LUX*

RESORTS & HOTELS

INTEGRATED ANNUAL REPORT | 2018

FOR LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES

Dear Stakeholders,

The Board of Directors is pleased to present the Integrated Annual Report of Lux Island Resorts Ltd and its subsidiaries for the year ended 30th June 2018. This report was approved by the Board of Directors on 28th September 2018.

ARNAUD LAGESSE
Chairman

CONTENT

To help people celebrate life and enjoy a lighter, brighter holiday experience, we've rethought luxury travel for a truly unique getaway.

GRI 102-1

GROUP STRUCTURE
as at reporting date

LUX ISLAND RESORTS LTD
HOLDING

LUX* Resorts & Hotels helps people celebrate life by delivering consistently on the promise of a different kind of luxury; hospitality that is lighter. brighter.

INTEGRATED ANNUAL REPORT **2018**

- 89.92% **The Lux Collective Ltd** – Management & Secretarial Company
  - 100% **Lux Island Resorts (Seychelles) Ltd** – Management Company
  - 100% **LIRTA Ltd** – Training Academy
  - 100% **Island Light Vacations Ltd** – Online Tour Operator
  - 100% **Lux Hotel Management (Shanghai) Co Ltd** – Management Company
  - 100% **Salt Hospitality Ltd** – Operator - SALT of Palmar
  - 100% **Palm Boutique Hotel Ltd** – Boutique Operator
  - 100% **The Lux Collective Pte Ltd** – Singapore Office
- 100% **Holiday & Leisure Resorts Limited** – Operator - Merville Beach Hotel & LUX* Grand Gaube
  - 100% **Merville Ltd** – Property Owner - Merville Beach Hotel
- 100% **Café LUX Ltd** – Operator - Café Lux*
- 100% **Lux Island Resorts (UK) Limited** – London Office
- 100% **Blue Bay Tokey Island Limited** – Property owner of Ile des Deux Cocos
- 100% **Beau Rivage Co Ltd** – Operator - LUX* Belle Mare
- 100% **Les Pavillons Resorts Ltd** – Operator - LUX* Le Morne
  - 100% **MSF Leisure Company Ltd** – Nautical Centre Le Morne
  - 100% **Océanide Limited** – Investment Company
    - 100% **Néréide Limited** – Operator - Tamassa
- 100% **SAS Hôtel Prestige Réunion** – Investment Company
  - 100% **SA Les Villas du Lagon** – Operator - LUX* Saint Gilles
    - 100% **SNC Saint Paul** – Property owner LUX* Saint Gilles
  - 100% **SAS Le Récif** – Operator - Hôtel Le Récif
- 100% **Lux Island Resorts Maldives Ltd** – Investment Company
  - 100% **White Sands Resort & Spa Pvt Ltd** – Operator - LUX* South Ari Atoll

Please refer to page 210 of the Financial Statements for the full list of subsidiaries

GRI 102-3, 102-4,105-5, 102-45

BOARD AND COMMITTEES

BOARD OF DIRECTORS

DIRECTORS

Arnaud Lagesse *(Chairman)*
Paul Jones *(Chief Executive Officer)*
Jean-Claude Béga
Jan Boullé *(appointed on 12.04.18)*
Laurent de la Hogue
Désiré Elliah
Pascale Lagesse
Thierry Lagesse
Reshan Rambocus *(appointed on 01.07.18)*
Maxime Rey

Stéphane Lagesse *(resigned on 13.12.17)*
Jean de Fondaumière *(resigned on 01.07.18)*
Amaury Lagesse *(resigned as Alternate to Stéphane Lagesse on 13.12.17)*

ALTERNATE DIRECTOR

Dev Poolovadoo

AUDIT & RISK COMMITTEE

Reshan Rambocus *(appointed as Chairman on 01.07.18)*
Jean Claude Béga
Jan Boullé *(appointed on 12.04.18)*
Maxime Rey

Jean de Fondaumière *(resigned as Chairman and member on 01.07.18)*
Stéphane Lagesse *(resigned on 13.12.17)*

CORPORATE GOVERNANCE AND NOMINATION COMMITTEE

Arnaud Lagesse *(Chairman)*
Alexis Harel
Christof Zuber

REMUNERATION COMMITTEE

Christof Zuber *(Chairman)*
Arnaud Lagesse
Alexis Harel

Jean de Fondaumière *(resigned on 01.07.18)*

COMPANY SECRETARY

The Lux Collective Ltd

MANAGEMENT AND ADMINISTRATION

EXECUTIVE COMMITTEE

Paul Jones – Chief Executive Officer
Désiré Elliah – Chief Financial Officer
Julian Hagger – Chief Sales and Marketing Officer
Marie-Laure Ah-You – Chief Strategy Officer
Nicolas Autrey – Chief Human Resources Officer
Nitesh Pandey – Senior Vice-President
(in charge of Tamassa, SALT and Ile des Deux Cocos)
Dominik Ruhl- Chief Operating Officer
Guillaume Valet – Group Head of Legal, Secretarial and Corporate Affairs

CHIEF INTERNAL AUDITOR

Pritila Joynathsing-Gayan

SENIOR MANAGERS

Jonas Amstad – General Manager – LUX* South Ari Atoll
Stephan Anseline – General Manager – Tamassa
Stephane Baras – General Manager –
LUX* Saint Gilles and Hôtel Le Récif
Jérémie de Fombelle – General Manager – LUX* Le Morne
Joséphine de Ravel – Retail Manager – LUX* Boutiques
Tony Duval - General Manager - Merville Beach
Caroline Gaud Perrier – Group Marketing Manager
Tobi Kuhlang – Head of Global Revenue Management
Walter Lanfranchi – Vice-President – Food and Beverage
Lili Li – Senior Business Development Manager
Kerensa Langitan – Group Spa and Wellness Manager
Brice Lunot - General Manager – LUX*Grand Gaube
Axelle Mazery – Group Press and Public Relations Manager
Dave Minten – Corporate Chef
Ashish Modak - General Manager – LUX*Belle Mare
Smita Modak – Group Training Manager
Hakan Oral – General Manager – LUX* Bodrum
Vishnee Sowamber – Group Sustainability and CSR Manager
Sydney Pierre – Head of Worldwide Sales
Dev Poolovadoo – Group Financial Controller
Darnen Ramassami – Group IT Manager
Hurrydeo Ramlagun – Financial Reporting Manager
Raj Reedoy – General Manager – Salt of Palmar
Ruben Thumiah – Regional Financial Controller

LEGAL ADVISORS

Clarel Benoit
André Robert
Hervé Duval

COMMUNICATION ADVISOR

Blast Communications Ltd

AUDITORS

Ernst & Young, Chartered Accountants

REGISTERED OFFICE

Pierre Simonet Street
Floreal
Mauritius

NOTARY

Jean Pierre Montocchio

REGISTRY AND TRANSFER OFFICE

The Lux Collective Ltd
Pierre Simonet Street
Floreal
Mauritius

BANKERS

ABC Banking Ltd
AfrAsia Bank Ltd
Bank One Limited
Barclays Bank Plc
Bank of Ceylon
Banque Française Commerciale Océan Indien
Caisse d'Epargne-Provence-Alpes-Corse
HSBC Limited (Mauritius, UK, Germany, Maldives)
Maubank Ltd
MCB Seychelles
State Bank of Mauritius Ltd
Standard Bank (Mauritius) Ltd
State Bank of India (Mauritius) Ltd
The Mauritius Commercial Bank Ltd

INTEGRATED ANNUAL REPORT **2018**

DIRECTORSHIPS

	Beau Rivage Co Ltd	Blue Bay Tokey Island Limited	Café LUX Ltd	FMM LTEE	Holiday & Leisure Resorts Limited	Hotel Prestige Réunion SAS	Island Light Vacations Ltd	LUX Resorts Ltd	Les Pavillons Resorts Ltd	LTK Ltd	Lux Island Resorts Foundation
Ah-You Marie Laure											
Autrey Nicolas											
Baras Stéphane											
Béga Jean-Claude											
Boullé Jan (appointed on 12.04.18)											
De La Hogue Laurent											
Elliah Désiré	√	√		√	√		√	√	√	√	√
Hagger Julian											
Harel Alexis	√	√	√					√	√		
Hoareau Daniella											
Ibrahim Bin Hani Abdul											
Jones Paul	√	√	√	√	√	√	√	√	√	√	√
Lagesse Arnaud	√	√	√	√	√			√	√	√	
Lagesse Pascale											
Lagesse Thierry											
Liu Léon											
Mein Marie Antoinette Gemma											
Olbertz Hans											
Poolovadoo Dev											
Rambocus Reshan (appointed on 01.07.18)											
Rey Maxime											
Valet Guillaume											
Zuber Christof											
Bernadette Suzanne Julie (Alternate to Daniella Hoareau and Marie Antoinette Gemma Mein)											
Ruhl Dominik (Alternate to Marie Laure Ah-You)											

	Lux Island Resorts Ltd	Lux Island Resorts Maldives Ltd	Lux Island Resorts Seychelles Ltd	Lux Island Resorts UK Limited	LIRTA Ltd	The Lux Collective Ltd	Lux Hotel Management (Shanghai) Co Ltd	Les Villas du Lagon SA	Le Récif SAS	Merville Beach Hotel Ltd	Merville Limited	MSF Leisure Company Ltd	Naiade Holidays (Proprietary) Limited	NéréideLimited	Océanide Limited	Palm Boutique Hotel Ltd	Salt Hospitality Ltd	The Lux Collective Pte Ltd	White Sands Resort & Spa Pvt Ltd
Ah-You Marie Laure						√												√	
Autrey Nicolas					√														
Baras Stéphane								√	√										
Béga Jean-Claude	√																		
Boullé Jan (appointed on 12.04.18)	√																		
De La Hogue Laurent	√																		
Elliah Désiré	√	√ (1)	√ (1)	√	√	√	√	√		√	√	√	√	√ (1)	√ (1)		√		√ (2)
Hagger Julian						√	√												
Harel Alexis						√													
Hoareau Daniella		√	√																
Ibrahim Bin Hani Abdul																		√	
Jones Paul	√				√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Lagesse Arnaud	√	√	√	√		√				√	√	√		√	√	√	√		√
Lagesse Pascale	√																		
Lagesse Thierry	√																		
Liu Léon																			√
Mein Marie Antoinette Gemma		√	√																
Olbertz Hans						√													
Poolovadoo Dev	√ (3)															√			
Rambocus Reshan (appointed on 01.07.18)	√																		
Rey Maxime	√																		
Valet Guillaume																√			
Zuber Christof						√													
Bernadette Suzanne Julie (Alternate to Daniella Hoareau and Marie Antoinette Gemma Mein)		√	√																
Ruhl Dominik (Alternate to Marie Laure Ah-You)						√													

(1) Désiré Elliah - Alternate to Arnaud Lagesse
(2) Désiré Elliah - Alternate to Arnaud Lagesse and Léon Liu
(3) Dev Poolovadoo - Alternate to Désiré Elliah

Note :
Stéphane Lagesse resigned from Lux Island Resorts Ltd on 13.12.17
Amaury Lagese resigned as Alternate to Stéphane Lagesse on Lux Island Resorts Ltd on 13.12.17
Jean de Fondaumière resigned from Lux Island Resorts Ltd on 01.07.18
Noor Hasna D/O Jani resigned from The Lux Collective Pte Ltd on 23.08.18

DIRECTORS' PROFILES

ARNAUD LAGESSE

Arnaud Lagesse is the Group CEO of IBL Ltd. He holds a Master's in Management from the Université d'Aix-Marseille, France and graduated from the Institut Supérieur de Gestion de Paris. He also completed an Executive Education Program at INSEAD, France, an Advanced Management Program (AMP180) at Harvard Business School, United States, and a Breakthrough Executive Program with Egon Zender/Mobius in Portugal.

He started his career at IBL Ltd (formerly known as GML) in 1993 as Finance and Administrative Director, before being appointed Chief Executive Officer in August 2005. Ten years later, following the amalgamation of GML Investissement Ltée and Ireland Blyth Limited on 01 July 2016, he was appointed as Group CEO of the newly formed entity, IBL Ltd.

He is also the founder and Chairman, since July 2012, of the Group's Foundation (Fondation Joseph Lagesse) and an Executive Director of IBL Ltd. He is a member of the Board of Directors of several of the country's major companies listed on the Stock Exchange of Mauritius and is the Chairman of Phoenix Beverages Ltd and Lux Island Resorts Ltd inter alia. He was President of the National Committee on Corporate Governance in Mauritius, of the Chamber of Agriculture, of the Mauritius Sugar Producers' Association and of the Sugar Industry Pension Fund.

He was appointed as Non-Executive Chairman of the Company in October 2003 and is a member of the Remuneration Committee and the Chairman of the Corporate Governance and Nomination Committee of the Company.

Directorships in other listed companies :*Alteo Limited, BlueLife Limited, IBL Ltd, Phoenix Beverages Limited, The United Basalt Products Ltd, Phoenix Investment Company Ltd*

PAUL JONES

With more than four 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 Resorts, where he was instrumental in successfully launching and growing the brand internationally.

Recognised 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 Saint Michael and Saint 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 overseas the Company's overall strategic direction, spearheading the Group's global development plans.

He is personally involved in every aspect of the business, ensuring that the concept development of each new property not only respects the ethos of the LUX* brand but is also innovative, thereby drawing a distinctive differentiated approach to hospitality.

He successfully completed the Final Membership of the HCIMA at Courtfield, part of Blackpool Technical College, and holds an MBA with distinction from the University of Surrey. He followed the Program for Management Development (PMD) at The Harvard Business School and is a Fellow of the Institute of Hospitality in the UK.

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

Directorships in other listed companies: *None*.

DESIRE ELLIAH

Désiré worked at De Chazal Du Mee from 1984 to 2002 and became a partner of the Audit and Business Advisory Department in 1997. He was in charge of a portfolio of prestigious clients operating in most sectors of the Mauritian economy and acted as financial adviser on a number of World Bank-financed projects in mainland Africa. Désiré was the Deputy Head of the Corporate Finance Division and has extensive experience in feasibility studies, financial restructuration, share/business valuation and due diligence reviews.

He joined the Company in 2003 as Chief Financial Officer. During his career with LUX*, Désiré has gained significant executive experience in numerous aspects of the tourist industry. He has also been closely involved with the Group's corporate development including equity and debt financing, and a wide range of other corporate transactions, including acquisitions, developments and disposals. He has served for seven years as Non-Executive Director of Golden Agri Resources Ltd, a company engaged in palm oil production and listed on the Stock Exchange of Singapore. He also sits on the Board and is a member of the Finance Commission of the *Association des Hoteliers et Restaurateurs de l'Ile Maurice*.

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

Directorship in other listed companies: *None*

LAURENT DE LA HOGUE

Laurent de la Hogue holds a Master's degree in Management and Finance from the *Ecole Supérieure de Gestion et Finance* in Paris, France. He joined GML Management Ltée in 2001 as Treasurer for the setting up of the Group Central Treasury Management Unit and then occupied the position of Finance Executive – Corporate and Treasury in 2011 where he was involved in the development of projects. He was appointed Head of Financial Services of IBL Ltd on 1 July 2016.

Laurent de la Hogue is currently the Chairman of IBL Treasury Ltd, AfrAsia Capital Management Ltd and LCF Securities Ltd.

