442	8,591	7,885	2,001	301	119,220
Transfer	-	(322)	322	-	-	-
Disposals	-	(1,860)	(903)	(2,001)	(301)	(5,065)
At 30 June 2013	100,442	6,409	7,304	-	-	114,155
Revaluation adjustment	(9,692)	-	-	-	-	(9,692)
At 30 June 2014	90,750	6,409	7,304	-	-	104,463
DEPRECIATION						
At 01 July 2012	3,700	2,729	7,282	1,712	259	15,682
Transfer	-	1,442	(1,442)	-	-	-
Charge for the year	1,053	683	573	-	-	2,309
Disposal adjustments	-	(1,860)	(766)	(1,712)	(259)	(4,597)
At 30 June 2013	4,753	2,994	5,647	-	-	13,394
Revaluation adjustment	(5,788)	-	-	-	-	(5,788)
Charge for the year	1,035	616	489	-	-	2,140
At 30 June 2014	-	3,610	6,136	-	-	9,746
NET BOOK VALUE						
At 30 June 2014	90,750	2,799	1,168	-	-	94,717
At 30 June 2013	95,689	3,415	1,657	-	-	100,761

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) The freehold land and buildings and buildings on leasehold land of the Group and the Company in Mauritius were revalued in June 2014 at their open market value, by reference to recent market transactions on arm's length term, by Noor Dilmahomed & Associates, Chartered Valuer.

The building on leasehold land of the subsidiary, White Sand Resorts & Spa Pvt Ltd was revalued in June 2014 by Maldives Valuers Pvt. Ltd, Chartered Valuation surveyors at their open market value, by reference to recent market transactions on arm's length term.

The Directors have reassessed the fair value of the two hotels in Réunion Island. On the basis of current economic environment, the Directors are satisfied that the carrying value of the two hotels reflect the fair value at the reporting date.

The book values were adjusted to the revalued amount and the revaluation surpluses net of deferred taxation were credited to revaluation reserves.

The Group's policy is to revalue its property every five years unless there is evidence that the fair value of the assets differ materially from the carrying amount.

The following table gives the information about how the fair value of land and buildings is determined:

	Valuation technique(s) and key input(s)	Fair value as at 2014	Fair value as at 2013	Fair Value Hierarchy	Significant unobservable input(s)
		Rs'000	Rs'000		
Land	Sales comparison approach	435,550	*454,850*	Level 2	N/A
Buildings	Sales comparison approach	6,855,324	*6,310,493*	Level 2	N/A

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:-

	THE GROUP 2014	THE GROUP 2013	THE COMPANY 2014	THE COMPANY 2013
	Rs'000	Rs'000	Rs'000	Rs'000
Building on leasehold land				
Cost	3,915,988	*3,860,370*	-	-
Accumulated depreciation	(858,790)	*(780,470)*	-	-
Net book value	3,057,198	*3,079,900*	-	-
Freehold land and building				
Cost	320,733	*305,931*	56,848	*56,848*
Accumulated depreciation	(17,055)	*(16,455)*	(7,350)	*(6,750)*
Net book value	303,678	*289,476*	49,498	*50,098*

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Plant and equipment and motor vehicles of the Group include leased assets as follows:

	Motor Vehicles		Plant and equipment	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Cost	5,636	*12,348*	20,995	-
Accumulated depreciation	(1,610)	*(9,071)*	(2,663)	-
Net book value	4,026	*3,277*	18,332	-

(c) Bank borrowings are secured on all the assets of the Group and the Company. Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(d) No borrowing costs have been capitalised during the year (2013: Nil).

5. INTANGIBLE ASSETS

THE GROUP	Leasehold Rights	Goodwill	Computer Software & Licences	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At 01 July 2012	*699,194*	*684,427*	*59,326*	*1,442,947*
Additions	-	-	*172*	*172*
Exchange difference	*4,377*	*4,023*	*166*	*8,566*
At 30 June 2013	*703,571*	*688,450*	*59,664*	*1,451,685*
Additions	-	-	*1,584*	*1,584*
Disposal	*(70,172)*	-	-	*(70,172)*
Exchange difference	*(7,669)*	*(8,850)*	*39*	*(16,480)*
At 30 June 2014	*625,730*	*679,600*	*61,287*	*1,366,617*
AMORTISATION				
At 01 July 2012	*223,656*	-	*41,316*	*264,972*
Charge for the year	*14,506*	-	*5,771*	*20,277*
Exchange difference	*1,508*	-	*88*	*1,596*
At 30 June 2013	*239,670*	-	*47,175*	*286,845*
Charge for the year	*13,581*	-	*5,116*	*18,697*
Disposal adjustment	*(9,308)*	-	-	*(9,308)*
Exchange difference	*(3,410)*	-	*35*	*(3,375)*
At 30 June 2014	*240,533*	-	*52,326*	*292,859*
NET BOOK VALUE				
At 30 June 2014	*385,197*	*679,600*	*8,961*	*1,073,758*
At 30 June 2013	*463,901*	*688,450*	*12,489*	*1,164,840*

NOTES TO THE FINANCIAL STATEMENTS

5. INTANGIBLE ASSETS (CONT'D)

(a) Impairment test on goodwill

Goodwill acquired is measured as the sum of the consideration transfered, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets and liabilities assumed. Goodwill has been assessed as having an indefinite life and in accordance with IFRS 3, goodwill has been assessed for impairment based on each cash generating unit.

	THE GROUP	
	2014	2013
	Rs'000	Rs'000
Les Pavillons Resorts Ltd	70,000	*70,000*
Holiday & Leisure Resorts Limited	83,658	*83,658*
Lux Island Resorts Maldives Ltd	485,979	*494,829*
Other subsidiaries	39,963	*39,963*
	679,600	*688,450*

The recoverable amount of each cash-generating unit has been determined based on value-in-use calculation. The calculation used pre-tax cash flow projection is based on financial budgets approved by management covering a five-year period. The pre-tax discount rate applied represents the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

A yearly growth rate of 4% has been assumed as well as a yearly 4% inflation rate.

The key assumptions used for preparing the cash flow forecasts are based on management's past experience of the industry and the ability of each cash-generating unit to at least maintain its market share as well as stable local and international economic conditions.

6. INVESTMENT IN SUBSIDIARY COMPANIES

THE COMPANY	2014	2013
	Rs'000	Rs'000
At 01 July	1,423,318	*1,449,321*
Addition	1,416,066	-
Impairment	-	*(26,003)*
At 30 June	2,839,384	*1,423,318*

The addition is in respect of transfer of shares held by Poséidon Limitée in Lux Island Resorts Maldives Ltd to Lux Island Resorts Ltd for a consideration of Rs 1,302 million. Furthermore, the subsidiary, Lux Hospitality Ltd has increased its share capital by the issue of 114,034,551 shares of Re 1 each for a consideration of Rs 114 million.

(a) The subsidiary companies are as follows:

Name of Companies	Country of Incorporation	Effective Shareholding 2014 Direct	Effective Shareholding 2014 Indirect	Effective Shareholding 2013 Direct	Effective Shareholding 2013 Indirect
		%	%	%	%
Les Pavillons Resorts Ltd	Mauritius	100	-	*100*	-
Beau Rivage Co Ltd	Mauritius	100	-	*100*	-
Blue Bay Tokey Island Limited	Mauritius	100	-	*100*	-
Poséidon Limitée	Mauritius	100	-	*100*	-
Holiday & Leisure Resorts Limited	Mauritius	100	-	*100*	-
Lux Resorts Ltd	Mauritius	-	100	-	*100*
Merville Beach Hotel Limited	Mauritius	-	100	-	*100*
Merville Limited	Mauritius	-	100	-	*100*
MSF Leisure Co Ltd	Mauritius	-	100	-	*100*
LTK Ltd	Mauritius	-	100	-	*100*
FMM Ltée	Mauritius	-	100	-	*100*
Lux Island Resorts UK Limited	England	100	-	*100*	-
Lux Island Resorts Seychelles Ltd	Seychelles	-	100	-	*100*
LIRTA Ltd	Mauritius	-	100	-	*100*
Naiade Holidays (Pty) Ltd	South Africa	100	-	*100*	-
SAS Hôtel Prestige Réunion (note (b))	France	100	-	*100*	-
SA Les Villas Du Lagon	Réunion Island	-	100	-	*100*
SAS Le Récif	Réunion Island	-	99	-	*99*
Ari Atoll Investment Ltd	Seychelles	-	100	-	*100*
Island Light Vacations Ltd	Mauritius	-	100	*100*	-
Lux Island Resort Foundation	Mauritius	100	-	*100*	-
Lux Island Resorts Maldives Ltd	Seychelles	92	-	-	*92*
White Sand Resorts & Spa Pvt Ltd	Maldives	-	92	-	*92*
Lux Hospitality Ltd	Mauritius	100	-	*100*	-

(b) In accordance with IFRS 10, Consolidated Financial Statements and as more fully explained in note 3, the Company has also consolidated the financial statements of SNC St Paul even if this entity does not legally belong to the Group. The structured entity is incorporated in Réunion Island.