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

Directorship in other listed companies: *The United Basalt Products Ltd and Mauritian Eagle Insurance Ltd*.

PASCALE LAGESSE

Pascale Lagesse is an experienced lawyer who handles domestic and international matters for large corporations. She has been a Partner with the Paris law firm, Bredin Prat, since 2008 where she advises international corporate clients on a wide range of legal issues, with a particular focus on the employment aspects of mergers and acquisitions and corporate restructurings.

Pascale graduated from the University of Paris II Panthéon-Assas with a *Maîtrise en Carrières Judiciaires*. She also holds a *DEA en Droit Privé* from the University Paris I Panthéon-Sorbonne.

A member of the Paris Bar since 1989, she has had an illustrious legal career having worked at some of the city's most prestigious law firms, including the Paris office of a Magic Circle firm.

A frequent speaker and author of legal publications, she is recognizsd as one of the leading labour and employment lawyers on the French market. In 2013, she was the recipient of the Outstanding Contribution to the Legal Profession Award by Chambers Europe.

She is involved in a variety of international legal organisations and associations. She also holds numerous officer-level positions with the International Bar Association and is the immediate Past Chair of the Global Employment Institute, a Council Member of the Legal Practice Division and a Section Member on the Public and Professional Interest Advisory Board. She was the Chair of the Employment and Industrial Relations Law Committee from 2010-2011.

She plays an active role in the development of the legal profession in France, and is presently the *Responsable Pédagogique du Parcours de Droit Social* at the Paris Bar School and a Member of the *Conseil Académique et Commission de la Recherche du Conseil Académique* of the University of Paris II Panthéon Assas. She was elected to the National Bar Council of France in 2005.

She was appointed as a Director of the Company in April 2017.

Directorships in other listed companies: *None*

DIRECTOR'S PROFILE

JEAN-CLAUDE BEGA

Born in 1963, Jean-Claude Béga is a Fellow of the Association of Chartered Certified Accountants.

Jean-Claude Béga joined IBL Ltd – formerly known as GML - in 1997 and has been nominated as Group Head of Financial Services and Business Development in July 2016 and as Executive Director of IBL Ltd in August 2018. He currently heads IBL Group's financial services and business development activities including M&A, Strategic Initiatives and Integration. He is also the Non-Executive Chairman of The Bee Equity Partners Ltd, Mauritian Eagle Insurance Co. Ltd, DTOS Ltd, Anahita Estates Limited and Anglo African Investments Ltd and a Non-Executive Director of Alteo Limited, Phoenix Beverages Limited, Afrasia Bank Limited and some other companies.

He was appointed as Director and member of the Audit & Risk Committee of the Company in June 2004.

Directorships in other listed companies: *Executive Director of IBL Ltd, Non-Executive Chairman of The Bee Equity Partners Ltd and Mauritian Eagle Insurance Co. Ltd, Non-Executive Director of Alteo Limited and Phoenix Beverages Limited.*

THIERRY LAGESSE

Thierry Lagesse holds a *Maîtrise des Sciences de Gestion* from the University of Paris Dauphine. He has previously been the Non-Executive Chairman of IBL, Alteo Ltd, Phoenix Beverages Ltd and United Basalt Products Ltd. He is presently a director of several well-known companies listed on the Stock Exchange of Mauritius - Alteo Limited, IBL Ltd, , Phoenix Beverages Limited, The United Basalt Products Ltd, Phoenix Investment Company Limited and The Bee Equity Partners Ltd. He is also the Executive Chairman and Founder of the Palmar Group, a textile and garment export-oriented manufacturing company, and Executive Chairman of the Parabole Group (directto-home satellite TV broadcaster).He was appointed as Director of the Company in July 2016.

Directorship in other listed companies: *Alteo Limited, The Bee Equity Partners Ltd, IBL Ltd, Phoenix Beverages Limited, Phoenix Investment Company Limited, The United Basalt Products Ltd .*

RESHAN RAMBOCUS

Reshan Rambocus has significant industry expertise by virtue of his directorships on a number of boards – listed and unlisted companies – and his membership on various investment committees. Reshan is a former partner with Ernst & Young Mauritius. Prior to that, he was the Chief Financial Officer for HSBC Mauritius. He was appointed as a Director of the Company and as Chairman of the Audit and Risk Committee in July 2018.

Directorship in other listed companies: *Phoenix Beverages Ltd*.

JAN BOULLE

Jan Boullé is an "Ingénieur Statisticien Economiste" (France) and holds a *Diplôme de 3ème Cycle de Sciences Economiques* from Université Laval, Canada.

He worked for the Constance Group from 1984 to 2016 and occupied various executive positions and directorships, his latest position being Group Head of Projects and Development.

He was appointed Non-Executive Chairman of IBL Ltd on 1 July 2016 and is also a member of the Board of Directors of several major companies within the IBL Group.

He was appointed as a Director of the Company and a member of the Audit and Risk Committee in April 2018.

Directorships in other listed companies: *Alteo Ltd, Bluelife Limited, IBL Ltd, Phoenix Beverages Limited, Phoenix Investment Company Limited and The Bee Equity Partners Ltd*.

MAXIME REY

Maxime Rey qualified as an accountant and started his career in 1973 in Mauritius in auditing before joining the Sugar Industry. He moved to South Africa in 1981, where 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 Swan Group, one of the market leaders in the local insurance sector, becoming Senior Manager - Group Finance, Loans & Legal until he retired in 2016. He is a director of a number of companies listed on the Stock Exchange of Mauritius and operating in the commercial, investment, sugar and tourism sectors.

He was appointed as a Director of the Company in September 2012 and is a Member of the Audit & Risk Committee.

Directorship in other listed companies: *Belle Mare Holding Ltd, Constance La Gaieté Company Ltd, IBL Ltd, MFD Group Ltd and Tropical Paradise Company Ltd*.

ALTERNATE DIRECTOR'S PROFILE

DEODASS POOLOVADOO

Born in 1962, Deodass Poolovadoo was one of the first people to join the company in 1990. He is a Qualified Accountant and is the Group Financial Controller responsible for the financial management of the Company and its subsidiaries.

He was appointed as Alternate Director to Désiré Elliah in August 2009.

Directorship in other listed companies: *None*

THE LUX COLLECTIVE LTD BOARD OF DIRECTORS

Julian Hagger | Christof Zuber | Paul Jones | Marie Laure Ah-You | Arnaud Lagesse | Alexis Harel | Hans Olbertz | Desire Elliah

THE LUX COLLECTIVE LTD BOARD OF DIRECTORS

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 Mee, then occupied managerial positions 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 Managing Director. He is an Executive Director of Terra Mauricia. He also serves as Director of Rehm Grinnaker Construction Co Ltd, Terragri and Grays Distilling amongst others.
He was appointed as Director of Lux Island Resorts Ltd and as Chairman of the Audit Committee in April 2004, then as Chairman of the Corporate Governance Committee in April 2005. He resigned from the Board of Lux Island Resorts Ltd and its Audit and Corporate Governance Committees in November 2015 to be appointed on the Board of its Management Company, The Lux Collective Ltd, where he actually sits as Director.

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

HANS OLBERTZ

German, born in 1952 Hans Olbertz graduated with a diploma as hotel Economist from the school of Hotel Administration of Business management Hotel Industry, Berlin, Germany.
He also holds a diploma in Hotel Management from the Hotel school Bad Reichenhall, Germany.
Hans Olbertz is a very experienced international hotelier for over 40 years.
He joined Intercontinental Hotels in 1973 after his apprenticeship and worked in Germany, England, Thailand, China, Egypt, Jordan, Greece, Austria, Korea and the United Arab Emirates.
He was holding several Senior Executive and Area President positions with Intercontinental hotels in the 34 years with the group.
In 2008 Hans Olbertz joined the Kempinski Hotel Group and he was managing the prestigious Emirates Palace for over 3 years before he moved to Vienna to open the new Kempinski Hotel in 2013.
Hans Olbertz is holding since 2013 several board positions in hotel companies and in the hospitality industry around the world and is actually acting as Director on the Board of The Lux Collective Ltd, the management company of the LUX* Resorts & Hotels Group, since December 2015.

Directorship in other listed companies: *None*

CHRISTOF ZUBER

Swiss, born in 1956, Christof Zuber holds a PhD in economics from University of Zurich.
After several positions in Switzerland and abroad in key account management, sales and marketing he assumed responsibility as CEO of different fast moving consumer goods companies. Two of them were publicly quoted. He gained exposure to the travel sector as CEO of Hotelplan Group, a European multi-billion Tour Operator with additional activities in Hotels and Airline Business. Today Christof Zuber is a private equity advisor and investor and assumes strategic and occasionally operational responsibilities in the travel and luxury goods sector.
He was appointed as Director of Lux Island Resorts Ltd in February 2012 and member of the Remuneration Committee and of the Corporate Governance Committee in September 2012.
Then he resigned from Lux Island Resorts Ltd in November 2015 to be appointed on the Board of its Management Company, The Lux Collective Ltd, where he actually sits as Director. He also became the Chairman of the Remuneration Committee at the same date.

Directorships in other listed companies: *None*.

MARIE-LAURE AH-YOU

Marie-Laure Ah-You brings more than 26 years of experience in Hospitality, having held both operational and corporate senior positions, first within the Sun Resorts Group and later with One&Only in Mauritius. Prior to joining LUX* Resorts as Chief Strategy Officer in 2013, she was the Global Quality Director for the One&Only Resorts Group, based in Dubai. Her career includes extensive international experience in regions such as North America, the Caribbean, the Middle East, Asia and Africa. She holds a *Maîtrise ès Sciences Economiques – Gestion des Entreprises* from the University of Paris II Panthéon-Assas, and has also attended several executive programmes at Harvard Business School, and Cambridge and Oxford Universities.
Ms Ah-You has been a member of the Board of Directors of The Lux Collective Ltd since November 2015.

Directorships in other listed companies: *None*.

JULIAN HAGGER

Julian Hagger has a rich career of some 25 years in hospitality, of which 17 years in senior management roles and at corporate level in prestigious international groups such as Belmond, Ritz-Carlton and Marriott. He is the holder of a Bachelor of Science Degree in Business Administration from Hawaii Pacific University, USA, and of a diploma in Hotel Management from the Hotel Institute of Management, Montreux, Switzerland.
Julian Hagger is responsible for driving top-line revenue for The Lux Collective Ltd portfolio of resorts and hotels as well as all aspects relating to branding and marketing for The Lux Collective, ensuring that the strategic priorities of the commercial disciplines are aligned and designed to yield profitable sales, increased market share and enhanced competitive advantage.
Julian Hagger was appointed as Director in May 2013.

Directorships in other listed companies: *None*.

ARNAUD LAGESSE

Please refer to page 14 for the profile.

PAUL JONES

Please refer to page 14 for the profile.

DESIRE ELLIAH

Please refer to page 15 for the profile.

DOMINIK RUHL (ALTERNATE TO MARIE LAURE AH-YOU)

Passionate hotelier at heart, Dominik Ruhl has spent the last 25 years in hospitality across the globe. Originally from Germany, Dominik Ruhl started his career in the United Sates, where he spent several years with Ritz Carlton, first in Cleveland and soon after at the iconic Ritz Carlton Kapalua, Hawaii. He then joined the Four Seasons Resort, Punta Mita, in Mexico before moving to the Maldives in 2000 where he led the management teams of five-star properties such as the Hilton Maldives (now Conrad), the Mirihi and the Anantara Resort.
Dominik joined LUX* Resorts & Hotels as General Manager in 2010. In 2014 he progressed to the role of Regional Director overseeing The Maldives, the Middle East and Greater China before being appointed Chief Operating Officer in 2016. Dominik Ruhl acts as Alternate Director to Marie Laure Ah You on the Board of The Lux Collective.

Directorships in other listed companies: *None*.

MANAGEMENT AND ADMINISTRATION

BUSINESS MODEL OF LUX* RESORTS & HOTELS

INPUTS/ACTIONS/ ACTIVITIES | KEY BUSINESS PROCESSES | RESULTS/ OUTCOMES

FINANCIAL CAPITAL

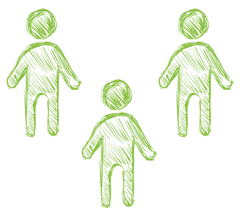
Inputs/Actions/Activities

- Manage cashflow and treasury operations
- Minimise foreign currency exposure
- Improve operational efficiency
- Ensure operational efficiency and compliance through internal control Systems
- Identify and mitigate risks, control solutions
- Develop a solid investment Relations Plan

Results/Outcomes

- Growth in Equity Value
- Increased revenue and profitability
- Expansion and growth of global footprint
- Growth in Earnings per Share
- Decrease in debts
- Rise in investment income

HUMAN CAPITAL



Inputs/Actions/Activities

- Equip employees with adequate skills to carry out operations
- Foster an ethical environment
- Establish a culturally diverse workforce
- Establish a gender-balanced workforce
- Acquire & retain skilled employees
- Initiate a rotation scheme with our global talent pool
- Effectively manage employee performance
- Protect human rights and dignity
- Implement health and safety measures
- Initiate ongoing training and development

Results/Outcomes

- Engaged Team Members
- High-quality service and enhanced guest satisfaction
- Increased loyalty
- Grooming of talented leaders
- Increased productivity
- Skilled workforce to maintain sustainable, profitable growth
- Low turnover and reduced training costs
- Decrease human resources turnover

NATURAL CAPITAL

Inputs/Actions/Activities

- Physical Location
- Ensure energy efficiency
- Reduce water use
- Increase resource productivity
- Lessen carbon footprint
- Reduce and manage waste

Results/Outcomes

- Efficient utilisation of resources
- Optimised costs
- Enhanced corporate reputation as Responsible Business
- Maximised positive impact
- Sustainable growth
- Light Footprint

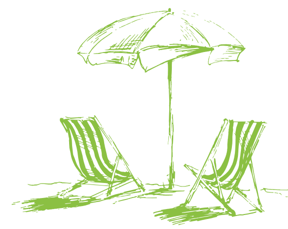
Key Business Processes

- HOTEL OPERATIONS
- FOOD AND BEVERAGES
- HOTEL MANAGEMENT
- SOCIAL RELATIONSHIP MANAGEMENT

GRI 201-1

INPUTS/ACTIONS/ ACTIVITIES | KEY SUPPORT PROCESSES | RESULTS/ OUTCOMES

PRODUCTS AND SERVICES



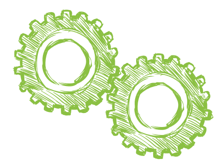
Inputs/Actions/Activities

- Carefully select destinations
- Curate innovative design and architecture
- Train and empower dedicated teams to provide services
- Establish efficient, streamlined operations & processes
- Maintain assets efficiently
- Conceive inventive Reasons To Go LUX*
- Adopt modern Information Technology
- Create innovative and differentiated experiences

Results/Outcomes

- High quality locations
- World-class resorts
- Outstanding products and services
- Improved Guest Satisfaction
- Maintenance of Brand Loyalty
- Boost Revenue
- Enhanced guest experience with Technology and Comfort
- Increased local and international guest loyalty

INTELLECTUAL CAPITAL



Inputs/Actions/Activities

- Trademarks
- Propriety knowledge
- Systems and Operations
- Leadership expertise

Results/Outcomes

- Positive brand reputation
- Innovation-driven culture
- Efficient operations with relevant policies and procedures
- Development of a culture founded on trust and respect

SOCIAL AND RELATIONSHIP CAPITAL

Inputs/Actions/Activities

- Build and nurture trust within various teams
- Deliver exceptional service to guests
- Develop strong relationships with suppliers
- Purposeful interactions with the community
- Create lasting relationships with business partners
- Consistently create value for investors and shareholders

Results/Outcomes

- Top-rated guest satisfaction
- Loyal supplier base
- Empowered community
- Increased industry participation and engagement
- Positive corporate reputation and brand loyalty
- Inclusive business

Key Support Processes

- FINANCE
- SALES AND MARKETING
- MAINTENANCE & ENGINEERING
- HUMAN RESOURCES
- INFORMATION TECHNOLOGY
- LEGAL AND SECRETARIAL
- PROPERTY DEVELOPMENT
- OPERATIONS

FINANCIAL HIGHLIGHTS & RATIOS

LUX ISLAND RESORTS & SUBSIDIARIES

INCOME STATEMENT	Year ended June 30, 2018 Rs'000	Year ended June 30, 2017 Rs'000 (Restated)	Year ended June 30, 2016 Rs'000	Year ended June 30, 2015 Rs'000	Year ended June 30, 2014 Rs'000
Total Revenue	5,850,491	*5,260,500*	*5,158,256*	*4,655,096*	*3,970,747*
EBITDA	1,162,214	*1,089,020*	*1,123,926*	*1,054,019*	*893,424*
Depreciation and amortisation	(501,819)	*(442,214)*	*(427,472)*	*(372,813)*	*(308,575)*
Operating Profit before finance charges	660,395	*646,806*	*696,454*	*681,206*	*584,849*
Finance charges	(235,109)	*(241,831)*	*(215,524)*	*(234,940)*	*(250,044)*
Share of results in associated companies	-	-	-	*5,326*	*263*
Exceptional item	75,677	*177,884*			
Profit before taxation	500,963	*582,859*	*480,930*	*451,592*	*335,068*
Taxation	(86,322)	*(75,123)*	*(62,451)*	*(67,547)*	*(53,243)*
Profit after taxation	414,641	*507,736*	*418,479*	*384,045*	*281,825*
(Loss)/profit after tax from discontinued operation		-	-	*(11,233)*	*3,124*
Non-controlling interests	74	*7,213*	*125*	*(7,064)*	*(13,687)*
Profit attributable to the Group	414,715	*514,949*	*418,604*	*365,748*	*271,262*
	RS	**Rs**	**Rs**	**Rs**	**Rs**
Earnings per share (EPS)	3.02	*3.75*	*3.06*	*2.92*	*2.38*
Dividends per share	1.25	*1.25*	*1.15*	*1.0*	*0.50*
BALANCE SHEETS	**Rs'000**	**Rs'000**	**Rs'000**	**Re-stated Rs'000**	**Rs'000**
Total assets	12,928,939	*11,538,159*	*12,223,202*	*11,616,263*	*10,342,196*
Interest bearing debt	4,882,317	*3,967,008*	*4,110,193*	*4,205,140*	*4,606,325*
Borrowing excluding overdraft	4,573,881	*3,712,064*	*3,639,019*	*3,844,461*	*4,400,252*
Total equity	6,010,297	*5,794,057*	*6,010,852*	*5,714,536*	*4,436,734*
Net Assets per share	43.82	*42.26*	*43.90*	*41.86*	*39.01*
Financial Ratios					
EBITDA Margin	20%	*21%*	*22%*	*23%*	*23%*
Interest Cover (EBITDA/Interest)	4.94	*4.50*	*5.21*	*4.49*	*3.57*
Dividend Cover	2.42	*3.00*	*2.66*	*2.92*	*4.77*
Return on equity	7%	*9%*	*7%*	*6%*	*6%*
Return on assets	3.2%	*4.5%*	*3.4%*	*3.1%*	*2.6%*
Debt to equity	0.81	*0.68*	*0.68*	*0.74*	*1.04*

FINANCIAL STATUS AT A GLANCE

Consolidated Cash Flow Statement ended 30th June 2018		Rs 000
Net cash flows from operating activities		741,962
Net cash flows used in investing activities	*(1)*	(1,421,909)
Net cash flows from financing activities	*(2)*	654,557
Net decrease in cash & cash equivalents		(25,390)
Cash and Cash equivalents on 30th June 2017		(73,609)
Cash and Cash equivalents on 30th June 2018		(98,999)

Statement of Financial Position As at 30th June 2017	
Assets	**Rs 000**
Cash and Cash Equivalents	-
Current Assets	*965,074*
Investment & Other	*1,754,868*
Property Plant and Equipment	*8,636,882*
Total Assets	*11,356,824*
Liabilities & Equities	
Cash and Cash Equivalents	*73,609*
Current liabilities	*1,966,626*
Non Current liabilities	*3,522,532*
Share Capital. Premium & Reserves	*3,879,413*
Retained Earnings	*1,912,066*
Non Controlling Interest	*2,578*
	11,356,824

Consolidated Income Statement ended 30th June 2018	Rs 000
Revenue	5,850,491
Profit for theyear	414,641
Non-controlling interest	74
Profit attributable to the group	414,715

Share Capital & Reserves As at 30th June 2018	Rs 000
Balance at 30th June 2017	3,879,413
Foreign exchange and other reserves	(43,848)
Balance at 30th June 2018	3,835,565

Retained Earnings As at 30th June 2018	Rs 000
Balance at 30th June 2017	1,912,066
Total Earnings for the year	414,715
Other movement	17,823
Dividend declared	(171,395)
Balance at 30th June 2018	2,173,209

Statement of Financial Position at 30th June 2018	
Assets	**Rs 000**
Cash and Cash Equivalents	-
Current Assets	1,031,056
Investment & Other	1,841,571
Property Plant and Equipment	9,846,875
Total Assets	12,719,502
Liabilities & Equit es	
Cash and Cash Equivalents	98,999
Current liabilities	2,307,541
Non Current liabilities	4,302,665
Share Capital. Premium & Reserves	3,835,565
Retained Earnings	2,173,209
Non Controlling Interest	1,523
	12,719,502

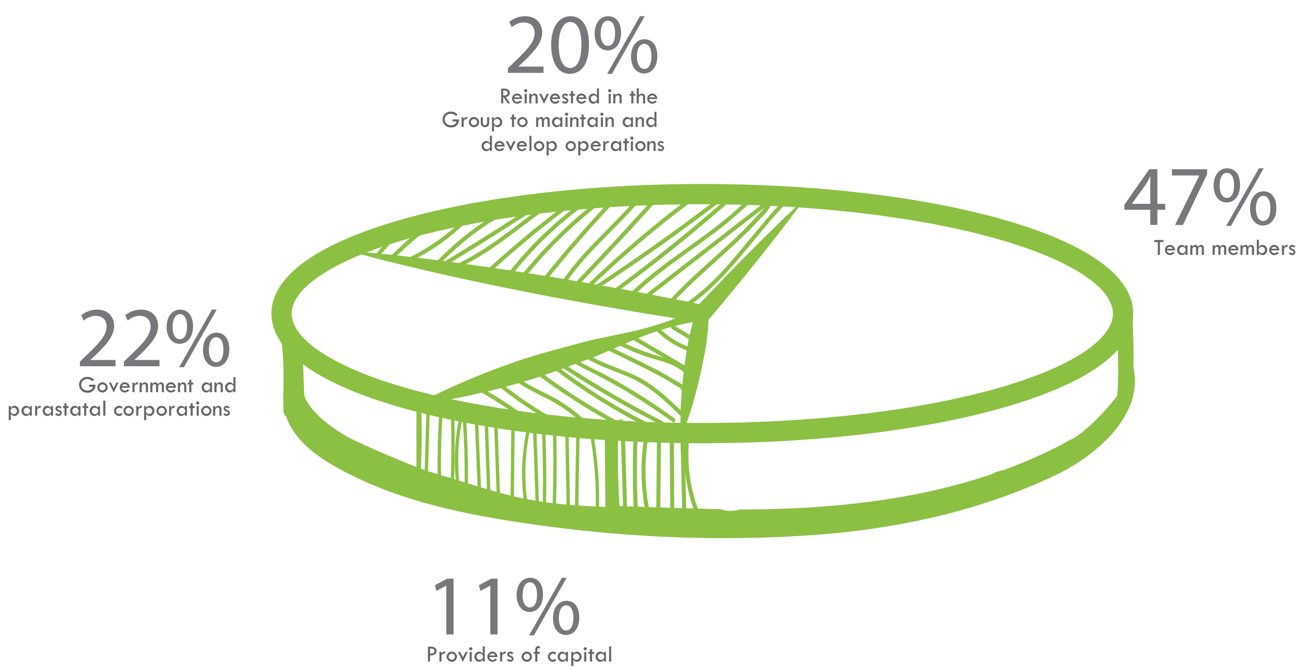
Notes

(1) Net cash used in investing activities is mainly in respect of capital expenditure incurred during the year for the renovation of LUX* Grand Gaube.

(2) Net cash flows from financing activities is in respect of loan received for the renovation of LUX* Grand Gaube net of repayment of other loans.

VALUE ADDED STATEMENT

VALUE ADDED STATEMENTS 2018



GRI 201-1

YEAR ENDED 30 JUNE 2018

	Year ended 30 June 2018 Rs000	Year ended 30 June 2017 Rs000
Revenue	5,925,409	*5,438,384*
Value Added Tax	588,083	*619,111*
Total revenue	6,513,492	*6,057,495*
Paid to suppliers for materials and services	2,892,180	*2,488,295*
Value added	3,621,312	*3,569,199*
Exceptional items	75,677	-
Total wealth created	3,696,989	*3,569,199*
Distributed as follows:		
Members of staff		
Salaries and other benefits	1,723,183	*1,570,403*
Providers of capital		
Dividends to ordinary shareholders	171,395	*171,381*
Interest paid on borrowings	235,109	*241,831*
(Loss)/ Profit attributable to non-controlling interests	(74)	*(7,213)*
	406,430	*405,999*
Government and parastatal corporations		
Value Added Tax	588,083	*619,111*
Income tax (Current and deferred)	86,322	*75,123*
Environmental Protection fee	27,611	*29,094*
Licences, permits and levies	6,714	*6,104*
Lease costs	113,507	*77,583*
	822,237	*807,015*
Reinvested in the Group to maintain and develop operations		
Depreciation and amortisation	501,819	*442,214*
Retained profit	243,320	*343,568*
	745,139	*785,782*
Total Wealth Distributed and Retained	3,696,989	*3,569,199*

LUX* RESORTS & HOTELS AWARDED 'BEST HOSPITALITY GROUP OF THE YEAR' AT THE 'ILE MAURICE TOURISME AWARDS 2018'.

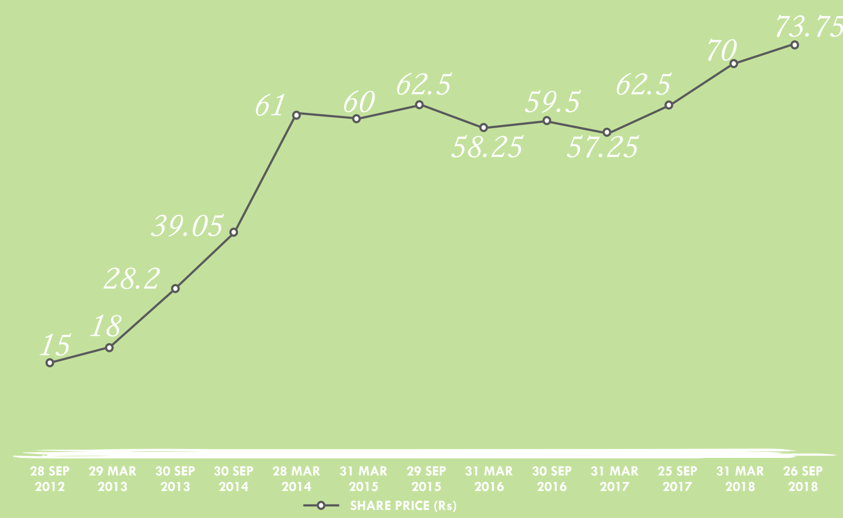
FINANCIAL HIGHLIGHTS

REVENUE AND TRAINING HOURS PER TEAM MEMBER

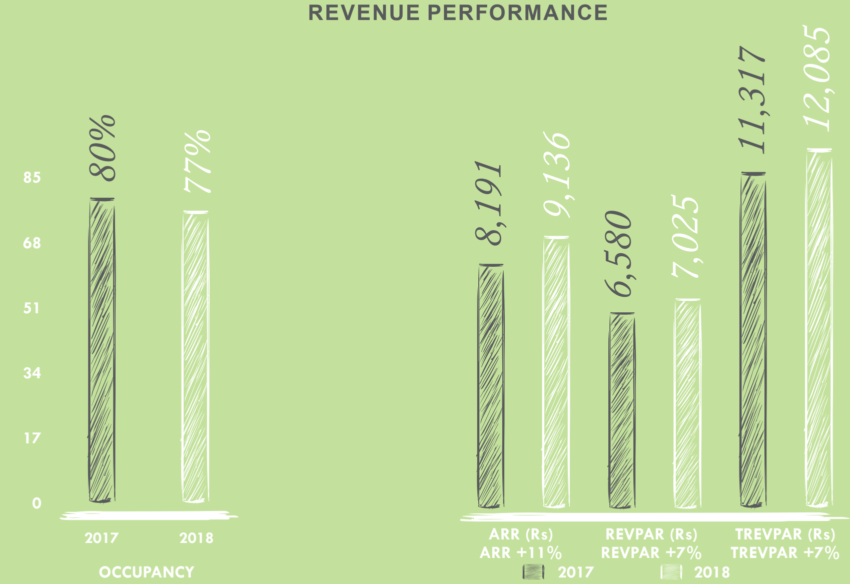
INTEREST COVER

EVOLUTION OF DEBT, EBITDA AND NET DEBT/EBITDA RATIO

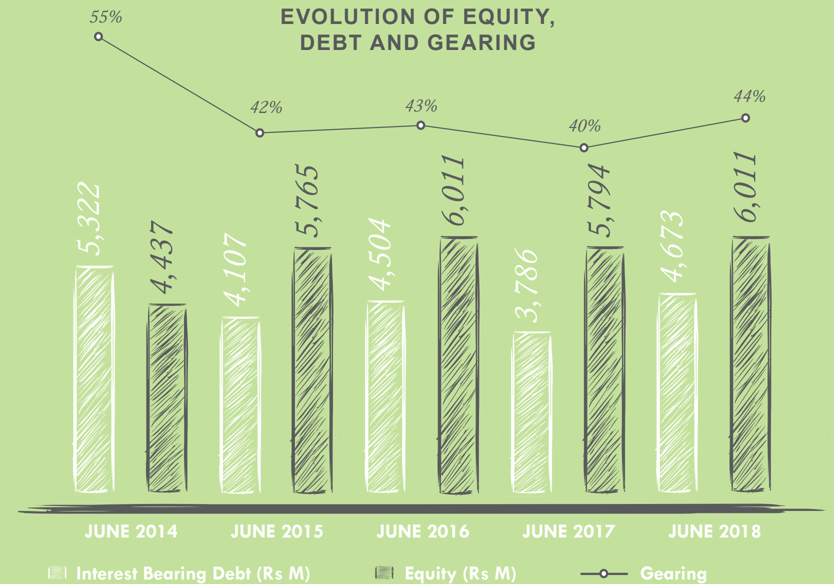
SHARE PRICE



REVENUE PERFORMANCE

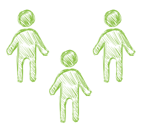
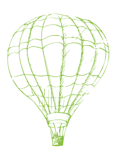