6. INVESTMENT IN SUBSIDIARY COMPANIES (Cont'd)

Summarised financial information of the subsidiary, Lux Island Resorts Maldives Ltd, that has material non-controlling interests, based on its IFRS financial statements and before inter-company eliminations are provided below:

Proportion of non-controlling interests	*8%*	*8%*

	2014 Rs'000	2013 Rs'000
Financial position		
Non-current assets	2,703,881	*2,638,699*
Current assets	475,176	*454,337*
Non-current liabilities	(960,713)	*(1,155,713)*
Current liabilities	(674,949)	*(666,848)*
Net assets	1,543,395	*1,270,475*
Carrying amounts of non-controlling interests	123,472	*101,638*
Comprehensive income		
Revenue	1,276,148	*1,203,067*
Profit for the year	171,093	*86,687*
Other comprehensive income	159,550	*10,450*
Total comprehensive income	330,643	*97,137*
Profit allocated to non-controlling interests	13,687	*6,935*
Total comprehensive income allocated to non-controlling interests	12,764	*836*
Dividend paid to non-controlling interests	(4,617)	*(8,136)*
Cash flow		
Operating activities	19,553	*19,820*
Investing activities	(483)	*(1,356)*
Financing activities	(19,136)	*(18,057)*
Net (decrease)/increase in cash and cash equivalents	(66)	*407*

7. INVESTMENT IN ASSOCIATED COMPANY

	THE GROUP	
	2014 Rs'000	2013 Rs'000
At 01 July	217,634	*239,337*
Share of reserves	14,552	*(9,608)*
Share of results	263	*(12,095)*
At 30 June	232,449	*217,634*

The associated company is Oceanide Ltd, incorporated in Mauritius, and in which the Group holds 50% shareholding. The remaining shareholding in the associated company is split among three other shareholders. Only 2 out of 5 directors in the associated company are from Lux Island Resorts Ltd.

Summarised financial information of the associated company that are material to the Group, based on their IFRS financial statements, and reconciliation with the carrying amount of the investment in the Group's financial statements are set out hereafter:

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN ASSOCIATED COMPANY (Cont'd)

	THE GROUP	
	2014	2013
	Rs'000	Rs'000
Financial position		
Non-current assets	1,312,032	*1,270,725*
Cash and cash equivalents	927	*1,486*
Other current assets	88,618	*204,054*
Current trade and other payables	(218,964)	*(302,521)*
Current loans and borrowings	(130,652)	*(97,253)*
Other current liabilities	-	-
Non-current trade and other payables	-	-
Non-current loans and borrowings	(585,181)	*(640,208)*
Other non-current liabilities	(1,883)	*(1,015)*
Equity	464,897	*435,268*
Proportion of Group's ownership	50%	*50%*
	232,449	*217,634*
Goodwill	-	-
Other adjustments	-	-
Carrying amount of investment	232,449	*217,634*
Statement of profit or loss and other comprehensive income		
Revenue	402,663	*348,062*
Interest income	-	-
Other income	646	*2,778*
Depreciation and amortisation	(44,650)	*(45,841)*
Interest expense	(46,373)	*(52,583)*
Other expenses	(318,082)	*(280,837)*
Profit before tax	(5,796)	*(28,421)*
Income tax	6,321	*4,231*
Profit for the year	525	*(24,190)*
Other comprehensive income	29,103	*(19,216)*
Total comprehensive loss	29,628	*(43,406)*
Group's share of profit	263	*(12,095)*
Group's share of total comprehensive income	14,552	*(9,608)*

8. OTHER FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Available-for-sale investments				
At 01 July	36	*94*	-	*58*
Impairment	(31)	*(58)*	-	*(58)*
At 30 June	5	*36*	-	-
Available-for-sale investments consist of:				
- Quoted shares	5	*5*	-	-
- Unquoted shares	-	*31*	-	-
	5	*36*	-	-

The fair value of quoted ordinary shares (classified as Level 1 as detailed in Note 40(d)) is determined by reference to published price quotations in an active market at the reporting date.

9. DEFERRED TAX

Deferred income taxes are calculated on all temporary differences under the liability method.

Deferred tax is reflected in the statements of financial position as follows:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
		Re-stated		
Deferred tax assets	(21,282)	*(36,097)*	-	-
Deferred tax liabilities				
Discontinuing operations (note 13)	-	*14,125*	-	-
Continuing operations	416,403	*296,204*	6,079	*9,595*
	395,121	*274,232*	6,079	*9,595*
The movement in the deferred income tax account is as follows:				
At 01 July				
- As previously reported	272,127	*261,054*	9,595	*10,087*
- effect of changes in IAS 19	2,105	*1,294*	-	-
- As re-stated	274,232	*262,348*	9,595	*10,087*
Recognised in profit or loss (note 21)	29,530	*11,878*	(2,330)	*(492)*
Recognised in other comprehensive income	92,357	*1,010*	(1,186)	-
Exchange difference	(998)	*(1,004)*	-	-
At 30 June	395,121	*274,232*	6,079	*9,595*

Deferred income tax at 30 June relates to the following:

THE GROUP	Balance		Movement	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Deferred tax liabilities				
Accelerated depreciation	225,720	*221,549*	4,171	*(12,079)*
Revaluation of property, plant & equipment	261,453	*177,889*	83,564	-
	487,173	*399,438*	87,735	*(12,079)*
Deferred tax assets				
Retirement benefit obligations	(6,395)	*(3,645)*	(2,750)	*736*
Tax losses	(75,306)	*(110,005)*	34,699	*25,168*
Provision for bad debts and others	(10,351)	*(11,556)*	1,205	*(1,941)*
	(92,052)	*(125,206)*	33,154	*23,963*
Net deferred tax liabilities	395,121	*274,232*		
Total movement for the year			120,889	*11,884*
Recognised as follows:				
In profit or loss (Note 21)			29,530	*11,878*
In other comprehensive income			92,357	*1,010*
Exchange difference			(998)	*(1,004)*
			120,889	*11,884*

NOTES TO THE FINANCIAL STATEMENTS

9. DEFERRED TAX (CONT'D)

THE COMPANY

	Balance		Movement	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Deferred tax liabilities				
Accelerated depreciation	585	*2,776*	(2,191)	*(653)*
Revaluation of property, plant & equipment	5,494	*6,819*	(1,325)	-
	6,079	*9,595*	(3,516)	*(653)*
Deferred tax assets				
Provision for expenses	-	-	-	*161*
	-	-	-	*161*
Net deferred tax liabilities	6,079	*9,595*		
Total movement for the year			(3,516)	*(492)*
Recognised as follows:				
In profit or loss (Note 21)			(2,330)	*(492)*
In Other comprehensive income			(1,186)	-
			(3,516)	*(492)*

Deferred tax assets have not been recognised on tax losses amounting to Rs 1,009 million (2013: Rs 782.4 million) for the Group. Deferred tax assets have not been recognised on tax losses amounting to Rs 99.3 million (2013: Rs 141.5 million) for the Company.

10. RETIREMENT BENEFIT OBLIGATIONS/(ASSETS)

(a) The benefits of employees of the Group fall under three different types of arrangements:

(i) A defined benefit scheme which is funded. The plan assets are held independently by an insurance company;

(ii) A defined contribution scheme; and

(iii) Retirement benefits as defined under the Employment Rights Act 2008 and which are unfunded.

(b) The liabilities in respect of the defined benefit obligations (i) and (iii) above are analysed as follows:

	THE GROUP	
	2014	2013
	Rs'000	Rs'000
Funded obligation - (Asset)/Obligation (note (c - n))	(42)	*2,513*
Unfunded obligation (note (o - u))	37,951	*30,591*
	37,909	*33,104*

As there is no right of set-off in respect of the two above obligations, the amounts have been disclosed separately.

10. RETIREMENT BENEFIT OBLIGATIONS/(ASSETS) (CONT'D)

(c) The amounts recognised in the statements of financial position in respect of the funded obligation are as follows:

	THE GROUP	
	2014	2013 Re-stated
	Rs'000	Rs'000
Present value of funded obligation	46,052	*43,859*
Fair value of plan assets	(46,094)	*(41,346)*
(Asset)/Liability on Statement of Financial Position	(42)	*2,513*
(d) Movement in the statement of financial position:		
At 01 July		
- As previously reported	(10,216)	*(11,671)*
- Effect of adopting changes in IAS 19	12,729	*8,286*
- As re-stated	2,513	*(3,385)*
Total expenses (note (e))	1,804	*1,232*
Actuarial (gains)/losses recognised in Other Comprehensive Income	(4,061)	*4,896*
Contributions paid	(298)	*(230)*
At 30 June	(42)	*2,513*
(e) The amounts recognised in the statements of comprehensive income are as follows:		
Current service cost	1,403	*1,307*
Interest cost	287	*(203)*
Scheme expenses	35	*30*
Cost of insuring risk benefits	79	*98*
Total included in staff costs	1,804	*1,232*
(f) Changes in the fair value of plan assets are as follows:		
At 01 July	41,346	*37,553*
Interest on plan assets	3,109	*3,572*
Employer's contribution	298	*230*
Scheme expenses	(35)	*(30)*
Cost of insuring risk benefits	(79)	*(98)*
Actuarial losses	1,455	*119*
At 30 June	46,094	*41,346*
(g) Changes in defined benefit obligation are as follows:		
At 01 July	43,859	*34,167*
Current service cost	1,403	*1,307*
Interest cost	3,395	*3,370*
Actuarial (gains)/losses	(2,605)	*5,015*
At 30 June	46,052	*43,859*