EVOLUTION OF EQUITY, DEBT AND GEARING



INTEGRATED ANNUAL REPORT **2018**

MATERIAL MATTERS AND CONNECTIVITY TO ACHIEVE STRATEGIC PLANS & OBJECTIVES

VALUE DRIVERS	OBJECTIVES	OUTCOMES
FINANCIAL SUSTAINABILITY 	GROW REVENUES OPTIMISE COST PROJECT DEVELOPMENT	Profitable growth Earnings per share Capital and cost efficiencies
HUMAN CAPITAL 	PUT PEOPLE FIRST	Human resources Company culture
PRODUCTS AND SERVICES 	BRAND STRENGTH AND OPTIMAL DISTRIBUTION	'Best in class' hotel operators Sustain and enhance a well established brand name
NATURAL CAPITAL 	ENVIRONMENTAL SUSTAINABILITY	Energy Water Waste and effluents Emissions Biodiversity
EXTERNAL RELATIONSHIPS 	ELEVATE THE EXPERIENCE	Guests Government and environmental bodies Tour operators Suppliers Corporate social investment

MATERIAL ISSUES

SHORT TERM		MEDIUM TERM		LONG TERM
Manage exchange rate impact		Grow into new markets and entering into management contracts with third party owners	Improve international competitiveness	Strategic acquisitions into new territories
Optimal level of working capital		Efficient capital structure	Cost optimisation and cost reduction programs	Optimal funding sources
Employ highly talented and fully engaged people	Continuous investment in management time to give the best education to our Team	Core skills and talent management	Retention of talented staff through training initiatives and provision of competitive remuneration package	Engage professional services firm committed to create value through leadership and talent as well as aligning organisation capability
Develop and adopt 'one company' culture				
Effective communication of values, mission and vision to Team Members and guests				
New, refreshed, reinvented properties with enhanced amenities and a continuous focus on guest experience and the LUX* Hospitality Standards				
Positive feedback on platforms such as TripAdvisor (high guest satisfaction)	Higher promotion and marketing	Win industry awards	Superb and unique experience to each and every guest	
Fully implementation of an energy management system to reduce energy consumed by heating and air conditioning			Invest in technologies to reduce energy consumption	
Optimise use of fresh water and ensure efficient consumption			Comply with law for water quality and perform regular testing	
Reduce paper use (Online Management System)	Generate less waste by building awareness			
Continuous deployment of the "Tread Lightly" initiative	Invest in technologies aiming to reduce carbon footprint			
Guest-centered solutions		Environmental initiatives via enhancement in Environment Management System		
Consolidate relationships with tour operators				
Supplier consolidation and management				
		Community investment		

CHAIRMAN'S STATEMENT

I am delighted to present the Integrated Annual Report of Lux Island Resorts Ltd for the financial year ended 30 June 2018.

For the fifth consecutive year, we have conceived an Integrated Annual Report that communicates a holistic view of how we derive and create value for all our stakeholders. The financial and non-financial performances reported have undergone thorough appraisal by independent auditors. This report has been prepared in accordance with the GRI Standards: Core option and International Integrated Reporting Council guidelines.

Our commitment to the UN Sustainable Development Goals, the UN Global Compact, and HCMI (Hotel Carbon Measurement Initiative), ensures we meet sustainability and good governance standards. Responsible business forms the basis of our decision-making and contributes to advancing the communities and economies in which we are present.

OVERVIEW

The Group results for the year under review were affected by the closure for renovation of LUX* Grand Gaube during 9 months of 2017. It reopened in December 2017 with a significantly reduced inventory and was fully operational as from March 2018. During the financial year 2017, LUX* South Ari Atoll was closed for the months of July and August 2016. The total closure costs incurred in the financial year ended 30 June 2018 amounted to Rs 165 million compared with Rs 132 million in the previous year. Against the above background, the Group delivered commendable results with operating revenue increasing by 11% to reach Rs 5.8 billion. Earnings before interest, tax, depreciation and amortisation amounted to Rs 1.2 billion, an improvement of 7% on the previous year after adjusting the figures for one-off profit recognised in both years (Rs 76 m) namely the gain on repossession of Hotel Le Recif during the year and the profit (Rs 177 m) realised on the sale of Tamassa hotel last year. Depreciation and amortisation for the year increased by Rs 60 million or 13% mainly due to additional charges following the renovation of LUX* South Ari Atoll and LUX* Grand Gaube. The net finance costs for the year amounted to Rs 235 million, down by Rs 6 million on the previous year, whilst interest cover remained similar at around five times.

We expand our businesses without compromising our financial position and make sure that our balance sheet remains strong. The net interest bearing debt, including the banking facilities contracted for the renovation of LUX* Grand Gaube as at 30 June 2018, stood at Rs 4.6 billion compared to Rs 3.8 billion a year previously. The Group's gearing at the same date was still healthy at 43%, below the industry average. The net asset value per share as at 30 June 2018 has increased by Rs 1.52, reaching Rs 43.83. This value would increase to Rs 58.67 if the market value of the Group's leasehold land was taken into consideration.

GRI 102-10, 102-14, 102-19, 102-49, 102-50, 102-52, 102-54, 201-2

MARKET CAPITALISATION

Rs 10 bn

INCREASE OF 18% COMPARED TO A YEAR AGO

STRATEGY

In line with our Vision 2020 Strategy, we continue to build on the global increase in our brand recognition and pursue our geographical expansion. To date, our current and future hotel management pipeline spans Mauritius, Reunion Island, The Maldives, China, Vietnam, The UAE, Italy, Turkey and France.

In addition, we are actively working towards the launch of our second brand – SALT, targeting multi-generational explorers in search of a differentiated hospitality concept. We are pleased to announce that the first hotel under this new brand will be opening before the end of 2018. We remain confident that with our multi-brand strategy, we will be able to tap into new markets, thus contributing to extending our footprint both regionally and globally at a faster pace.

As we move forward on our growth journey, we continue to adopt a proactive approach towards the consolidation of our organisational structure, to ensure that we remain agile and in the forefront of all potential business development opportunities in key locations. To that effect, the Board is working on restructuring the activities of the Group involving the separation of the Management Company, The Lux Collective Ltd (formerly LUX Hospitality Ltd) from the real estate and hotel operations Company, Lux Island Resorts Ltd via a dividend in specie. The two companies will operate independently with different Boards, Leadership & Management. The Board is also considering relocating The Lux Collective global headquarters to Singapore taking into account the existing contracts and potential growth pipeline in the Asia Pacific Region including the People's Republic of China. The shareholders will be kept informed of any further progress in that respect.

We are confident that our Vision 2020 Strategic Plan will continue to be successfully deployed, with the strong support and unwavering focus of each and every one within the LUX* organisation.

These are indeed exciting times ahead!

INVESTMENTS IN LUX ISLAND RESORTS' PROPERTIES

Although our strategy is asset-light, focusing on managing hotels rather than owning them to enable us to grow at an accelerated pace, we are also devoting resources to our own hotels. After renovating LUX* Belle Mare, LUX* South Ari Atoll and LUX* Grand Gaube for a total cost of Rs 3 billion over four years, Management is working on a redevelopment plan for the Group's other hotels and shareholders will be informed as matters progress. However, no major construction work is envisaged in the financial year ending 30 June 2019.

DIVIDEND AND SHARE PRICE

I am pleased to note that the share price of LUX* continues on its upward trend and at the time of this report it has hit a five-year high at Rs 74. The market capitalisation of the Company stands today at more than Rs 10 billion, an increase of 18% compared to a year ago. During the same period, the SEMDEX was at a similar level as last year. We remain committed to delivering long-term shareholder value and uplifting our properties, while at the same time providing a sustainable dividend return to our shareholders. We have now paid a dividend five years in a row and, in June 2018, despite huge investment in the renovation of LUX* Grand Gaube, the Board declared an unchanged dividend of Rs 1.25 per share representing a total amount of Rs 171m. I am confident that, providing there is no deterioration in the trading environment and the positive trend continues, subject to cash flow the Group should be able to increase the dividend pay-out in coming years.

OUTLOOK

It is encouraging to note that tourist arrivals are increasing in the destinations where we operate. The trade reaction to the new LUX* Grand Gaube has been extremely positive and the feedback from guests outstanding. We are very confident that this hotel will be successful.

With all of our flagship hotels fully operational throughout the 2018-2019 financial year, provided that there is no deterioration in the economic environment, we anticipate good growth in attributable earnings.

APPRECIATION

On behalf of the Board of Directors, I would like to take the opportunity to thank our stakeholders, including shareholders, customers and business partners for their continued support and confidence in LUX* Resorts & Hotels. Last but not least, I would like to express our sincere appreciation to our Chief Executive Officer – Paul Jones, and our Management and all team members, who are the driving force behind our success.

ARNAUD LAGESSE
Chairman

28th September 2018

CHIEF EXECUTIVE'S REPORT

2017-2018 has been another successful year despite the closure of LUX* Grand Gaube for a major part of the financial year and an environment that continues to be characterised by challenging macro-economic conditions around the world. We pursued our strategic plan, strengthening the foundations for growth and sustainable earnings, while at the same time contributing to the economy, society and environment within Mauritius, as well as the other countries where LUX* operates. For the year under review, the Group reported total revenue close to Rs 6 billion, a growth of 9% on the previous year. Operating profit reached Rs 735 million representing a growth of 2% if we exclude one-off items accounted in both years. We owe much of our success to the hard work, passion and dedication of our team members throughout the business, whether they be in the corporate office, at the front desk of our hotels or elsewhere within our growing business. I would like to take this opportunity to thank each and every one of them for making each moment matter and helping people celebrate life.

ENVIRONMENT

Tourist arrivals to Mauritius for the financial year ended 30 June 2018 increased by 4% to reach 1,314,622. Arrivals from Europe, our main market, increased by a similar percentage to reach 769,089. France and The UK improved by 4% whilst Germany posted double-digit growth of 14%. Arrivals from China for the year were down on the previous year by 14% to 67,673, which may be the result of a reduction in airline seat capacity from that country. Meanwhile, tourist arrivals from Reunion Island increased by 10% on last year. Arrivals in The Maldives for the same period increased by 10% to 1,485,517, although the Chinese market, which remains the main market for the Maldives, contracted by 5%.

GROUP RESULTS

I am pleased to report that two out of the three key metrics that we use to track performance, namely occupancy, average daily rate (ADR) and room revenue per available room (RevPAR), have improved during the year. The only metric that was slightly down on last year, due to the closure of LUX* Grand Gaube, was occupancy. In fact, Group occupancy for the year was down by 3 percentage points to 77%, which is still satisfactory and higher than the industry. If we exclude LUX* Grand Gaube, occupancy for the year would have been at a similar level to 2016-2017 at 80%. The ADR improved by 12% from Rs 8,191 to Rs 9,136, whilst Group RevPAR increased by 7% from Rs 6,580 to Rs 7,025.

EBITDA
(EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION)

Rs **873** m

INCREASE OF 5%

MAURITIUS RESULTS

Despite the challenges in some markets, unfavourable exchange rates and the closure of LUX* Grand Gaube for almost eight

months during the year, our hotels in Mauritius delivered good results. If we exclude LUX* Grand Gaube, the occupancy rate was 83%, down by two percentage points on the previous year, but the ADR improved significantly by 15% to Rs 8,498. RevPAR increased by 8% from Rs 6,187 to Rs 6,700. The turnover of our Mauritius hotels, again excluding LUX* Grand Gaube, improved by 3% from Rs 2.8 billion to Rs 3 billion whilst earnings before interest, taxes, depreciation, and amortisation (EBITDA) increased by 5% to Rs 873 million. The EBITDA margin has been maintained at 30%.

MALDIVES RESULTS

Despite strong competition in The Maldives, LUX* South Ari Atoll performed very well with an occupancy of 68% for the year, up by nine percentage points on last year whilst the ADR improved by 2% to US$ 503. The increase in occupancy and ADR resulted in an increase of 17% in RevPAR to US$ 347. Turnover and EBITDA reached US$ 43 million and US$ 12 million respectively.

REUNION RESULTS

During the year, the Group repossessed Hotel Le Recif in Reunion Island as the buyer failed to secure the financing to settle the amount due to LUX*. Both LUX* Saint Gilles and Hotel Le Recif did very well with a combined occupancy of 78%, up by one percentage point on the previous year. ADR and RevPAR both increased by 8%. The combined annual turnover of the two hotels is close to Rs 1 billion, with EBITDA of Rs 143 million.

NON-CURRENT ASSETS

During the year an amount of Rs 1.4 billion was capitalised as fixed assets, Rs 1.2 billion of which is in respect of the renovation of LUX* Grand Gaube. Furthermore, some Rs 300 million were capitalised representing the fair value of the property, plant and equipment of Hotel Le Recif following its repossession. As a result of these additions during the year and LUX* South Ari Atoll last year, depreciation and amortisation for the year increased by Rs 60 million, 13% more than in the previous year.

GRI 102-6, 102-7, 102-9

In the light of the good performances of the Reunion hotels, the unrecognised deferred tax assets have been reviewed as it has become probable that future taxable profit will allow the deferred tax assets to be recovered. As a result of this reassessment, the deferred tax assets increased by a net amount of Rs 77 million.

LIQUIDITY AND CAPITAL RESOURCES

During the year, the Group generated cash flow from operations for an amount of Rs 1.1 billion. Interest paid by the Group for the year under review amounted to Rs 235 million, a decrease of Rs 7 million compared to the previous year as a result of loans repaid during the year. Interest on the loans contracted for the renovation of LUX* Grand Gaube were capitalised during the construction period in accordance with International Financial Reporting Standards. Net interest bearing loans and borrowings increased by Rs 669 million, mainly resulting from the loan contracted for the renovation of LUX* Grand Gaube. Cash and cash equivalents decreased by Rs 26 million compared to a net increase of Rs 221 million in 2016-2017.

Despite the renovations carried out over the last five years of Rs 3 billion, the ratio of net debt to EBITDA is still very healthy at 4 and is among the lowest in the industry.

THE LAUNCH OF A NEW BRAND

Eighteen months ago, we started on a journey to create an additional brand within the Group. For those who might wonder why we wanted a new brand, when LUX* is already a great brand that keeps going from strength to strength, therein lies the reason to build a new brand. We want LUX* to keep getting better and being loved by the people that already love it. But we didn't want to have to stretch our one brand on to sites that weren't right for it. So, we have challenged ourselves to build a different kind of brand for guests who are looking for a different type of hotel and holiday. The new brand is called SALT. SALT was born from a demand for something different – creating hotels that cater to an ever-growing audience of modern explorers and mindful travellers who travel to satisfy their curiosity and challenge their perception of the world. They want to connect with people, not just places and they genuinely want to give something back. We call them 'cultural purists'.

In creating SALT, we will help facilitate these connections and create meaningful experiences for our Guests and the communities in which we operate. This is yet another major milestone achieved for our young and vibrant organisation and we are continuously receiving a lot of congratulations for audaciously branching out with a new brand.