NOTES TO THE FINANCIAL STATEMENTS

10. RETIREMENT BENEFIT OBLIGATIONS/(ASSETS) (CONT'D)

		THE GROUP	
		2014	2013
		Rs'000	Rs'000
(h)	The main categories of plan assets are as follows:		
	Local equities	16,086	*14,471*
	Overseas equities	15,534	*16,539*
	Fixed interest	13,644	*7,855*
	Properties	830	*2,481*
	Total market value of assets	46,094	*41,346*
(i)	Analysis of amount recognised in Other Comprehensive Income		
	Gains on pension scheme assets	(1,456)	*(119)*
	Experience (gains)/losses on the liabilities	(2,605)	*2,714*
	Changes in assumptions underlying the present value of the scheme	-	*2,301*
	Actuarial (gains)/losses recognised in OCI	(4,061)	*4,896*
(j)	**Sensivity analysis**		
	Decrease in Defined Benefit Obligation due to 1% increase in discount rate	2,937	
	Increase in Defined Benefit Obligation due to 1% increase in future long-term salary assumption	1,258	

The sensitivity analysis above have been determined based on sensibly possible changes of the discount rate or salary increase rate occuring at the end of the reporting period if all other assumptions remained unchanged.

The plan is a defined benefit arrangement, with benefits based on final salary, it provides for a pension at retirement and a benefit on death or disablement in service before retirement.

(k) (i) The assets of the plan are invested in GML Pension Fund which includes a diversified portfolio of asset classes. In view of exposure to equities, some volatility in the return from one year to the other is expected.

(ii) As the fund is expected to produce a smooth return, a fairly reasonable indication of the future returns can be obtained by looking at historical ones. Therefore, the long-term expected return on asset assumption has been based on historical performance of the fund.

(iii) The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at 30 June 2014.

(l) Future cash flows

- The funding policy is to pay benefits out of the reporting entity's cash flow as and when due.

- The weighted average duration of the defined benefit obligation is 7 years.

- Employer's contributions to be paid in the next reporting period is estimated at Rs.0.3m (2013: Rs 0.6m).

10. RETIREMENT BENEFIT OBLIGATIONS/(ASSETS) (CONT'D)

(m) Risk Associated with the Plans

The Defined Benefit Plans expose the Group and the Company to actuarial risks such as longevity risk, interest rate risk, market (investment) risk, and salary risk.

Interest rate risk

If the bond interest rate decreases, the liabilities would be calculated using a lower discount rate, and would therefore increase.

Investment risk

The present value of the liabilities of the plan are calculated using a discount rate. Should the returns on the assets of the plan be lower than the discount rate, a deficit will arise. (For funded benefits only).

Salary risk

If salary increases are higher than assumed in our basis, the liabilities would increase giving rise to actuarial losses.

(n) The principal actuarial assumptions with respect to the Funded Scheme used for accounting purposes were:

	THE GROUP	
	2014	2013
	%	%
Discount rate	7.5	*7.5*
Future NPS ceiling increase	5.5	*5.5*
Future expected pension increase	3.0	*3.0*
Future long-term salary increase	10.0	*10.0*
Post-retirement mortality tables	a(90)	*a(90)*

UNFUNDED OBLIGATION

(o) The amounts recognised in the statements of financial position in respect of unfunded obligation are as follows:

	THE GROUP	
	2014	2013 Re-stated
	Rs'000	Rs'000
Present value of unfunded obligation	37,951	*30,591*
(p) Movement in the liability recognised in the statements of financial position:		
At 01 July		
- As previously reported	45,107	*36,853*
- Effect of adopting changes in IAS 19	(14,516)	*(8,438)*
- As re-stated	30,591	*28,415*
Total expenses (note (q))	3,381	*8,784*
Actuarial loss/(gain)	5,019	*(6,356)*
Benefits paid	(1,118)	*(339)*
Exchange difference	78	*87*
At 30 June	37,951	*30,591*

NOTES TO THE FINANCIAL STATEMENTS

10. RETIREMENT BENEFIT OBLIGATIONS/(ASSETS) (CONT'D)

(q) The amounts recognised in the statement of profit or loss are as follows:

	THE GROUP	
	2014	2013 Re-stated
	Rs'000	Rs'000
Current service cost	1,280	*3,495*
Interest cost	2,101	*2,723*
Past service cost	-	*2,566*
Total included in staff costs	3,381	*8,784*

(r) Changes in defined benefit obligation are as follows:

	2014 Rs'000	2013 Re-stated Rs'000
At 01 July	30,591	*28,415*
Current service cost	1,280	*3,495*
Interest cost	2,101	*2,723*
Actuarial loss/(gain)	5,019	*(6,356)*
Past service cost	-	*2,566*
Benefits paid	(1,118)	*(339)*
Exchange difference	78	*87*
At 30 June	37,951	*30,591*

(s) Amount recognised in Other Comprehensive Income

	2014	2013
	Rs'000	Rs'000
Actuarial losses	5,019	*6,194*
Changes in assumptions	-	*162*
	5,019	*6,356*

(t) Sensivity analysis

	2014
	Rs'000
Decrease in Defined Benefit Obligation due to 1% increase in discount rate	6,171
Increase in Defined Benefit Obligation due to 1% increase in future long-term salary assumption	8,096

(u) The principal actuarial assumptions with respect to the Unfunded Scheme used for accounting purposes were:

	THE GROUP	
	2014	2013
	%	%
Discount rate	7.5	*7.5*
Future salary increases	5.5	*7.5*

11. INVENTORIES

	THE GROUP	
	2014	2013
	Rs'000	Rs'000
Food and beverages	40,591	*43,996*
Spare parts and maintenance	25,834	*25,438*
Others	20,640	*22,482*
	87,065	*91,916*

Inventories have been pledged as securities for bank borrowings of the Group.

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade receivables	423,752	*394,520*	1,095	*1,095*
Receivable from fellow subsidiaries (note (39))	-	-	1,721,241	*3,715,593*
Receivable from associated company (note (39))	168,169	*123,924*	123,950	-
Other receivables and prepayments	339,596	*135,212*	6,944	*5,464*
	931,517	*653,656*	1,853,230	*3,722,152*
Less allowances for impairment of receivables	(38,120)	*(49,161)*	(1,095)	*(1,095)*
	893,397	*604,495*	1,852,135	*3,721,057*

(i) Trade receivables are not secured, non-interest bearing and are generally on 30 days' term. Impairment of receivables have been assessed on a collective basis only as there were no indications of impairment on an individual basis. The Group has subscribed to a credit protection scheme for the current portfolio of Mauritian operations with a Global Service Provider, with a view to minimise its credit risk exposure.

(ii) At 30 June 2014, the ageing analysis of trade receivables is as follows:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Neither past due nor impaired	138,851	*60,674*	-	-
Less than 30 days	123,462	*140,361*	-	-
More than 30 and less than 60 days	53,820	*69,429*	-	-
More than 60 and less than 90 days	35,722	*37,683*	-	-
More than 90 days	71,897	*86,373*	1,095	*1,095*
	423,752	*394,520*	1,095	*1,095*

(iii) The movement in allowances for impairment of trade and other receivables were as follows:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
At 01 July	49,161	*30,874*	1,095	*1,095*
Charge for the year	6,802	*25,694*	-	-
Utilised	(17,494)	*(7,480)*	-	-
Exchange difference	(349)	*73*	-	-
At 30 June	38,120	*49,161*	1,095	*1,095*

(iv) Other receivables and receivables from associates are neither past due nor impaired. No collaterals are held in respect of those receivables.

13. NON-CURRENT ASSETS CLASSIFIED AS HELD-FOR-SALE AND DISCONTINUING OPERATIONS

All the 12 Villas-Lux Belle Mare put on sale have been disposed of during the year ended 30 June 2014. All assets classified as held-for-sale in previous year have been transferred to disposal account.

	THE GROUP	
	2014	2013
	Rs'000	Rs'000
Assets		
Property, plant and equipment	-	*226,241*
Debtors	-	*2,165*
Assets classified as held-for-sale	-	*228,406*
Liabilities		
Creditors	-	*17,232*
Deferred tax liability	-	*14,125*
Liabilities associated with assets classified as held-for-sale	-	*31,357*
Net assets directly associated with disposal group	-	*197,049*

Result for the year from discontinued operations - Villa-Lux Belle Mare

		THE GROUP	
		2014	2013
		Rs'000	Rs'000
Total revenue		60,905	*54,861*
Total operating expenses		(42,789)	*(40,919)*
Operating profit		18,116	*13,942*
Finance costs		(12,343)	*(10,455)*
Profit before tax		5,773	*3,487*
Gain on disposal of villas		16,863	-
Result for the year attributable to discontinuing operations		22,636	*3,487*
Earnings per share attributable to discontinued operation	*Rs.*	0.20	*0.03*
Cash flows from discontinuing operations			
Cash flows from operating activities		5,773	*3,487*
Cash flows from investing activities		176,066	-
Cash flows from financing activities		(55,000)	-
Net cash flows from discontinuing operations		126,839	*3,487*

14. ISSUED CAPITAL

	THE GROUP AND THE COMPANY	
	2014	2013
	Rs'000	Rs'000
Stated Capital		
Ordinary shares of Rs 10 each.		
At 01 July and at 30 June	1,140,346	*1,140,346*

Number of shares	No of Shares	
	2014	2013
At 01 July and at 30 June	114,034,651	*114,034,651*

Share Premium

When shares are issued whether for cash or otherwise, the excess of the amount received over the par value of the shares net of share issue costs is transferred to share premium.