AWARDS AND ACCOLADES

We are very proud of the large number of industry awards our brand won during the financial year and we have focused on ensuring that they stay relevant to the changing needs of our guests and reflect the work we have been doing to build awareness, recognition and guest satisfaction. The list of awards received during the financial year 2017/2018 is given on pages 44 to 45.

We were particularly delighted to be among the companies honoured at the 16th edition of Les Trophées de la Communication held in Cannes on 24 November 2017, when we received the 2017 Best Website Award for a company employing more than 250 people.

A great deal of time and effort has been invested in web developments and, for those involved, there's nothing like the satisfaction that comes

from external recognition. LUX* has concentrated through its digital platform on evoking the brand's special atmosphere and personality to emphasise how its resorts and hotels provide holiday experiences that are exceptional.

SUSTAINABLE DEVELOPMENT

Responsible Management is core to our brand DNA. Our strategy encourages inclusive economic development. Our voluntary alignment with regional and international guidelines such as UN 17 SDGs, the 10 principles of UN Global Compact, GRI Standards, IIRC (International Integrated Reporting Council) frameworks, SIDS (Small Islands Developing States) and the S.A.M.O.A Pathway, enable us to go beyond commitment to all the relevant national legislations and to contribute to overall progress of humanity. LUX* is the first Mauritian hotel group listed on the Sustainability Index of the Stock Exchange of Mauritius.

Going on our fifth consecutive Integrated Annual Report, aligned with GRI Standards and IIRC Framework bears testimony to our unabated dedication, passion and allegiance to absolute transparency in terms of disclosure, taking our Responsibility of Leadership at heart and establishing trust relationships with all our stakeholders through sustained accountability and value creation. We continually invest in external assurance by accredited auditors to ensure on integrity of information. As a member of The Code of Conduct against Child Trafficking in Travel and Tourism, LUX* has taken a public stance against any form of abuse, specifically against child trafficking in the sector. We have a Child Protection Policy in place to ensure same. Our properties in Mauritius, Reunion Island and Maldives are Green Globe Sustainability Certified. More destinations and properties are in the pipeline of upcoming certifications. We also have a property with the Butterfly Effect mark accreditation by Positive Luxury. We take pride of being part of the GRI Gold community for constant improvement in the sustainability journey.

HUMAN RESOURCES

Hospitality is and will always be all about people, the perfect harmony that exists between our guests and our team members at all levels. Working in hospitality requires great amounts of passion, dedication, empathy and perseverance. We are truly grateful to each member of the LUX* family for embodying these traits and keeping our brand promise shining each day.

We are humbled to have been recognised as one of the Best Places to Work by the Great Place to Work® Institute Mauritius with an average score of 77%. This is the outcome of the hard work and dedication of our team members and we are committed to enriching our team member experience as much as we focus on the guest experience.

Our partnership with Ron Kaufman's Up! Your Service College continues at a new and enhanced level, and we congratulate our team of dynamic Service Excellence Workshop leaders who showed great dedication as they continued the training programme on key service principles throughout the year. Service education empowers our team members to take personal responsibility for always delivering desired levels of service by understanding what each guest values. I am also delighted to see the brilliant initiatives that the workshop leaders implemented under the Service Leadership Challenge towards living our vision, purpose and values each day, and ensuring an amazing experience for new team members in line with our commitment.

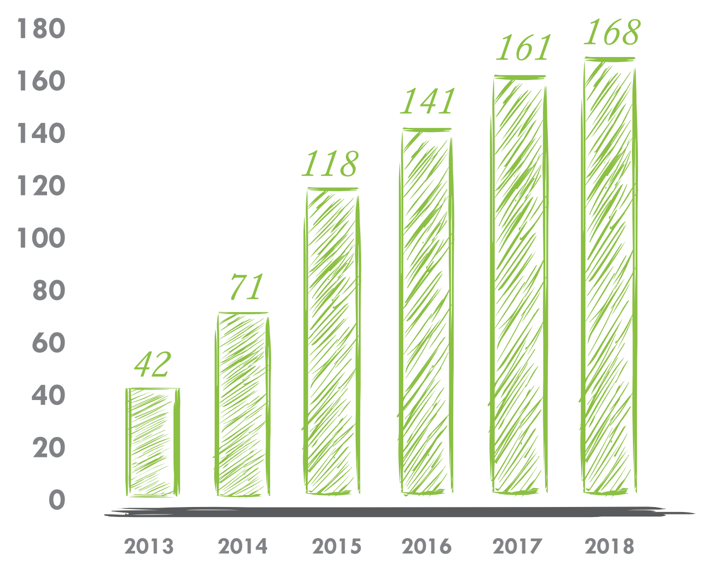
The LUX* Innovation Challenge launched in 2013 is a platform to encourage creativity and innovation within our operations and is currently in its fifth edition. We have had an excellent learning journey so far with many innovative ideas being launched under the various themes - Increasing Loyalty of Guests – 2013, Increasing Loyalty of Team Members – 2014, Increasing Revenues – 2015-16, and Increasing Productivity – 2016-17. The fifth category for 2017-2018, currently being contested, is Innovate to Reduce Waste. We look forward to sharing the results of the finals which will be held in December 2018.

Each idea received will help to achieve three of the following objectives which have been set as criteria:

- **Positive** impact on guests, team members and the local community
- **Upcycling**
- **Generation** of additional revenues
- **Reduction** in costs vis-à-vis at least one of the following: disposal costs, recycling costs, purchasing related costs.
- **Education** and active involvement of team members

Our major achievement for the year has been the successful relaunch of LUX* Grand Gaube in December 2017. This involved five months of transformational training in which all 530 team members participated enthusiastically. We literally hired a shopping mall and transformed it into a lively learning and development LUX* university with a team of dedicated internal and external training experts who worked tirelessly to ensure our team members are equipped with up to date knowledge and skills to welcome back our guests to the new LUX* Grand Gaube. The buzz we created also helped us in attracting talent and we are proud to say we now have an amazing product with unmatched offerings and truly world-class service delivered by passionate team members. We are looking forward to replicating these efforts in the much awaited openings of Salt of Palmar and LUX* North Male Atoll. We will ensure a clear focus on delivering our brand promises and making the new offerings further spectacular additions to our collection.

TRAINING HOURS PER TEAM MEMBER PER YEAR



TRAINING MAN-HOURS
INCREASED BY
14%
OVER THE PREVIOUS FINANCIAL YEAR

Our commitment to leadership engagement and development continues seamlessly. We had the unique opportunity in November 2017 to welcome back Ron Kaufman in person for an outstanding session with the senior leadership team. It was then that we started conversations about personal transformations leading to organisational transformation and I am looking forward to sharing more on this in the coming year. We also have in place a long-term leadership development commitment with The John Maxwell Company, which will ensure we bring best-in-class leadership education to our high-potential team members during the coming two years.

The LUX* Energy Journey started in 2016 and this year our team of LUX* Blue Energy coaches have dedicated their personal time and energy to coaching our team members on the third phase of our journey which we have aptly called Me to We. We are now more aware of how we can channel our personal energy to build team synergy and together accomplish more in our personal and professional lives. Our service culture is now even more tangible as a result of all these focussed initiatives on various fronts.

Overall, with yet another extremely busy year on the learning and development front, we have once again exceeded our training man-hours target, ending with 168 man-hours – representing an increase of 4% over the previous financial year.

OUTLOOK

The latest statistics published by Statistics Mauritius showed that arrivals for the half-year to 30 June 2018 increased by 3.4% to reach 646,865. This has been driven by strong growth from our main markets such as France (+ 6.8%), South Africa (+16.2%) and Germany (+11.9%). It is worth noting that compared to the first half of 2017, tourist arrivals from Saudi Arabia and Netherlands increased by 292.3% and 36.6% respectively as a result of direct flights. However, the negative performance recorded for China (12%) is cause for concern.

Based on the latest available data on tourist arrivals, Statistics Mauritius is forecasting 1.395 million visitors during 2018, an increase of 4% on 2017. The Bank of Mauritius has revised the forecast for tourism earnings for 2018 upwards from Rs 62.5 billion to Rs 64 billion. This figure represents an increase of 6.2% compared to the Rs 60.3 billion recorded in 2017. This augurs very well for our hotels in Mauritius.

The Maldives is today one of the most expensive leisure destinations worldwide. Tourism is the single largest contributor to the economy, representing 80% of total GDP. In 2017, the number of tourists visiting the Maldives increased by 8% driven by European tourists, particularly from Russia and Italy. The increase in European tourists in that period offset the decline in the Chinese market.

In past years, China has been the largest source market for the Maldives, accounting for 22% of total visitors in 2017, but it is a market that has been declining over the past three years, primarily attributable to the slowdown of the economy but also competition from other destinations. The government is in the process of improving tourism infrastructure with the expansion and upgrade of the main international airport and the construction of five domestic airports, which are expected to be completed by the end of 2018. With additional hotel openings, the Maldives will be a challenging market. However, over time, Maldives tourism has proven itself to be resilient and quick to rebound.

With regard to Reunion Island, the 10% increase in arrivals is very encouraging and, with more carriers coming to the destination, we believe that this trend will continue during the 2018-2019 financial year.

On behalf of the Executive Management Team, I would like to conclude by expressing our gratitude to all who contributed to our success in the 2017-2018 financial year, including our guests, shareholders, business partners, suppliers and the communities in which we operate. To our 3,486 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 these results.

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

PAUL JONES
Chief Executive Officer

28th September 2018

AWARDS

LUX* RESORTS & HOTELS

LUX* Resorts & Hotels awarded the Best Website Award 2017 by "Les Trophées de la Communication".

LUX* BELLE MARE

LUX* Belle Mare Awarded 'Best Hotel Spa of the Year' at the 'Ile Maurice Tourisme Awards 2017.'

LUX* Belle Mare Awarded 'Most Creative Hotel of the Year'at the 'Ile Maurice Tourisme Awards 2017'.

LUX* Belle Mare rated No.2 in the category TOP 25 Hotels in Mauritius by Trip Advisor Travellers' Choice Awards 2018

LUX* Belle Mare rated No.2 in the category TOP 10 Hotels in Mauritius by Trip Advisor Travellers' Choice Awards 2018

LUX* Belle Mare rated No.3 in the category TOP 25 Luxury Hotels in Mauritius by Trip Advisor Travellers' Choice Awards 2018

LUX* Belle Mare rated No.4 in the category TOP 25 Hotels for Service in Mauritius by Trip Advisor Travellers' Choice Awards 2018

LUX* Belle Mare rated No.12 in the category TOP 25 Luxury Hotels – Africa by Trip Advisor Travellers' Choice Awards 2018

LUX* Belle Mare rated No.3 in the category TOP 25 Hotels – Africa by Trip Advisor Travellers' Choice Awards 2018

LUX* Belle Mare awarded Best Large Hotel Mauritius 2017/18 by International Hotel Awards.

LUX* Belle Mare awarded Best Sustainable Hotel Mauritius 2017/18 by International Hotel Awards.

LUX* Belle Mare awarded Best Sustainable Hotel Africa 2017/18 by International Hotel Awards.

LUX* SOUTH ARI ATOLL

LUX* South Ari Atoll Awarded 1st Star Award for the Best Tropical Island Resort from Travelling Scope Magazine China 2018

LUX* South Ari Atoll rated No.3 in the category TOP 10 Luxury Hotels Maldives by Trip Advisor Travellers' Choice Awards 2018

LUX* South Ari Atoll rated No.8 in the category TOP 10 Hotels – Maldives by Trip Advisor Travellers' Choice Awards 2018

LUX* South Ari Atoll rated No.5 in the category TOP 10 Hotels for Service Maldives by Trip Advisor Travellers' Choice Awards 2018

LUX* South Ari Atoll awarded the "Indian Ocean's leading hotel" award 2017 by World travel Awards.

LUX* South Ari Atoll awarded the "South Asia's leading All Inclusive Resorts" award 2017 by SATA Awards.

LUX* South Ari Atoll has been awarded the "South East Travel Awards" 2017 by SATA Awards.

LUX* BODRUM

Best Luxury Beach Resort of Eastern Europe by World Luxury Hotel Award 2018

"Luxury Beach Resort" Award by World Luxury Hotel Awards 2017

LUX* SAINT GILLES

LUX* Saint Gilles awarded as the best hotel in Reunion Island by World Travel Award 2017

LUX* LE MORNE

LUX* Le Morne rated 9/10 by Telegraph Travel Experts UK

LUX* Le Morne rated No.4 in the category TOP 25 Luxury Hotels - Mauritius by Trip Advisor Travellers' Choice Awards 2018

LUX* Le Morne rated No.6 in the category TOP 25 Hotels for Romance -Mauritius by Trip Advisor Travellers' Choice Awards 2018

LUX* Le Morne No.4 in the category TOP 10 Hotels – Mauritius by Trip Advisor Travellers' Choice Awards 2018

LUX* Le Morne rated No.4 in the category TOP 25 Hotels in Mauritius
by TripAdvisor Travellers' Choice Awards 2018

LUX* Le Morne rated No.5 in the category TOP 25 Hotels for Service– Mauritius by Trip Advisor Travellers' Choice Awards 2018

LUX* Le Morne rated No.7 in the category TOP 25 Hotels – Africa by Trip Advisor Travellers' Choice Awards 2018

LUX* Le Morne awarded Best Heritage Hotel by World Luxury Hotel Award 2018

LUX* GRAND GAUBE

LUX* Grand Gaube Awarded 1st Star Award for the Most Attention Worthy Hotel from Travelling Scope Magazine China

LUX* Grand Gaube rated No.5 in the category TOP 25 Hotels in Mauritius
by Trip Advisor Travellers' Choice Awards 2018

LUX* Grand Gaube rated No.4 in the category TOP 25 Hotels for Romance -Mauritius by Trip Advisor Travellers' Choice Awards 2018

LUX* Grand Gaube rated No.8 in the category TOP 25 Luxury Hotels in Mauritius by Trip Advisor Travellers' Choice Awards 2018

LUX* Grand Gaube rated No.3 in the category TOP 25 Hotels for Service – Mauritius by Trip Advisor Travellers' Choice Awards 2018

LUX* Grand Gaube rated No.9 in the category TOP 25 Hotels – Africa by Trip Advisor Travellers' Choice Awards 2018

LUX* Gaube rated No.5 in the category TOP 10 Hotels – Mauritius by Trip Advisor Travellers' Choice Awards 2018

SPREADING THE LIGHT

OUR HOTELS AROUND THE WORLD AND NEW OPENINGS

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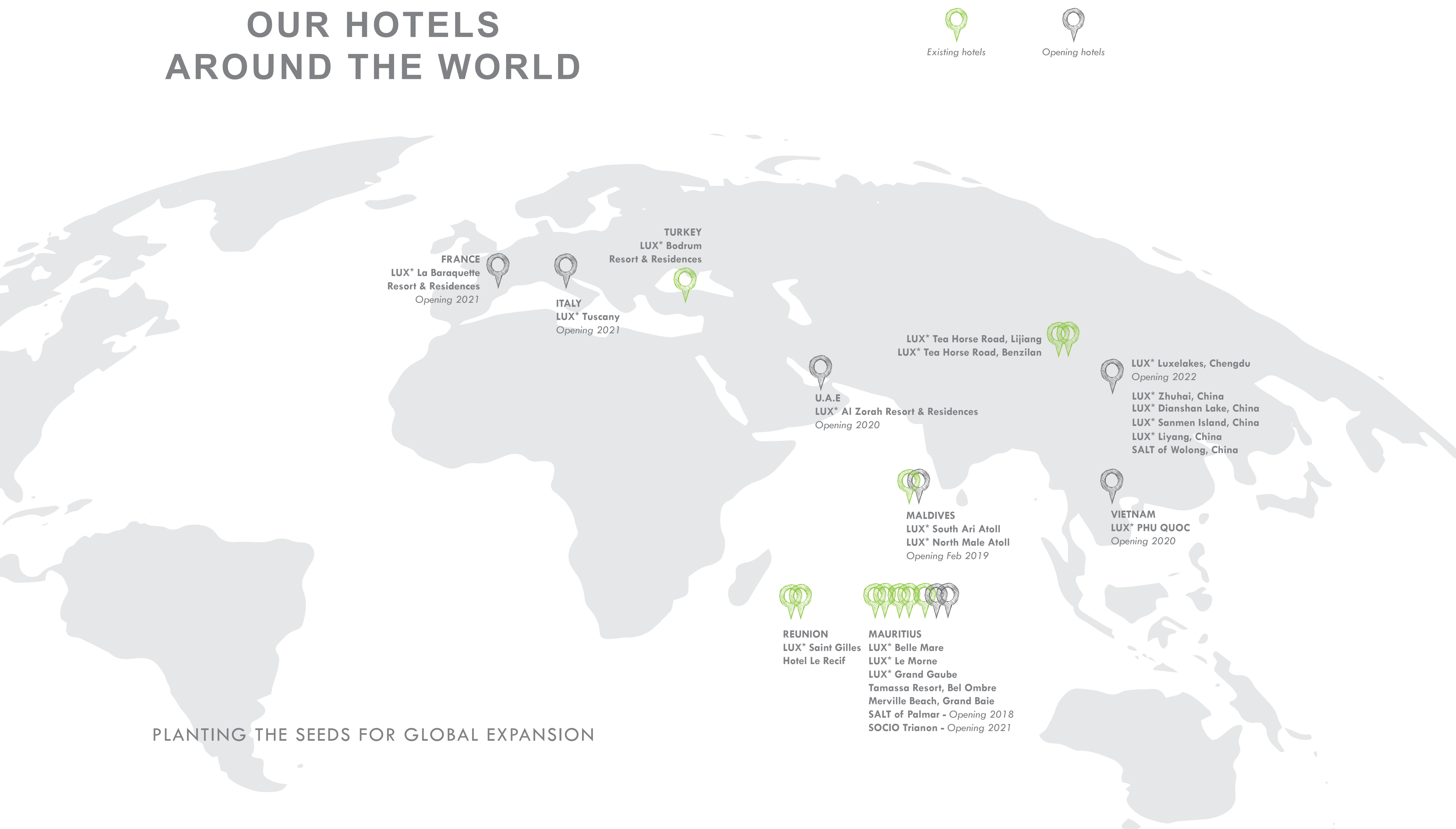
OUR HOTELS AROUND THE WORLD



CHINA

WHERE OLD-MEETS-NEW

A storied past. Ancient customs. Rivers. Temples and palaces. Great city walls. A bold new architectural aesthetic. Bargains. Hutong. Where the traditional continues to influence the new. Sprawling metropolis. Watertowns. Pine-shaded hills. Forested mountains. Rolling hills. Tempting dishes. Unexpected charms. Grandeur and opulence. Peaceful riverbanks. Welcome to China, where the remnants of great civilizations blend in with the new.

GRI 102-2

LUX* LIJIANG & LUX* BENZILAN, CHINA

The longest trade route in the Ancient World and one of the world's great romantic journeys. Now brought to you by LUX* Lijiang & LUX* Benzilan around the LUX* Tea Horse Road, China

In the spirit and essence of the old caravanserais that served the leaders of the pack-trains carrying tea from the Burmese border to the high plateau of Tibet, LUX* Tea Horse Road is a series of properties located in some of the world's most majestic settings. The high mountain peaks, lush valleys and deep gorges of Yunnan are a haven of natural and cultural diversity, connected by this ancient road that was plied for thirteen centuries by horse caravans. Immerse yourself in a travel experience like no other, to explore and absorb the rich stories of the old trails, in the knowledgeable care of LUX* Tea Horse Road.

GRI 102-2

LUX* LUXELAKES, CHENGDU, CHINA

Where contemporary architecture and art embraces gorgeous natural surroundings...

LUX* Luxelakes is an ode to architecture, design and mastery. The geometric contemporary resort, designed by the illustrious French architect, Jean Nouvel, is part of Luxelakes, an urban eco-city set on an astonishing man-made lake in Chengdu, the capital of the Sichuan province.

The tiered edifice has floor-to-ceiling glass panes that allow light to stream into the lobby with its enormous volumes. Brightly-patterned ceilings create striking bursts of colour, a pleasant contrast to the terracotta and verdant spring colours of the surrounding nature (the Sichuan province is home to the giant panda after all). If the resort is seemingly a radical break from tradition, the reality is that LUX* Luxelakes is embedded in its environment. The lake, a sort of sacred body of water, plays an essential role.

The reflections of the iconic edifice and the forests on the surface of the water are soothing. Here the magic of LUX* operates in an architectural beauty, the inside of which is filled with artwork -evidence of our appreciation of all things beautiful.

GRI 102-2

REUNION ISLAND

WHERE ADVENTURE SEEKERS AND STARGAZERS ELOPE

Staggering beauty. Food trucks. Volcano. Lunar landscapes. Beachtowns. Where 'gîtes' serve as bases for travelers to go hiking and horseback riding. Natural wonders. Colonial-era houses. Star-gazing. French cuisine influenced by a Creole heritage. An emerging center for the arts. A backpacker's paradise. Eclectic. Vibrant culture. Welcome to Reunion Island, where the beauty of the environment pulls you in.

GRI 102-2

LUX* SAINT GILLES, REUNION ISLAND

Blessed with a flawless beach in Indian Ocean's active volcanic island

Located on the western coast of this lush volcanic island, LUX* Saint Gilles faces a shimmering expanse of aqua-blue waters, fringed by a stretch of immaculate sands. Tucked away in acres of beautiful tropical gardens, Creole villas sit in the shade of coconut palms and filao trees, just steps from the coral-sheltered lagoon at L'Hermitage.

The white-sand beach may call for idle lounging by the emerald-blue pool - it's the largest one in Reunion Island - but there's plenty here for thrill-seekers, too. Try a spot of tennis or volleyball in the grounds, or venture further afield to experience the rugged, dramatic beauty of the island's volcanic peaks and tumbling waterfalls at this World Heritage Site.

Once you've worked up an appetite, sample the day's catch at our beachfront bars and restaurants. Float away with a zen yoga session in the gardens or a private in-room spa treatment - a peaceful end to an unforgettable day on this majestic island.

GRI 102-2

MALDIVES

SUNSEEKERS WILL FIND HAPPINESS IN THIS PLACE...

Another world. Blue. Tiny islands that capture an immense amount of beauty. Coral reefs. Decadent dishes. Dazzling white sandbanks. Long hours basking in the sun. Indian Ocean. Atolls. Water-villas. Exquisite resorts. Morning beach strolls. Sun-kissed skin. Welcome to the Maldives, where you may rest, recover and reflect.

LUX* SOUTH ARI ATOLL, MALDIVES

A luxury resort in the Maldives made for peaceful off-the-grid retreats

Whether seeking a peaceful hideaway or active adventure, the picture-perfect island of Dhidhoofinolhu is home to LUX* South Ari Atoll, a luxury resort where your fantasy of a laid-back, desert island paradise is about to come true. Here, you'll discover private villas, dotted at the water's edge along two miles of powder fine beaches and perched on stilts above a crystal lagoon. On land or above water, sunset facing or sunrise, these super spacious rooms and suites bring an entirely original vibe of coastal, beach house chic to the Maldives. The resort's limpid waters are a diver's nirvana but there's an equal abundance of snorkelling and opportunities to visit the resident whale sharks. LUX* South Ari Atoll boasts eight eateries and five bars, and PADI diving centre and an over-water LUX* Me Spa. LUX* wouldn't be LUX* without a few surprises. Expect island-roasted coffee in Café LUX*, impromptu screenings at cinema paradiso and the chance to hang your hopes on our magical tree of wishes.

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LUX* NORTH MALE ATOLL, MALDIVES

An era-defining luxury resort in the Maldives. A penthouse paradise retreat

Introducing an entirely new level in stand-out luxury, this is the Maldives... elevated. Opening February 1st 2019, we'll unveil LUX* North Male Atoll - an era-shaping resort that sweeps away the thatched-roofed Maldivian footprint of old with a dazzling paradise of penthouse villas and spectacularly designed spaces to play, relax and retreat.

A short transfer from Male by luxury speedboat, this intimate resort is a visual feast of nautical forms and tones. Harnessing the fresh vision of Singapore design house Miaja, each of the 67 double storey residences features a private pool blending superyacht panache with a vibrant South Beach pulse.
For the first time in the Maldives, each residence is crowned with a magnificent private Sky-Lounge. These high-life stages stretch playful imagination to their limits, enabling inspired indoor-outdoor living and a unique perspective on the planet's flattest country.

Opportunities for drinking and dining range from the openly elegant to the intimately luxurious. GLOW Restaurant is an international meeting-point of creative world cuisine, INTI guides you on a delicious journey through Peru and Japan, the height of truly bespoke taste is hidden in the opulent chamber of Barium, whilst Beach Rouge provides a feet-in-the-sand, sea breezy scenario to take you from day to night. Add our famous Café LUX* and the sophisticated speak-easy charm of the Glow Bar - and the flavours of island life just got fresher.

There's a wealth of ways to relax - or raise your game, and the invitations to adventure are endless. You'll find two swimming pools, a translucent overwater LUX* Me Spa, world-renowned diving, high adrenaline water sports, private yacht voyages, tennis and beach volleyball courts - or unwind in dedicated beauty spots for Hatha Yoga. We also invite you to join us at inspirational classes and expert-led workshops, with a forward-thinking kids club completing the offering. A uniquely exclusive paradise retreat - where breezy island living meets jet-set chic - LUX* North Male Atoll is luxury beyond boundaries.

TURKEY

THE TASTE OF SUMMER HOLIDAYS

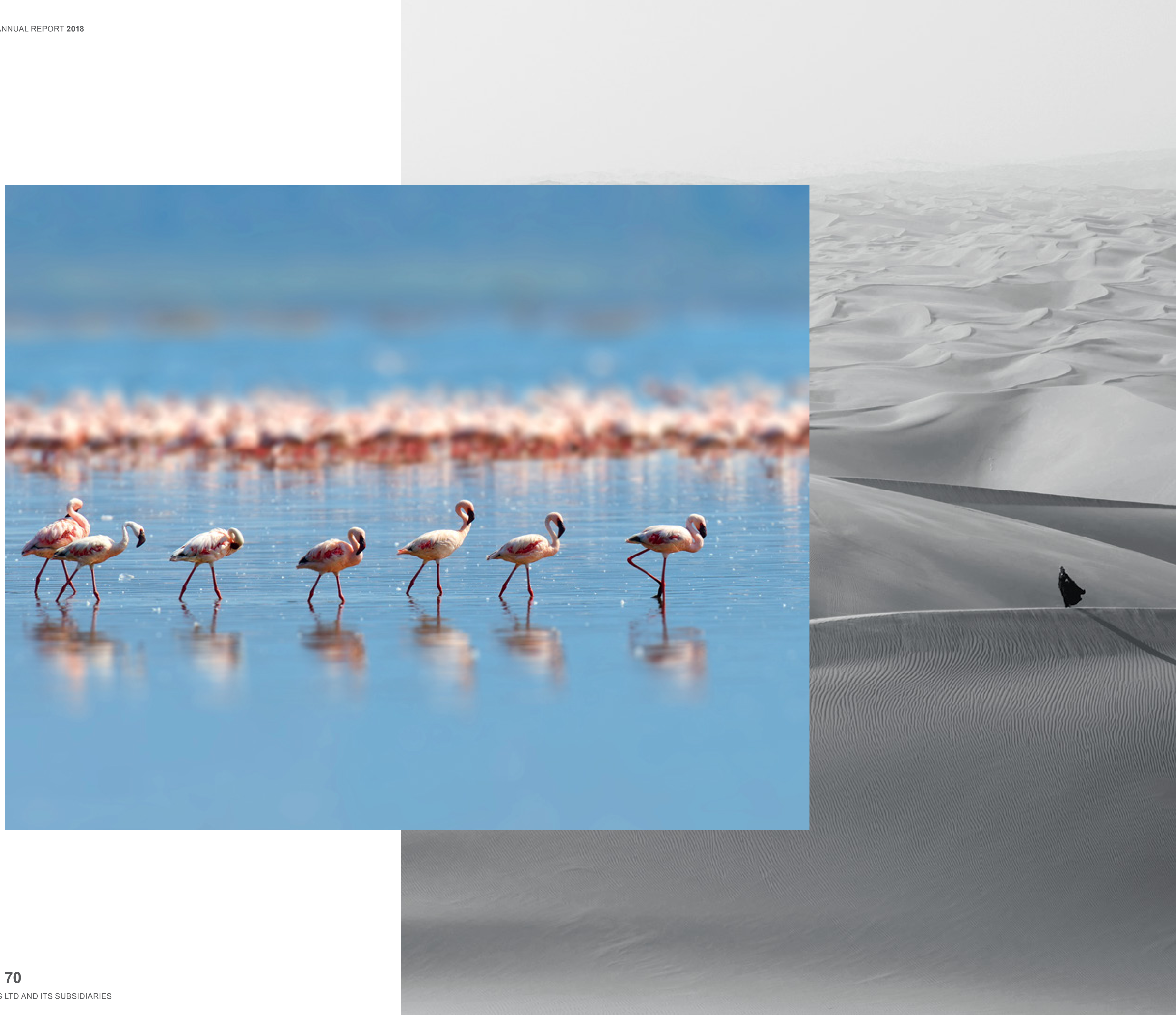
Hidden coastal gems. Gorgeously craggy Aegean coastline. Vibrant, historic culture. Sunbathing. Old-town charm. Mez . Cerulean blue. Turkish coffee. A magnetic escape. Impressive cooking. Eclectic. The influences of the many empires. Rare finds. Welcome to Turkey, a country whose cultural scene, architecture and cuisine are unrivalled.

INTEGRATED ANNUAL REPORT 2018

LUX* BODRUM, TURKEY

Revel in the favorite beachside retreat

Olive-green hills, craggy coves, the scent of pines, white-washed stucco homes, the salty breeze of the Aegean, the cerulean shores… The gorgeous scenery is that of Bodrum, an ancient fishing village (one of the original wonders of the world was here) on Turkey's southwestern coast, christened The St.-Tropez of Turkey. Istanbulites and jet-setters, in their never-ending search for sun-soaked hideaways, are drawn to the Riviera. LUX* Bodrum stands tall on its own peninsula, overlooking the sea that stretches out in all directions. Designed with vistas in mind, the sleek contemporary edifice has floor-to-ceiling glass panes that let the natural light flood in. The tiered structure descends into the blue Aegean waters that lap a crescent beach -a rarity on this jagged coast. Bikini-clad sunseekers lay on canopy beds; others take frequent dips in the warm waters. Music from Beach Rouge pulses in the background; steaming hot Turkish coffee signed Cafe LUX* is served after a late lunch of tempting dishes. LUX* Bodrum glistens: it is a magnetic escape you will return to time and time again.