		THE GROUP AND THE COMPANY	
		2014	2013
Treasury shares			
Number of shares		287,000	*287,000*
Value	Rs'000	18,081	*18,081*

15. DIVIDEND

On 14 May 2014, the Board of directors have declared a dividend of Rs 0.50 (2013: Nil) per each ordinary share held with respect to the year ended 30 June 2014. The dividend was paid on 23 June 2014.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

16. OTHER RESERVES

(a) THE GROUP	Reserve in associated company	Cash Flow Hedging Reserve	Asset Revaluation Reserve	Share based payment Reserve	Foreign Currency Translation Reserve	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July 2012	*84,642*	*(24,644)*	*1,274,109*	-	*(4,096)*	*1,330,011*
Cash flow hedging on loan in foreign currency	*(9,608)*	*1,329*	-	-	-	*(8,279)*
Currency translation difference	-	-	-	-	*16,070*	*16,070*
Income tax related to cash flow hedged items	-	*(199)*	-	-	-	*(199)*
At 30 June 2013	*75,034*	*(23,514)*	*1,274,109*	-	*11,974*	*1,337,603*
Cash flow hedging on loan in foreign currency	*14,552*	*(23,107)*	-	-	-	*(8,555)*
Revaluation of property	-	-	*585,690*	-	-	*585,690*
Currency translation difference	-	-	-	-	*543*	*543*
Share based payment	-	-	-	*8,705*	-	*8,705*
Income tax related to other comprehensive income	-	*439*	*(92,969)*	-	-	*(92,530)*
At 30 June 2014	*89,586*	*(46,182)*	*1,766,830*	*8,705*	*12,517*	*1,831,456*

Nature and purpose of other reserves

Reserve in associated company

This reserve records the share of revaluation and hedging reserve in the associated company.

Cash flow hedging reserve

This reserve records the effective portion of the gain or loss on the hedging instruments in cash flow hedges. The movement for the year is in respect of exchange difference on conversion of loan in US$ and EURO at year-end rate.

Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land and buildings (net of deferred tax on the revalued asset) and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in equity.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries and associates. It is also used to record the hedging of net investments in foreign operations.

Share-Based Payment reserve

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to its executives as part of their remuneration. Refer to note 33.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

16. OTHER RESERVES (CONT'D)

(b) THE COMPANY

	Asset Revaluation Reserve	Cash Flow Hedge Reserve	Total
	Rs'000	Rs'000	Rs'000
At 01 July 2012	40,733	(6,100)	34,633
Cash flow hedging	-	(3,459)	(3,459)
At 30 June 2013	40,733	(9,559)	31,174
Cash flow hedging	-	19,815	19,815
Revaluation during the year	(2,718)	-	(2,718)
At 30 June 2014	38,015	10,256	48,271

17. NON-CONTROLLING INTERESTS

	THE GROUP	
	2014	2013
	Rs'000	Rs'000
At 01 July	101,638	102,013
Share of result for the year	13,687	6,935
Share of reserve for the year	12,764	836
Dividend	(4,617)	(8,146)
At 30 June	123,472	101,638

The subsidiary, Lux Island Resorts Maldives Ltd, has declared a dividend of US$ 2 million with respect to the year ended 30 June 2014. Intragroup dividend has been eliminated on consolidation and dividend accruing to non-controlling interests amounted to Rs 4.6 million.

18. INTEREST-BEARING LOANS AND BORROWINGS

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current				
Bank loans (note (a))	577,705	493,288	20,677	4,341
Finance leases (note (b))	6,096	1,437	-	-
Debentures (note (d))	31,724	32,301	-	-
Other loans (note (e))	9,252	15,571	-	-
Bank overdrafts (note 32(a))	206,073	57,619	3,747	4,116
	830,850	600,216	24,424	8,457
Non-current				
Bank loans (note (a))	3,218,557	3,815,358	93,130	111,565
Finance leases (note (b))	14,639	3,687	-	-
Convertible bonds (note (c))	500,000	500,000	500,000	500,000
Debentures (note (d))	-	32,301	-	-
Other loans (note (e))	42,280	46,125	-	-
	3,775,476	4,397,471	593,130	611,565
Total borrowings	4,606,326	4,997,687	617,554	620,022

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

18. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

			THE GROUP		THE COMPANY	
			2014	2013	**2014**	2013
			Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Bank loans can be analysed as follows:-						
Within one year			577,705	*493,288*	20,677	*4,341*
After one year and before two years			579,277	*565,922*	21,813	*20,381*
After two years and before five years			1,907,549	*1,721,099*	54,209	*56,850*
After five years			731,731	*1,528,337*	17,108	*34,334*
			3,796,262	*4,308,646*	113,807	*115,906*
Denomination	Effective interest rate (%)	Maturity				
EURO	LIBOR + 4%	June 2019	59,877	*60,000*	-	-
MUR	7.15% - 7.65%	June 2020	815,821	*968,749*	-	-
EURO	EURIBOR + 3%	June 2020	170,438	*185,134*	-	-
EURO	5.76%	Dec 2017	62,361	*72,364*	-	-
EURO	5.68%	Oct 2017	19,370	*29,864*	-	-
EURO	OAT + 1.40%	Oct 2017	22,859	*25,248*	-	-
EURO	EURIBOR + 1.60%	Dec 2017	24,985	*39,508*	-	-
EURO	3.75%	Dec 2014	186,165	*200,791*	-	-
EURO	EURIBOR + 1.40%	Dec 2014	61,800	*84,582*	-	-
EURO	EURIBOR + 1.30%	Dec 2019	219,986	*236,986*	-	-
MUR	7.15%	June 2020	176,316	*193,236*	-	-
US$	LIBOR + 1.25% - 1.5%	Dec 2017	192,131	*217,778*	-	-
US$	LIBOR + 5%	June 2016	19,462	*25,976*	11,977	*15,281*
US$	LIBOR + 2.5%	Dec 2019	229,520	*263,713*	-	-
US$	LIBOR + 2.5% - 3.25%	Dec 2019	293,228	*336,830*	-	-
US$	LIBOR + 2.5%	Dec 2019	535,271	*614,883*	-	-
US$	LIBOR+2.25%	June 2020	52,910	*60,774*	-	-
US$	LIBOR+2.75%	June 2020	17,441	*19,604*	-	-
EURO	LIBOR+4%	June 2017	56,014	*63,282*	-	-
EURO	LIBOR+4.5%	June 2020	222,555	*241,500*	-	-
EURO	LIBOR+3%	June 2019	357,752	*367,844*	101,830	*100,625*
			3,796,262	*4,308,646*	113,807	*115,906*
(b) Finance lease liabilities - minimum lease payments:						
Within one year			6,972	*1,958*	-	-
After one year and before two years			7,085	*1,680*	-	-
After two years and before five years			8,636	*2,501*	-	-
			22,693	*6,139*	-	-
Future finance charges on finance leases			(1,958)	*(1,015)*	-	-
Present value of finance lease liabilities			20,735	*5,124*	-	-
The present value of finance lease liabilities may be analysed as follows:						
Within one year			6,096	*1,437*	-	-
After one year and before two years			6,355	*1,386*	-	-
After two years and before five years			8,284	*2,301*	-	-
			20,735	*5,124*	-	-

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. The rate of interest on the lease vary between 2% to 7.65%.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

18. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

(c) **Convertible bonds**

50 million units of unsecured Convertible Bonds have been issued for an aggregate amount of Rs 500 million. The Convertible Bonds are listed on the Stock Exchange of Mauritius and carry interest at the rate of 9% per annum. Interests on the Convertible Bonds are payable twice yearly in March and September.

The Convertible Bonds are redeemable on 31 December 2017. However, the holder of a Convertible Bond has the option to convert the Bond into share capital on:

31 December 2014

31 December 2015

31 December 2016

On the above specified dates, the number of shares to be delivered on conversion of one (1) convertible bond will be determined by applying the following formula:

P/(Ax0.80)

A is equal to the average price of share listed on the stock exchange for the ninety-day period ending on 15 November preceding the relevant conversion period.

P is equal to the principal amount.