U.A.E

WHERE THERE IS ALWAYS SOMETHING TO DO

Where tradition meets modernity. Architecture. Design. Exquisite taste. Opulent dining. Souk. Immeasurable riches. Fast-rising cities. Pulse-quickening skyscrapers. An emerging center for contemporary art. Picturesque seaside walkways. Bazaar. Stylish cafés. Quiet shores and warm seas. Vast expanses of desert and wetlands. Pink flamingos. Welcome to the UAE, where the blend of tradition and contemporariness is both unexpected and dazzling.

LUX* AL ZORAH
AJMAN - UAE

Enter the gateway to the immeasurable riches of the Arabian peninsula...

Ajman, the smallest of the seven emirates, is home to wetlands and a vast mangrove forest populated by fifty-eight species of birds including egrets, herons and ashen-pink flamingos. Ajman is also home to Al Zorah, a mixed-use development that pays meticulous attention to the wild surroundings. LUX* Al Zorah, a five-star retreat, nestled within the estate, caters to those seeking a refuge from the pace and magnitude of neighbouring Dubai. The hotel's architecture combines Arabian traditions with a contemporary flair.

Your summer routine may consist of birdwatching, strolls along the marina at dusk, canoeing in the mangroves, dining out in opulent restaurants, surfing, lazing on the gorgeous beach, ambling through the souks or playing a round of golf on the prestigious Nicklaus-designed 18-hole championship course.

This is the paradise that Al Zorah promises, and it delivers.

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MAURITIUS

AT THE TOP OF YOUR DREAM VACATION BUCKET LIST

Glimmering lagoons. Coastal delights. Enchanting landmarks. Markets abuzz with chatter. Crushed green chillies. Unrivalled service and charm. Encounters with tradition. Sizzling, steaming hot street food. Creole-style architecture. Filao-studded beaches. Temples, mosques and churches. The chirping of birds. Volcanic-rock islets. Forests of dark, luxuriant foliage. Welcome to Mauritius, where contrasting cultures, religions and customs form the Mauritian identity.

INTEGRATED ANNUAL REPORT **2018**

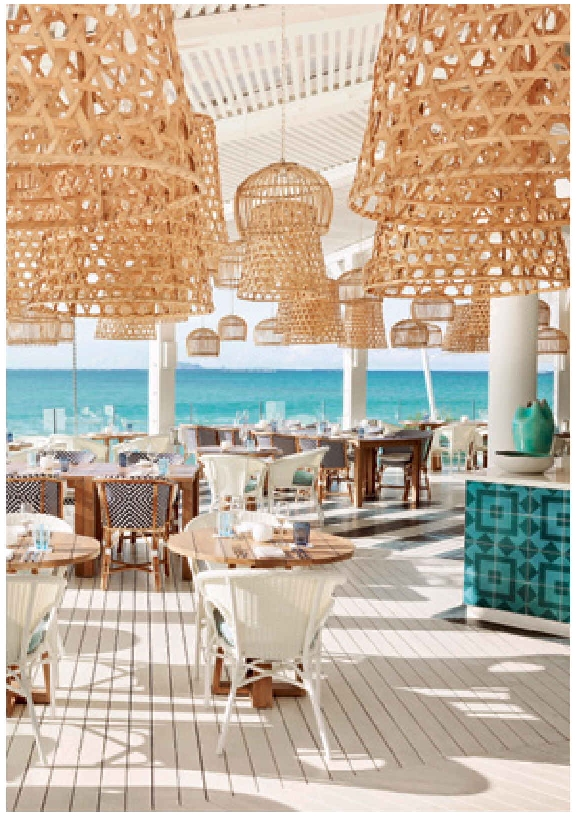
LUX* GRAND GAUBE, MAURITIUS

When a traditional fishing village is the setting for a hip, happening hotel...

Grand Gaube is a place of romance, enchanting landmarks, traditional fishing boats, and in-the-know eateries. LUX* Grand Gaube, is tucked beside a centennial banyan tree that looms over two tranquil coves. The design-centric resort gleams in the Mauritian sun. Kelly Hoppen has revamped the hotel, turning it into a vintage-inspired beachside haunt. Pops of colour punctuate the airy, bright interiors packed with upscale comforts.

The magic of LUX* operates: dreamy destination, flawless service, a plethora of things to do, coffee beans roasted in-house, Beach Rouge, and the hottest tables of the island. Perusing the menu is like taking a trip to a faraway place - Peruvian, Argentine and Turkish cuisines rub shoulders with local Creole fare. The result is downright magnificent. Your senses are further stimulated by the blue hues of two swimming pools, the calm lagoon and the tropical gardens that surround the hotel.

LUX* Grand Gaube offers a double-edged travelling experience - whether you are more of the sunbed type or a zealous adventurer, this resort does not disappoint.



INTEGRATED ANNUAL REPORT 2018

LUX* BELLE MARE, MAURITIUS

A luxury hotel in Mauritius, shining with the vibrant energy and hospitality of authentic island life

Fresh and forward-looking, LUX* Belle Mare promises a stylish contemporary spin on luxury hospitality. Tucked away in beautifully landscaped tropical gardens near the sleepy village of Belle Mare, this modern Mauritius boutique resort lives on a glorious stretch of the east coast. Designer Kelly Hoppen breathed inspiration into the interiors, and it's as seductive to honeymooners as fun for multi-generational and family escapes. Uninterrupted soul-stirring sea views, powder-soft sands, beryl-blue waters and coconut palms swaying gently in the breeze and the island's largest swimming pool where the terrace gently buzzes by day and feels Balearic by night. Expect Chinese street-food flavours prepared with fine-dining flair, while Amari by Vineet sets new standards for modern Indian cuisine.

Instagram enthusiasts adore the ice-cream parlour, the rustic rum shack, beer academy and DJ-soundtracked cocktails at Beach Rouge-or switch off and indulge in sweet-scented LUX* Me spa treatments, work on your swing at one of three world-class golf courses or explore the marine life waiting in the lagoon. If it sounds like one of the most charming spots on the island, it is. Vibrant cosmopolitan personality, authentic island life, every five-star perk and plenty of surprises.

INTEGRATED ANNUAL REPORT **2018**

LUX* LE MORNE, MAURITIUS

Sheltered at the foot of Unesco World Heritage Le Morne mountain

This is where to tune in with nature. Wildlife is all around, as is the most dramatic of backdrops-and it's only a few steps from bed to relaxing under a palm tree by the sea. Set on one of Mauritius' most attractive lagoon-facing spots, this five-star hotel is on the wilder UNESCO-protected south-west side of the island, with a lookout celebrated for the spectacular sunsets.

Fringed by miles of sandy beaches, this is the best address for climbing Le Morne, exploring Black River Gorges National Park, and for barefoot walks and bicycle rides. Feeling lazy? Don't feel guilty about staying anchored at this boutique resort-it has four pools, a tempting spa and chalets dotted around the tropical gardens.

Exotic flavours from around the world will enthral epicureans in the restaurants, while easy living is assured with beach barbecues and island-inspired cuisine paired with award-winning wines. Unforgettable experiences are assured: go horseriding along empty beaches, seek close encounters with marine life or discover exhilarating wave-riding destinations-nearby One Eye is the ultimate kitesurfing coordinates. Or just soak up the sunshine and salt air, and do absolutely nothing but relax.

VIETNAM

WHERE THE OCEAN IS MYRIAD SHADES OF GREEN

Limestone islands scattered around emerald green waters. Floating villages. Cities that retain an old-world charm. Tuk-tuk. Steaming bowls of pho. A nation with a voracious appetite. Great coffee. Night markets. A stunning example of old-meets-new. Quiet rows of rice paddies. Places of worship. A mythically beautiful hideaway. Welcome to Vietnam where otherworldly landscapes retain an aura of mystery.

INTEGRATED ANNUAL REPORT **2018**

LUX* PHU QUOC VIETNAM

Where any turn on a road can lead to an encounter with tradition...

Phu Quoc - Pearl Island - provides respite from bustling Vietnam. The island floats in the warm waters of the Gulf of Thailand, some 30 miles off the west coast of Vietnam.

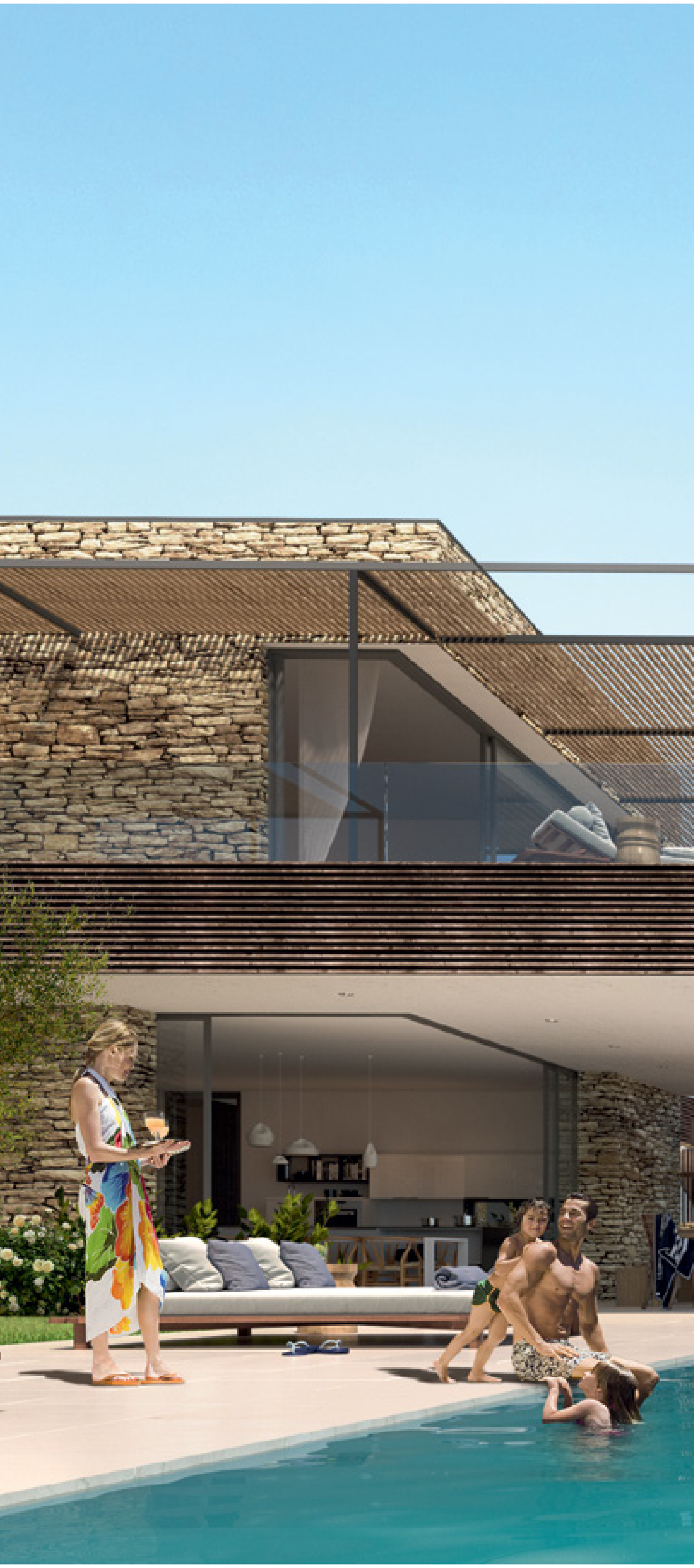
Once a sleepy outpost of fishing villages, it has emerged as a luxurious getaway. LUX* is set to unveil its overwater resort in 2020, on the island's north coast, where the forested mountains slope down to sugar sand beaches, and where the ocean is myriad shades of green.

Perched on stilts above the Kiên Giang Biosphere Conservation Area, LUX* Phu Quoc is a gateway to immeasurable riches - night markets abuzz with local chatter, intricately carved pagodas, red and blue traditional fishing boats, encounters with tradition, and the fifteen islets that make up the mythically beautiful An Thoi archipelago.

FRANCE

WHERE VINES STRETCH TO THE SEA

The Languedoc-Roussillon region in south-western France extends from the Mediterranean Sea to mountain ski-slopes, interspersed with undulating countryside and three times as many vineyards as Bordeaux. The Canal de Midi runs through its midst from the Garonne to the lagoon at Thau and Marseillan, one of the area's many medieval villages, while Roman ruins and ancient castles add to a landscape that has inspired artists from Van Gogh to Picasso. Life here is also a celebration of fine dining and wining, with the added attraction of year-round markets and festivals.



LUX* LA BARAQUETTE, RESORT & RESIDENCES, FRANCE

Experience the Art of Living at Europe's First Seafront Vineyard

Experience the Art of Living at Europe's First Seafront Vineyard.
When the South of France reveals this sea- and vine-view resort in 2021, a fresh take on authentic French living will have arrived. LUX* provides the perfect frame in which to master L'art de Vivre à la française. Expect a different hospitality experience that is lighter, brighter — in spirit, savoir-faire and service. Languedoc-Roussillon, now part of Occitanie, has three times as many vineyards as Bordeaux — and this working wine estate showcases a charm long since lost on the Côte d'Azur. With the Southwest's compelling cuisine, culture, climate and coastline, the best of France is on our doorstep. Between Provence and the Pyrenees, amid landscapes made famous by Picasso and Van Gogh, graze on gastronomy celebrating hyperlocal ingredients. Seafood comes fresh from the lagoon as this intimate Mediterranean enclave for discerning bon vivants sits on the shores of Étang de Thau. Plan action-packed adventures involving unspoilt beaches, Roman ruins, ancient castles, year-round markets and festivals… Or simply pull down the brim of your Panama hat and soak up the sunshine

from the terrace of your suite, apartment or villa, until it's time for that first glass of vin de Pays d'Oc. Exciting new Reasons to Go LUX* await in this charismatic corner of France, where the welcome is as warm as the weather. Need to arrange an important meeting or a spontaneous soirée? Whether you're a freelancing digital nomad or a CEO seeking inspiring event spaces, we let you mix pleasure with business. LUX* La Baraquette is a unique hub that insists you play, work, rest and live life to its fullest.

ITALY

THERE'S NOWHERE LIKE TUSCANY

Tuscany, in central Italy, has everything, from fine wines like Chianti to a cuisine featuring famous local specialities. The landscape is filled with olive groves, vines and orchards, and the air with the scents of nature from one season to another. There's both coast and rolling countryside, steeped in history and ideal for walking and cycling. With medieval villages, Florence and other cities famous for their art and architecture, and no less than seven heritage sites, its appeal is endless.

LUX* TUSCANY, ITALY

There's nothing like summer in Tuscany

Golden hills studded with cypress trees, the scent of ripe persimmons, olive oil groves, vineyards, historic architecture... Tuscany is as good as it gets. After all, it appeals to both the first- and fourteenth-time visitor. The Tuscan sun casts its soft light on a spectacular new boutique hotel located on Via Francigena, an ancient pilgrimage route: LUX* Tuscany planned to open in 2021. Our 'lighter, brighter' take on hospitality perfectly suits the Tuscan countryside.