(d) **Debentures**

The debentures have been issued in US$ by the subsidiary, White Sand Resorts & Spa Pvt Ltd, and carry interest at the rate of 5% per annum, payable yearly. The debentures are repayable as follows:

	THE GROUP	
	2014	2013
	Rs'000	Rs'000
Within one year	31,724	*32,301*
After one year and before two years	-	*32,301*
	31,724	*64,602*

(e) **Other loan**

Other loan of the subsidiary White Sand Resorts & Spa Pvt Ltd is denominated in US$ and is unsecured and bears an interest rate of 3% annually. The loan is repayable as follows:

	THE GROUP	
	2014	2013
	Rs'000	Rs'000
Within one year	9,252	*15,571*
After one year and before two years	15,500	*15,570*
After two years and before five years	26,780	*30,555*
	51,532	*61,696*

19. GOVERNMENT GRANTS

	THE GROUP	
	2014	2013
	Rs'000	Rs'000
At 01 July	15,068	*17,079*
Release against depreciation charge (note 28)	(2,214)	*(2,521)*
Exchange difference	361	*510*
At 30 June	13,215	*15,068*

The grant is in respect of Government assistance to finance the construction of a hotel in Réunion Island and has been accounted under the income approach. The grant is being released to profit or loss against depreciation charge over the useful life of the asset.

20. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables	255,718	*246,139*	-	-
Amount payable to fellow subsidiaries (note 39)	-	-	1,543,187	*1,902,405*
Amount payable to associated company (note 39)	-	-	-	*119,836*
Accrued expenses	230,077	*210,026*	18,132	-
Other payables	315,786	*295,617*	19,101	*30,507*
	801,581	*751,782*	1,580,420	*2,052,748*

Trade and other payables are non-interest bearing and are normally settled on 60-days term.

21. TAXATION

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) **Charge for the year**				
Current tax on the adjusted profit for the year at 15% (2013 : 15%) (note (d))	37,948	*27,129*	-	-
Overprovision in previous year	-	*(372)*	-	-
Deferred taxation movement (note 9)	29,530	*11,878*	(2,330)	*(492)*
Income tax expense/(credit)	67,478	*38,635*	(2,330)	*(492)*
Less tax on discontinued activity (note 13)	-	-	-	-
Tax on continuing activities	67,478	*38,635*	(2,330)	*(492)*
(b) **Reconciliation between income tax expense and accounting profit is as follows:**				
Profit before tax	352,427	*148,717*	42,051	*44,368*
Tax calculated at a rate of 15% (2013: 15%)	52,864	*22,308*	6,308	*6,655*
Effect of different tax rates	(16,715)	*(10,151)*	-	-
Expenses not deductible for tax purposes	7,943	*522*	52	*5,400*
Overprovision of tax in previous year	-	*(372)*	-	-
Overprovision of deferred tax in previous year	(559)	*(2,078)*	(140)	-
Tax losses not recognised	16,876	*26,863*	-	*2,453*
Tax effect of share of results from associates	35	*1,814*	-	-
Other adjustments - Derecognition of tax losses	8,160	*(271)*	-	-
Income not subject to tax	(1,126)	-	(8,550)	*(15,000)*
Income tax expense/(credit)	67,478	*38,635*	(2,330)	*(492)*

Expenses not deductible for tax purposes include impairment of group receivable balance in a subsidiary not allowed for tax purposes.

(c) Different tax rates arise on the taxation of foreign units located in Réunion Island, Seychelles, UK and South Africa.

	THE GROUP		THE COMPANY	
(d) **Statements of financial position**				
At 01 July	14,943	*3,403*	-	-
Provision for the year (note (a))	37,948	*27,129*	-	-
Underprovision in previous year	-	*(372)*	-	-
Paid during the year	(22,591)	*(15,233)*	-	-
Exchange difference	(314)	*16*	-	-
At 30 June	29,986	*14,943*	-	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

22. SALE OF GOODS AND SERVICES

	THE GROUP		THE COMPANY	
	Year ended 30 June 2014 Rs'000	Year ended 30 June 2013 Rs'000	Year ended 30 June 2014 Rs'000	Year ended 30 June 2013 Rs'000
Room revenue	2,219,814	1,974,198	-	-
Food and Beverages	1,426,279	1,325,953	-	-
Others	462,629	409,329	-	-
	4,108,722	3,709,480	-	-

23. FINANCE REVENUE

	THE GROUP		THE COMPANY	
	Year ended 30 June 2014 Rs'000	Year ended 30 June 2013 Rs'000	Year ended 30 June 2014 Rs'000	Year ended 30 June 2013 Rs'000
Interest income	12,567	10,657	98,152	151,207
Dividend income	-	-	56,383	100,000
	12,567	10,657	154,535	251,207

24. OTHER OPERATING INCOME

	THE GROUP		THE COMPANY	
	Year ended 30 June 2014 Rs'000	Year ended 30 June 2013 Rs'000	Year ended 30 June 2014 Rs'000	Year ended 30 June 2013 Rs'000
Rental income	2,882	7,782	7,800	7,800
Management fees	18,639	21,567	-	-
Foreign exchange gains	41,418	20,632	22,682	10,622
Profit on disposal of property, plant and equipment	1,881	274	-	68
Others	26,090	871	-	539
	90,910	51,126	30,482	19,029

25. COST OF INVENTORIES

	THE GROUP		THE COMPANY	
	Year ended 30 June 2014 Rs'000	Year ended 30 June 2013 Rs'000	Year ended 30 June 2014 Rs'000	Year ended 30 June 2013 Rs'000
Food, beverages and room supplies	585,152	523,555	-	-
Others	255,095	231,112	-	-
	840,247	754,667	-	-

26. EMPLOYEE BENEFITS EXPENSE

	THE GROUP		THE COMPANY	
	Year ended 30 June 2014 Rs'000	Year ended 30 June 2013 Rs'000	Year ended 30 June 2014 Rs'000	Year ended 30 June 2013 Rs'000
Wages and salaries	1,092,523	980,125	-	-
Social security costs	84,305	61,593	-	-
Executive Share Scheme (note 33)	8,705	-	-	-
Pension costs - Defined contribution scheme	13,060	10,458	-	-
Defined benefit scheme (note 10(d))	1,804	1,232	-	-
Other retirement benefit (note 10(p))	3,381	8,784	-	-
	1,203,778	1,062,192	-	-

27. OTHER OPERATING EXPENSES

	THE GROUP		THE COMPANY	
	Year ended 30 June 2014 Rs'000	Year ended 30 June 2013 Rs'000	**Year ended 30 June 2014 Rs'000**	Year ended 30 June 2013 Rs'000
Marketing expenses	261,584	*277,375*	-	-
Heat, light and power	266,827	*251,020*	-	-
Repairs and maintenance	145,824	*105,648*	-	-
Land lease	61,072	*54,973*	-	-
Impairment of investment in subsidiary	-	-	-	*26,003*
Others	515,500	*490,891*	19,134	*23,179*
	1,250,807	*1,179,907*	19,134	*49,182*

The subsidiary company, Naiade Holidays Pty Ltd, incorporated in South Africa has ceased its operation and investment held in the subsidiary has been fully impaired in 2013. There was no goodwill arising upon acquisition of the subsidiary.

28. DEPRECIATION AND AMORTISATION

	THE GROUP		THE COMPANY	
	Year ended 30 June 2014 Rs'000	Year ended 30 June 2013 Rs'000	**Year ended 30 June 2014 Rs'000**	Year ended 30 June 2013 Rs'000
Depreciation of property, plant and equipment (note 4)	311,974	*295,796*	2,140	*2,309*
Amortisation of intangible asset (note 5)	18,697	*20,277*	-	-
Release of grant (note 19)	(2,214)	*(2,521)*	-	-
	328,457	*313,552*	2,140	*2,309*

29. OPERATING PROFIT

	THE GROUP		THE COMPANY	
	Year ended 30 June 2014 Rs'000	Year ended 30 June 2013 Rs'000	**Year ended 30 June 2014 Rs'000**	Year ended 30 June 2013 Rs'000
The operating profit is arrived at after crediting :				
Profit on disposal of property, plant and equipment	1,881	*274*	-	*68*
Gain on exchange on sales of foreign currency and translation of financial assets and liabilities and charging:	41,418	*20,632*	22,682	*10,622*
Depreciation on property, plant and equipment	311,974	*295,796*	2,140	*2,309*
Amortisation of intangible assets	18,697	*20,277*	-	-
Loss on disposal of property, plant and equipment	203	-	-	-
Operating lease payments recognised as expense	61,072	*54,973*	-	-

30. FINANCE COSTS

	THE GROUP		THE COMPANY	
	Year ended 30 June 2014 Rs'000	Year ended 30 June 2013 Rs'000	**Year ended 30 June 2014 Rs'000**	Year ended 30 June 2013 Rs'000
Interest expense on:				
- Bank overdrafts	17,841	*19,422*	2,086	*9,323*
- Bank loans	191,198	*221,070*	4,453	*65,705*
- Finance leases	655	*496*	-	-
- Other loans and payables	49,688	*62,455*	115,153	*99,349*
	259,382	*303,443*	121,692	*174,377*

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

31. EARNINGS PER SHARE

		THE GROUP	
CONTINUING AND DISCONTINUING OPERATIONS		**Year ended 30 June 2014 Rs'000**	Year ended 30 June 2013 Rs'000
Basic			
Profit attributable to equity holders of the parent		271,262	103,324
Weighted average number of ordinary shares net of treasury shares		113,747,651	113,747,651
Earnings per share	Rs.	2.38	0.91

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of shares takes into account the treasury shares as at year-end.

Fully Diluted			
Adjusted profit attributable to holders of the parent		271,262	103,324
Add back interest on deposit		45,000	45,000
Adjusted profit attributable to holders of the parent		316,262	148,324
Weighted average number of ordinary shares		113,747,651	113,747,651
Conversion of bonds		18,796,992	31,725,888
Adjusted weighted average number of ordinary shares		132,544,643	145,473,539
Diluted earnings per share	Rs.	2.39	1.02

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible bonds) by the weighted average number of average ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares based on discounted share price at start of the financial year.

CONTINUING OPERATIONS			
Basic			
Profit attributable to equity holders of the parent		248,626	99,837
Earnings per share	Rs.	2.19	0.88
Fully Diluted			
Adjusted profit attributable to equity holders of the parent		293,626	144,837
Earnings per share	Rs.	2.22	1.00

Due to the anti-dilutive effect of calculation of diluted earnings per share, amount disclosed is same as basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

32. NOTES TO THE STATEMENTS OF CASH FLOWS

		THE GROUP		THE COMPANY	
		2014	2013	2014	2013
		Rs'000	Rs'000	Rs'000	Rs'000
(a)	**Cash and cash equivalents**				
	Cash and short-term deposits	108,296	*121,668*	20,859	*35,667*
	Bank overdrafts (note 18)	(206,073)	*(57,619)*	(3,747)	*(4,116)*
		(97,777)	*64,049*	17,112	*31,551*
(b)	**Non-cash transactions**				
	Part of the acquisition of property, plant and equipment was financed by finance leases as follows:				
	Total amount acquired (note 4)	257,873	*74,024*	-	-
	Financed by cash	(239,036)	*(71,661)*	-	-
	Amount financed by finance leases	18,837	*2,363*	-	-

33. SHARE-BASED PAYMENT

During the year ended 30 June 2014, Lux Island Resorts Ltd, through its subsidiary, Lux Hospitality Ltd (LHL), has implemented an executive share scheme as described below:

Executive share scheme

The type of share-based payment that LHL has opted is an ''equity-settled" share-based payment. A shared understanding of the terms and conditions of the share-based payment arrangements has been agreed between LHL and its senior management team. At grant date, LHL will confer to its executives the right to equity instruments in LHL subject to certain vesting conditions.

The executive team will be entitled to shares in LHL after a vesting period. Such vesting period is the period between the grant date and the date the shares are allotted. This period has been fixed by the Board at three years during which the senior management team members have to remain in employment with LHL or other companies forming part of Lux Group of Companies. Therefore, these equity instruments will be fully vested at the end of the financial year June 2016.

Once the shares are issued, they will rank 'pari passu' as to dividend, capital, voting rights and in all other respects with the existing shares of LHL.

The number of shares granted is calculated in accordance with a performance-based formula approved by the Remuneration Committee. The formula rewards executives to the extent of the Group's and the individual achievement judged against both qualitative and quantitative criteria from the following measures:

(i) improvement in Lux Island Resorts Ltd share price

(ii) improvement in the Group EBITDA and free cash flow

(iii) elevating guest experience

The total number of shares granted is 4,081,013 and will vest when the executive is still in continuous employment at the end of 30 June 2016.

The Board has also awarded 6,707,922 shares to certain key executives which will vest in 3 equal instalments. Vesting of each tranche is conditional on the executive having been in continuous service until 30 June of the relevant year. The number of shares vested at 30 June 2014 under this scheme is 2,235,974.

For the year ended 30 June 2014, a total charge of Rs8.7m has been recognised as share-based payment expense in profit or loss for executive still in employment at year-end based on the fair value of LHL shares awarded.

Lux Hospitality's equity instruments are not publicly traded, the fair value of the equity instrument granted was determined using the discounted cash flow method by an independent professional valuer.

34. SEGMENTAL REPORTING

Primary segment - Business

Internal reports reviewed by the Chief Operating Decision Makers in order to allocate resources to the segments and to assess their performance, comprise the hotel segment and the non-hotel segment. The non-hotel segment remains insignificant (i.e. less than 10%) both in terms of revenue and trading results compared to the Group. The Directors therefore consider that there is no relevance in disclosing segmental information at this level.

Secondary segment - Geographical

The contribution of the hotel units in Réunion Island via Hotel Prestige Réunion and for the unit in Maldives via White Sand Resorts & Spa Pvt Ltd for the year to June 30, 2014 are more than 10% in terms of revenue and the following disclosures are made with respect to segmental reporting.

	Mauritius	Reunion	Maldives	Total
	Rs'000	Rs'000	Rs'000	Rs'000
For the year ended 30 June 2014				
Segment revenue	*2,047,549*	*788,502*	*1,376,148*	*4,212,199*
Segment result before finance charges	*349,249*	*(7,200)*	*246,861*	*588,910*
Segment assets	*5,914,506*	*1,468,349*	*2,959,341*	*10,342,196*
Capital expenditure	*236,541*	*15,847*	*5,485*	*257,873*
For the year ended 30 June 2013				
Segment revenue	*1,796,834*	*773,603*	*1,200,826*	*3,771,263*
Segment result before finance charges	*271,962*	*6,320*	*182,663*	*460,945*
Segment assets	*5,258,163*	*1,502,190*	*3,087,236*	*9,847,589*
Capital expenditure	*45,304*	*11,923*	*16,797*	*74,024*

35. CONTINGENT LIABILITIES

THE GROUP

At 30 June 2014, the Group had the following contingent liabilities:

(a) Bank guarantees of Rs 1.2 million (2013: Rs 1.4 million) given on by subsidiaries arising in the ordinary course of business from which it is anticipated that no material losses will arise.

(b) Legal claims of Rs 63.3 million (2013: Rs 84 million) have been lodged against the Group in the Intermediary Court of Mauritius arising from claims mainly in respect of termination of employment or contracts. The directors have been advised that some claims appear unfounded and that the severance allowance/damages claim in others appear grossly exaggerated. The Company has also entered into counterproceedings for an amount of Rs 75 million against one of the plaintiffs.

THE COMPANY

Bank guarantees of Rs 225.5 million (2013: Rs 225 million) given on behalf of a subsidiary with respect to long-term debt contracted by the latter arising in the ordinary course of business from which it is anticipated that no material losses will arise.

NOTES TO THE FINANCIAL STATEMENTS

36. COMMITMENTS

Capital commitments	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Authorised by directors but not yet contracted for	339,982	*202,911*	-	-
	339,982	*202,911*	-	-

Operating lease commitments

The properties leased by the Group are long-term leases with renewal option included in the contracts.

Future minimum rentals payable under these leases are as follows:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Within one year	127,869	*112,882*	-	-
After one year but not more than five years	551,603	*487,580*	-	-
More than five years	3,844,492	*3,924,091*	-	-
	4,523,964	*4,524,553*	-	-

37. EVENTS AFTER REPORTING DATE

There has been no important event occuring after the reporting date which might either have any impact on the financial statements or any disclosure requirement.

38. ULTIMATE HOLDING COMPANY

The ultimate holding company is GML Investissement Ltée (GMLIL), incorporated in Mauritius. The registered office is situated at 4th Floor, IBL House, Le Caudan Waterfront, Port Louis.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

39. RELATED PARTY DISCLOSURES

		Purchases from related party	Amount due to related party	Sales to related party	Amount due from related party	Interest received from related party	Loan due to related party	Interest paid to related party	Emoluments
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
The Group									
Fellow subsidiaries (note a)	**2014**	53,422	8,779	-	-	-	-	-	-
	2013	*40,553*	*3,128*	-	-	-	-	-	-
Entities over which directors have significant influence (note b)	**2014**	2,012	119	-	-	-	115,891	11,494	-
	2013	*3,141*	*31*	-	-	-	*123,015*	*12,878*	-
Associated company (note c)	**2014**	-	-	18,639	168,169	10,225	-	-	-
	2013	-	-	*21,567*	*123,924*	*6,500*	-	-	-
Key management personnel (note d)	**2014**	-	-	-	305	-	-	-	67,771
	2013	-	-	-	*604*	-	-	-	*40,895*
The Holding Company									
Subsidiaries (note e)	**2014**	-	1,543,187	-	1,721,241	97,700	-	60,700	-
	2013	-	*1,902,405*	-	*3,715,593*	*146,674*	-	*52,900*	-
Associated company (note c)	**2014**	-	-	-	123,950	-	-	8,100	-
	2013	-	*119,836*	-	-	-	-	*6,150*	-

Note (a) - Fellow subsidiaries are entities over which the ultimate holding company, GMLIL, exercises control.

Note (b) - Entities over which directors have significant influence are associated companies of the ultimate holding, GMLIL. The bank loan from the associated company denominated in EURO carry interest at LIBOR + 4%. The loans are repayable by monthly instalments maturing in June 2020.

Note (c) - Amount due from associated company denominated in MUR bears interest at PLR. Settlement occurs in cash and there is no fixed repayment terms. There has been no impairment of amount due to and receivable from related parties.

Note (d) - The loan to key management personnel is unsecured and was granted for acquiring shares in the Company. It bears interest at bank Prime Lending Rate (PLR) less 300 basis points and is repayable by December 2014.

Key management personnel includes executive directors and top level management personnel. The emoluments include short-term employee benefits of Rs 59.1 million (2013: Rs 40.9 million) as well as benefits under the Employee Share Scheme of Rs 8.7 million as more fully explained in note 33.

Note (e) - Amount due to and receivable from group companies is unsecured and bears interest at PLR less 300 basis points. Settlement occurs in cash and there is no fixed repayment terms. There has been no impairment of amount due to and receivable from related parties.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. No changes were made in the objectives, policies or processes during the years ended 30 June 2014 and 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus debt. The Group's policy is to keep the gearing ratio below 60%. The Group includes within net debt, interest-bearing loans and borrowings, less cash in hand and at bank. Total capital is calculated as ''equity'' as shown in the statement of financial position less net unrealised reserves. The gearing ratios at 30 June 2014 and 2013 were as follows:

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Debt (i)	4,606,326	*4,997,687*	617,554	*620,022*
Cash in hand and at bank	(108,296)	*(121,668)*	(20,859)	*(35,667)*
Net debt	4,498,030	*4,876,019*	596,695	*584,355*
Equity (ii)	4,436,734	*3,718,984*	2,603,042	*2,598,438*
Total capital plus debt	8,934,764	*8,595,003*	3,199,737	*3,182,793*
Gearing ratio	50%	*57%*	19%	*18%*

(i) Debt is defined as long- and short-term borrowings, as detailed in note 18.

(ii) Equity includes all capital and reserves of the Group excluding unrealised reserves.

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Categories of financial instruments

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Financial assets				
Available-for-sale financial assets	5	*36*	-	-
Trade and other receivables including cash and cash equivalents excluding prepayment	956,708	*896,921*	1,872,639	*3,755,780*
	956,713	*896,957*	1,872,639	*3,755,780*
Financial liabilities				
Trade and other payables	798,101	*748,850*	1,580,419	*2,052,748*
Interest-bearing loans and borrowings	4,606,326	*4,997,687*	617,554	*620,022*
	5,404,427	*5,746,537*	2,197,973	*2,672,770*

At the reporting date there are no significant concentrations of credit risk for loans and receivables. The carrying amount reflected above represents the Group's maximum exposure to credit risk for the trade and other receivables.

(c) Financial risk management

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Group's financial performance. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(i) Foreign currency risk management

The Group has transactional currency exposure. It is the practice in the hospitality industry to fix tariffs yearly in advance. In order to achieve stability of tariffs in the overseas markets and as a hedge against a fall in the value of the Mauritian Rupee, contracts with tour operators are denominated in the major international currencies of the markets to which the foreign tour operators belong.

A significant number of contracts are therefore denominated in Euros, Pounds Sterling and US Dollars and invoices are raised in these currencies, with above 90% of Group's sales denominated in Euro and Pound Sterling. While protecting the enterprise against any fall in the parity of the Mauritian Rupee, it exposes it to a fall in revenue should the Rupee appreciate against one or more of the international currencies.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Financial risk management (Cont'd)

(i) Foreign currency risk management (Cont'd)

Management also tries to minimise effects of changes in exchange rates by entering in forward contracts. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operation is managed primarily through borrowings denominated in the relevant foreign currencies.

The currency profile of the financial assets and financial liabilities, excluding equity investments in subsidiaries and associates and retirement benefit obligations, at 30 June 2014 and at 30 June 2013 is as follows:

	THE GROUP		THE COMPANY	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs'000	Rs'000	Rs'000	Rs'000
June 2014				
Euro	188,521	1,578,983	666,239	101,829
Pound Sterling	78,041	4,734	5,438	-
US Dollar	234,456	1,618,922	363,817	394,674
Other foreign currencies	1,376	5,526	-	-
Total foreign currencies	502,394	3,208,165	1,035,494	496,503
Mauritian Rupee	454,319	2,196,262	837,145	1,701,470
Total	956,713	5,404,427	1,872,639	2,197,973
June 2013				
Euro	*187,440*	*1,716,684*	*137,525*	*100,625*
Pound Sterling	*50,176*	*3,362*	*9,062*	-
US Dollar	*210,118*	*1,854,644*	*2,077*	*15,280*
Other foreign currencies	*2,291*	*137*	-	-
Total foreign currencies	*450,025*	*3,574,827*	*148,664*	*115,905*
Mauritian Rupee	*446,932*	*2,171,710*	*3,607,116*	*2,556,865*
Total	*896,957*	*5,746,537*	*3,755,780*	*2,672,770*

The following table details the Group's sensitivity to a 5% increase and decrease in the Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and equity where the Rupee depreciates 5% against the relevant currency. There would be an equal and opposite impact on the profit and other equity, if the rupee strengthens by 5% against the relevant currency.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(c) **Financial risk management (Cont'd)**

(i) Foreign currency risk management (Cont'd)

Sensitivity Analysis

EURO IMPACT

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit or loss	5,507	*5,512*	545	*838*
Equity	(41,423)	*(43,987)*	21,995	*1,006*

GBP IMPACT

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit or loss	3,902	*2,509*	272	*453*
Equity	-	-	-	-

US DOLLAR IMPACT

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit or loss	3,274	*1,845*	53	*(104)*
Equity	64,235	*47,027*	(1,596)	*764*

The equity impact of a change in rate of Euro vis-à-vis the Mauritian Rupee is attributable mainly to net investment in the subsidiary in Réunion Island and also to the hedge reserve arising on hedge accounting of Euro loan.

The equity impact of a change in rate of US$ vis-à-vis the Mauritian Rupee is attributable mainly to net investment in the subsidiary, Lux Island Resorts Maldives Ltd, and also to the hedge reserve arising on hedge accounting of US$ loan.

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Financial risk management (Cont'd)

(ii) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group analyses its interest rate exposure on a dynamic basis. The Group considers various scenarios in assessing its interest rate exposure, including refinancing, renewal of existing facilities, alternative financing and hedging. Based on these scenarios, the Group calculates the sensitivity of the Group's profit before tax to a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The interest rate profile of the Group at 30 June 2014 was:

Financial assets

	Balances with banks Interest rate	Trade receivables Interest rate
	%	%
GBP	LIBOR-1%	Nil
EURO	EURIBOR-1%	Nil
USD	LIBOR-1%	Nil
MUR	PLR - 3%	Nil

Financial liabilities

	Bank overdrafts	Loans	
	Floating interest rate	Fixed interest rate	Floating interest rate
	%	%	%
GBP	N/A	Nil	N/A
EURO	N/A	3.78% & 5.68%	EURIBOR + 1.3% - 4.5%
USD	N/A	5%	LIBOR +2.25% - 5%
MUR	PLR & PLR + 2%	9%	PLR & PLR + 2%

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivatives and non-derivatives instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Financial risk management (Cont'd)

Interest rate sensitivity analysis (Cont'd)

If interest rates had been 50 basis points higher for MUR borrowings and 0.25 basis points for EURO borrowings, the impact will be as follows:

EURO IMPACT

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit or loss	(2,752)	*(3,055)*	(255)	*(251)*
Equity	-	-	-	-

MAURITIAN RUPEE IMPACT

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit or loss	(4,082)	*(4,255)*	(1,798)	*(6,084)*
Equity	-	-	-	-

A decrease in interest rate by 50 basis points of MUR borrowings and by 25 basis points for EURO borrowings will have an equal and opposite impact of an increase in the interest rate as shown above.

(iii) Other price risks

The Group is exposed to equity price risks arising from equity investments which are not material in any case. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments.

(iv) Credit risk management

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for credit losses, estimated by the Group's management based on prior experience and the current economic environment.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The Group has subscribed to a credit protection scheme for the client portfolio of Mauritius operations with a Global Service Provider, with a view to minimise its credit risk exposure. As far as operations in Réunion Island are concerned management makes full allowance for credit losses for amounts past due for more than one year. The maximum exposure of the Group is the carrying amount as disclosed in Note 12.

With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial instruments, other receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Financial risk management (Cont'd)

(v) Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining flexibility in funding by keeping reliable credit lines available.

The Group's objective is to maintain a flexibility between continuity of funding and flexibility through the use of bank overdraft, bank loans and finance leases.

Liquidity and interest risk tables - financial liabilities - undiscounted

	THE GROUP						
	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
June 2014							
Non-interest bearing		760,703	22,500	14,900	-	-	798,103
Variable interest rate instruments	4.29%	206,073	180,378	505,169	2,661,922	776,922	4,330,464
Fixed interest rate instruments	5%,5.68%,9%	-	40,986	110,693	890,362	55,608	1,097,649
		966,776	243,864	630,762	3,552,284	832,530	6,226,216
June 2013							
Non-interest bearing		*665,366*	*83,490*	-	-	-	*748,856*
Variable interest rate instruments	*4.72%*	*95,740*	*121,579*	*477,482*	*2,617,282*	*1,550,008*	*4,862,091*
Fixed interest rate instruments	*5%,5.68%,9%*	-	*45,921*	*112,797*	*906,293*	*89,894*	*1,154,905*
		761,106	*250,990*	*590,279*	*3,523,575*	*1,639,902*	*6,765,852*

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Financial risk management (Cont'd)

(v) Liquidity risk management (Cont'd)

Liquidity and interest risk tables - financial liabilities - undiscounted

	THE COMPANY						
	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
June 2014							
Non-interest bearing		37,233	-	-	-	-	37,233
Variable interest rate instruments	5.00%	3,747	6,116	1,561,533	83,422	17,390	1,672,208
Fixed interest rate instrument	9.00%	-	22,500	22,500	623,750	-	668,750
		40,980	28,616	1,584,033	707,172	17,390	2,378,191
June 2013							
Non-interest bearing		*150,346*	-	-	-	-	*150,346*
Variable interest rate instruments	*6.67%*	-	*979*	*1,906,820*	*87,068*	*35,465*	*2,030,332*
Fixed interest rate instrument	*9.00%*	-	*22,500*	*22,500*	*612,500*	-	*657,500*
		150,346	*23,479*	*1,929,320*	*699,568*	*35,465*	*2,838,178*

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YEAR ENDED 30 JUNE 2014

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Financial risk management (Cont'd)

(v) Liquidity risk management (Cont'd)

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

Liquidity and interest risk tables - financial assets - undiscounted

	THE GROUP						
	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
June 2014							
Non-interest bearing		788,539	-	-	5	-	788,544
Variable interest rate instruments	7.12%	-	-	168,169	-	-	168,169
		788,539	-	168,169	5	-	956,713
June 2013							
Non-interest bearing		*544,591*	-	*228,406*	*36*	-	*773,033*
Variable interest rate instruments	*6.46%*	-	-	*123,924*	-	-	*123,924*
		544,591	-	*352,330*	*36*	-	*896,957*

	THE COMPANY						
	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
June 2014							
Non-interest bearing		27,449	-	-	-	-	27,449
Variable interest rate instruments	4.00%	-	-	1,845,190	-	-	1,845,190
		27,449	-	1,845,190	-	-	1,872,639
June 2013							
Non-interest bearing		*40,187*	-	-	-	-	*40,187*
Variable interest rate instruments	*4.00%*	-	-	*3,715,593*	-	-	*3,715,593*
		40,187	-	*3,715,593*	-	-	*3,755,780*

(d) Fair value of financial instruments

Except where stated elsewhere, the carrying amounts of the Group's and the Company's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2014

41. FINANCIAL SUMMARY

	Year ended 30 June 2014 Rs'000	Year ended 30 June 2013 Rs'000	Year ended 30 June 2012 Rs'000	Six months ended 30 June 2011 Rs'000
(a) THE GROUP				
Non-current assets	9,253,438	*8,801,104*	*9,012,678*	*9,143,188*
Current assets	1,088,758	*1,046,485*	*1,065,918*	*1,193,032*
Issued capital	1,140,346	*1,140,346*	*1,140,346*	*1,140,346*
Share premium account	391,819	*391,819*	*391,819*	*391,819*
Treasury Shares	(18,081)	*(18,081)*	*(18,081)*	*(18,081)*
Revaluation and other reserves	1,831,456	*1,337,603*	*1,330,011*	*1,339,963*
Current liabilities	1,662,417	*1,398,298*	*1,365,408*	*1,675,756*
Non-current liabilities	4,243,045	*4,741,847*	*5,116,934*	*5,167,757*
Retained earnings	967,722	*754,119*	*650,146*	*550,936*
Revenue	4,212,199	*3,771,263*	*3,714,030*	*3,095,265*
Profit before taxation	329,791	*145,407*	*14,256*	*45,947*
Profit attributable to equity holders of the parent	271,262	*103,324*	*26,896*	*6,559*
Dividends	56,874	-	-	-

	Year ended 30 June 2014 Rs'000	Year ended 30 June 2013 Rs'000	Year ended 30 June 2012 Rs'000	Six months ended 30 June 2011 Rs'000
(b) THE COMPANY				
Non-current assets	2,934,101	*1,524,079*	*1,552,917*	*1,555,739*
Current assets	1,872,994	*3,756,724*	*3,681,619*	*2,955,344*
Issued capital	1,140,346	*1,140,346*	*1,140,346*	*1,140,346*
Share premium account	391,819	*391,819*	*391,819*	*391,819*
Treasury shares	(18,081)	*(18,081)*	*(18,081)*	*(18,081)*
Revaluation and other reserves	48,271	*31,174*	*34,633*	*114,318*
Retained earnings	1,040,687	*1,053,180*	*1,008,320*	*265,796*
Current liabilities	1,604,844	*2,061,205*	*1,348,872*	*1,603,096*
Non-current liabilities	599,209	*621,160*	*1,328,687*	*1,146,504*
Revenue	185,017	*270,236*	*832,137*	*114,456*
Profit/(loss) before taxation	42,051	*44,368*	*654,483*	*(59,792)*
Profit/(loss) after taxation	44,381	*44,860*	*668,795*	*(59,292)*
Dividends	56,874	-	-	-

NOTICE TO SHAREHOLDERS

Notice is hereby given that the Annual Meeting of Shareholders of the Company will be held at its Registered Office, Pierre Simonet Street, Floreal, on Thursday 11th December 2014 at 9:30 hours with the following agenda:

Resolutions

1. To consider and approve the audited financial statements for the year ended 30th June 2014
2. To receive the auditors report
3. To consider the annual report
4. To ratify the dividend declared by the Board of Directors on 14th May 2014 for the financial year ended 30th June 2014
5. To re-elect Mr Arnaud Lagesse as Director of the Company
6. To re-elect Mr Jean de Fondaumière as Director of the Company
7. To re-elect Mr J. Cyril Lagesse as Director of the Company under Section 138(6) of the Act
8. To appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration
9. To ratify the remuneration paid to the auditors for the year ended 30th June 2014

By Order of the Board

Désiré Elliah
LUX Hospitality Ltd
Secretary

25th November 2014

A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy (in the case of an individual shareholder) or a representative (in the case of a shareholder company, by way of a written board resolution), whether a member or not, to attend and vote on his behalf.

The instrument appointing a proxy, any general power of attorney or the written resolution appointing a representative should reach the Group Company Secretary, Pierre Simonet Street, Floreal, Mauritius, not less than twenty-four hours before the time appointed for the holding of the meeting or adjourned meeting. In default, the instrument of proxy shall not be treated as valid.

A proxy form is included in this annual report and is also available at the registered office of the Company.

For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120 (3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend such meeting shall be those shareholders whose names are registered in the share register of the Company as at 13th November 2014.

This notice is issued pursuant to Listing Rule 11.16.

The Board of Lux Island Resorts Ltd accepts full responsibility for the accuracy of the information contained in this notice.

PROXY FORM

I / We ______________________________ of ______________________________

being a shareholder of Lux Island Resorts Ltd hereby appoint ______________________________

of ______________________________ or failing him/her, ______________________________

of ______________________________ as my / our proxy to vote for me / us on my / our behalf at the Annual Meeting of Shareholders of the Company to be held at the Registered Office, Pierre Simonet Street, Floreal on Thursday 11th December 2014 commencing at 9:30 hours and at any adjournment thereof.

I/We direct my/our proxy to vote in the following manner:

Vote with a tick

		RESOLUTIONS	
		FOR	AGAINST
1.	To consider and approve the audited financial statements for the year ended 30th June 2014	☐	☐
2.	To receive the auditors report	☐	☐
3.	To consider the annual report	☐	☐
4.	To ratify the dividend declared by the Board of Directors on 14th May 2014 for the financial year ended 30th June 2014	☐	☐
5.	To re-elect Mr Arnaud Lagesse as Director of the Company	☐	☐
6.	To re-elect Mr Jean de Fondaumière as Director of the Company	☐	☐
7.	To re-elect Mr J. Cyril Lagesse as Director of the Company under Section 138(6) of the Act	☐	☐
8.	To appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration	☐	☐
9.	To ratify the remuneration paid to the auditors for the year ended 30th June 2014	☐	☐

Signed this ______________________________ Signature ______________________________

Registered Office - Pierre Simonet Street Floreal

NOTES

NOTES

GML

Think Green

As part of its ongoing programme to help protect the environment and within the context of the GML "Think Green" initiative, GML companies have chosen to use Lenza Green paper for their Annual Reports.

Lenza Green paper is made from 100% recycled pulp, certified FSC (Forest Stewardship Council).

FSC is an international, non-governmental, non-profit making organisation created in 1993. It encourages socially, ecologically and economically responsible forestry management initiatives.

Detailed Environmental Profile

Fibre source:	40 / 40
Fossil CO2 emissions from manufacturing:	18 / 20
Waste to landfill:	10 / 10
Water pollution from bleaching:	10 / 10
Organic water pollution:	9 / 10
Environmental management systems:	10 / 10

* LIGHTER. BRIGHTER.