The beautiful resort is imbued with the Italian je ne sais quoi and the magic of LUX* (Yes, you will be able to drink your morning LUX* Café during your idyllic holiday.)
Fork-to-work dining, a fabulous wine list and cellar, olive oil tastings, red wine-filled nights and beyond-romantic views celebrate the region. Golfers can tee-off under the Tuscan sun on our 18-hole, Nick Faldo-designed course, while savvy travellers can set off to explore the nearby medieval villages or even walk a part of the Via Francigena (its starting point is claimed to be located in Canterbury.)

CORPORATE GOVERNANCE REPORT

STATEMENT OF COMPLIANCE BY THE BOARD

Lux Island Resorts Ltd (the Company or LIR) and its subsidiaries (the Group) have always been committed to observing high standards of corporate governance, promoting corporate transparency and enhancing shareholder value.

The introduction of the new National Code of Corporate Governance for Mauritius has brought considerable changes from a corporate governance reporting perspective.

As earlier compliance was encouraged, implementation of some of the principles contained in the new Code, as well as some of the required disclosures, were disclosed in the 2016-2017 Annual Report.

We are pleased to confirm that we have complied with all of the requirements and provisions for the year ended 30 June 2018.

This report, along with the Annual Report, is published in its entirety on the Company's website.

GRI 102-16

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS

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 enough for special disclosure.

Shareholding

The directors regard IBL Ltd (formerly known as GML Investissement Ltée - GMLIL) as the ultimate holding company and as at 30 June 2018, three directors were common to the Company and IBL Ltd, namely Arnaud Lagesse, Jan Boullé and Thierry Lagesse.

As at 30 June 2018, the Company's share capital was Rs 1,371,159,430 (137,115,943 shares) with 4,668 shareholders (30.06.17: 5,177) present on the registry.

The major reason of the decrease in the number of shareholders is due to the Offer made by IBL Ltd to shareholders of the Company during the year under review.

On 15 December 2017, IBL Ltd acquired from the MCB Group a total of 13,723,072 shares of LIR at a price of Rs 71.50 per share. As a result of this transaction, IBL has consolidated its position in LIR from 39.27% to 49.28%.

In April 2018, IBL Ltd made an unconditional offer to the shareholders of LIR to acquire the remaining shares not already held by it, representing 69,543,494 shares and 50.72% of the share capital of LIR at a price of Rs 71.50. Following this offer, 7.19% responded positively and as a result of this unconditional offer, IBL Ltd now holds 77,425,389 shares of LIR representing 56.47% of its share capital.

CORPORATE GOVERNANCE REPORT

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS (CONT'D)

Shareholding (Cont'd)

Shareholding of more than 5% of the Company at 30 June 2018:

IBL Ltd	56.47%
Swan Life Ltd	6.36%
National Pension Fund	5.56%
Other shareholders	31.61%
Total	100.00%

Shareholding profile

The Company's shareholding profile as at 30 June 2018 was as follows:

DEFINED BRACKETS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES OWNED	PERCENTAGE %
1-500	2,295	300,117	0.219
501-1,000	448	346,632	0.253
1,001-5,000	977	2,427,848	1.771
5,001-10,000	336	2,469,427	1.801
10,001-50,000	447	9,435,841	6.882
50,001-100,000	76	5,331,605	3.888
100,001-250,000	57	8,899,631	6.491
250,001-1,000,000	28	12,654,984	9.229
1,000,001-1,500,000	1	1,471,714	1.073
Over 1,500,000	3	93,778,144	68.393

Summary of Shareholder Category

CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES OWNED	% OF TOTAL ISSUED SHARES
Individuals	4,222	19,406,213	14.154
Insurance and assurance companies	4	8,936,872	6.518
Pension and provident funds	56	6,298,770	4.594
Investment and trust companies	22	823,310	0.600
Other corporate bodies	364	101,650,778	74.134

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS (CONT'D)

Share price information

At the time of reporting, the share price of the Company was around Rs 74/- compared to Rs 62.50/- at the same period in the previous financial statements.

Shareholder rights

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that the Company's shareholders are treated fairly and equitably, and that their rights are protected.

The Company is committed to providing shareholders with adequate, timely, and sufficient information pertaining to the Group's business which could have a material impact on the Company's share price.

All shareholders of the Company are entitled to attend and vote at general meetings, in person or by proxy. Shareholders also receive the annual reports of the Company and the notice of annual general meetings, which are also advertised in the newspapers.

Communication with shareholders

The Company actively engages with its shareholders to promote regular, effective, and fair communication with shareholders and investors at large.

The Company's communication with shareholders is driven by transparency and disclosure. The Company is committed to delivering thorough and updated information to the global investing community, in order to support informed investment decisions. The Company does not practice selective disclosure of material information. The Company conveys material information in its quarterly results through published announcements, and is required to comply with the provisions of the Listing Rules on the continuous disclosure obligations. Results and annual reports are announced and issued within the specified period. All announcements are posted immediately on the Company's website.

The Company conducts regular meetings with analysts and the media. For the results announcements, the Company provides materials, including financial statements and Management discussions and analysis in the form of presentation slides and press releases. During these meetings, the Chairman and the Chief Executive Officer review the most recent performance, analysis, business key-value drivers and metrics, and share the Group's insights and business strategy. On this occasion, analysts, fund managers and reporters have the opportunity to ask questions to the Chairman and the Chief Executive Officer. Any figures or information presented during these panels are simultaneously posted on the Company's website.

Dividend policy

The declaration amount and payment of future dividends depend on many factors, including the results of operations, cash flow and financial conditions, expansion, working capital requirements, future projects, and other factors deemed relevant by the Board and shareholders.

However, 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 & Risk Committee and the Board ensure that the Company satisfies the solvency test at each dividend declaration.

The Board declared a final dividend of Rs 1.25 with respect to the year ended 30 June 2018 (2017: Rs 1.25 per share), which will be ratified at the forthcoming Annual Meeting of Shareholders.

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

PERIOD	INTERIM	FINAL	TOTAL
Year ended 30 June 2014	nil	0.50	0.50
Year ended 30 June 2015	nil	1.00	1.00
Year ended 30 June 2016	nil	1.15	1.15
Year ended 30 June 2017	nil	1.25	1.25
Year ended 30 June 2018	nil	1.25	1.25

CORPORATE GOVERNANCE REPORT

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS (CONT'D)

Conduct of shareholder meetings

During the annual meeting, which is held in Mauritius, shareholders are given the opportunity to communicate their views and to engage with the Board and Management with regard to the Group's business activities and financial performance.

Directors are encouraged to attend shareholders' meetings. The members of the Audit & Risk Committee and external auditors are asked to be present at such meetings.

The Constitution also allows a shareholder of the Company to 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 resolution), whether a shareholder or not, to attend and vote on their behalf.

At a shareholders' meeting, each issue is proposed in a separate resolution:

* The approval of the audited financial statements
* The annual report
* The ratification of dividend (if applicable)
* The election or re-election of directors of the Board
* The appointment or re-appointment of auditors under section 200 of the Companies Act 2001
* The ratification of the remuneration paid to the auditors
* Any other matter which may require the shareholder's approval

Directors' shareholdings

Interests of Directors

The table below outlines each director's respective direct and indirect interests and number of other directorships in listed companies as at 30th June 2018.

DIRECTORS	DIRECT INTEREST		INDIRECT INTEREST	NUMBER OF OTHER DIRECTORSHIPS IN LISTED COMPANIES
	SHARES	%	%	
Jean-Claude Béga	79,651	0.06	0.04	5
Jan Boullé (appointed on 12.04.18)	-	-	0.05	6
Jean de Fondaumière (resigned on 01.07.18)	-	-	-	5
Laurent de la Hogue	25,000	0.01	-	2
Désiré Elliah	749,977	0.54	-	-
Paul Jones	287,000	0.20	-	-
Arnaud Lagesse	24,000	0.01	0.59	6
Pascale Lagesse	-	-	-	-
Thierry Lagesse	1,378	0.00	0.02	6
Maxime Rey	4,000	0.00	-	5
Alternate Director Deodass Poolovadoo (Alt to Désiré Elliah)	339,071	0.24	-	-

RELATIONS WITH SHAREHOLDERS AND KEY STAKEHOLDERS (CONT'D)

Directors' shareholdings (Cont'd)

Interests of Directors (Cont'd)

Following the implementation of the executive share scheme, the following executive directors have a direct holding in the subsidiary, The Lux Collective Ltd (formerly known as LUX Hospitality Ltd) as at 30 June 2018.

	% HOLDING IN THE LUX COLLECTIVE LTD
Paul Jones	3.64
Désiré Elliah	1.18
Deodass Poolovadoo (Alternate to Désiré Elliah)	0.05

Other than having shares in the holding company, none of the directors have any interest in the subsidiaries of the Company.

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

	NUMBER OF SHARES PURCHASED/(SOLD) DIRECTLY	NUMBER OF SHARES PURCHASED/(SO LD) INDIRECTLY
Arnaud Lagesse	123	-
Jean de Fondaumière	(37,932)	-
Deodass Poolovadoo	(50,000)	-
Stéphane Lagesse (resigned on 13.12.17)	(117,000)	-

The Company complies with Appendix 6 (Model Code for Securities Transactions by Directors of Listed Companies) of the Listing Rules established by the Stock Exchange of Mauritius Ltd and ensures that all dealings in which a director is or is deemed to be interested is conducted in accordance with the model code.

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

CALENDAR OF IMPORTANT EVENTS

Publication of first-quarter results	October 2018
Annual Meeting of Shareholders	December 2018
Declaration/payment of interim dividend (if applicable)	November/December 2018
Publication of half-yearly results	January 2019
Publication of third-quarter results	April 2019
Declaration/payment of final dividend (if applicable)	June 2019
Financial year-end	June 2019
Publication of abridged end-of-year results	August 2019

CORPORATE GOVERNANCE REPORT

GOVERNANCE STRUCTURE

Lux Island Resorts Ltd is a public interest entity, as defined by law.

The primary function of the Board of Directors of the Company (the Board) is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders as enumerated in the Board Charter as approved by the Board and which is published on the Company's website. The Board has the responsibility to fulfil its role, which entails the following:

* Ensure that the long-term interests of shareholders are being served, and safeguard the Group's assets
* Assess major risk factors relating to the Group and review measures, including internal controls, to address and mitigate such risks
* Review and approve Management's strategic and business plans, including understanding the business and questioning the assumptions upon which plans are based, in order to reach an independent judgment and determine the probability of the plans and/or forecasts being realised
* Monitor the performance of Management regarding budgets and forecasts
* Review and approve significant corporate actions and major transactions
* Assess the effectiveness of the Board
* Ensure ethical behaviour and compliance with laws and regulations, auditing and accounting principles and the Company's own governing documents
* Identify key stakeholder groups and acknowledge that their perceptions affect the Company's reputation
* Consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation
* Perform such other functions as prescribed by law, or assigned to the Board in the Company's governing documents.

The Board has approved a Statement of Accountabilities describing the major accountabilities within the organisation.

Chairman of the Board

The Board is headed by the Chairman and there is a clear separation of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. The Board notes that the Chairman plays an instrumental role in developing the business of the Group and that he provides the Group with strong leadership and vision. The Chairman of the Board is Arnaud Lagesse and he is responsible for:

* Leading the Board to ensure its effectiveness in all aspects of its role
* Setting the agenda and ensuring that adequate time is granted to discuss all agenda items particularly strategic issues
* Ensuring that the Directors receive complete and adequate information in a timely manner
* Ensuring effective communication with shareholders
* Encouraging constructive relations within the Board and between the Board and Management
* Facilitating the effective contribution of non-executive directors in particular
* Promoting high standards of corporate governance

The Executives of the Group headed by the Chief Executive Officer are as follows:
Paul Jones – Chief Executive Officer – Executive Director
Desire Elliah – Chief Financial Officer – Executive Director
Marie-Laure Ah-You – Chief Strategy Officer
Nicolas Autrey – Chief Human Resources Officer
Julian Hagger – Chief Sales and Marketing Officer
Nitesh Pandey – Senior Vice-President in charge of Tamassa, Salt and Ile des deux Cocos
Dominik Ruhl – Chief Operating Officer
Guillaume Valet – Group Head of Legal, Secretarial and Corporate Affairs
Pritila Joynathsing-Gayan – Chief Internal Auditor

The job description of the above executives has been approved by the Remuneration Committee.

The organisation chart of the Group can be consulted on the Company's website.

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GOVERNANCE STRUCTURE (CONT'D)

Code of Ethics

Lux Island Resorts Ltd has a commitment to moral conduct, to ethical behavior and to operations within the letter and spirit of the law. In carrying out their duties, Officers of the Group should adhere to local and all other applicable laws, regulations, principles and standards, in everything that they do and be aware that compliance with such laws, regulations, principles and standards is the basis of sound business conduct.

The Code of Ethics of the Group as approved by the Board and which is published on the Company's website addresses the following:

* Compliance with Laws, Rules and regulations
* Conflict of interest
* Use and disclosure of Confidential Information
* Giving and receiving gifts
* Safeguard and proper use of company Assets
* Personal conduct and etiquette
* Proper Accounting and document retention
* Reporting Illegal and unethical behaviour
* Recruitment and Employment practices
* Responsibilities to the Community
* Relationships with suppliers and contractors
* Responsibilities towards Government official
* Responsibilities towards Other Stakeholders

The Corporate Governance and Nomination Committee regularly monitors and evaluates compliance with its Code of Ethics. Appropriate actions are taken in case of non compliance.

CORPORATE GOVERNANCE REPORT

STRUCTURE OF THE BOARD

Board Size and composition

The Board is a unitary board that currently consists of 10 directors, as shown below, along with their membership on the Board Committees of the Company:

Each year the Board examines the size, composition, skills and core competencies of its members to ensure there is an appropriate balance and diversity of skills, experience and knowledge. The Board includes Directors from different industries and backgrounds, with business and management experience, who, collectively, provide the core abilities for the leadership of the company. Taking into account the scope and nature of the Group's operations, the Board considers that the current Board of 10 Directors is appropriate for enabling effective decision-making. The directors of the Company and their representations in the various Committees are as follows:

NAME	GENDER	COUNTRY OF RESIDENCE	BOARD APPOINTMENT	BOARD COMMITTEE APPOINTMENT
Arnaud Lagesse	M	Mauritius	Non-independent Chairperson of the Board	Chairman of the Corporate Governance & Nomination Committee and Member of the Remuneration Committee
Paul Jones (Chief Executive Officer)	M	Mauritius	Executive Director	
Jean-Claude Béga	M	Mauritius	Non-Executive Director	Member of the Audit & Risk Committee
Jan Boullé (appointed on 12.04.18)	M	Mauritius	Non-Executive Director	Member of the Audit & Risk Committee
Laurent de la Hogue	M	Mauritius	Non-Executive Director	
Désiré Elliah (Chief Financial Officer)	M	Mauritius	Executive Director	
Pascale Lagesse	F	Mauritius	Independent Non-Executive Director	
Thierry Lagesse	M	Mauritius	Non-Executive Director	
Reshan Rambocus (appointed on 01.07.18)	M	Mauritius	Independent Non-Executive Director	Chairman of the Audit & Risk Committee
Maxime Rey	M	Mauritius	Non-Executive Director	Member of the Audit & Risk Committee
Deodass Poolovadoo (Alt to Désiré Elliah)	M	Mauritius	Alternate director	

STRUCTURE OF THE BOARD (CONT'D)

Board Size and composition (Cont'd)

All Board members are non-executive, except:

* The Chief Executive Officer
* The Chief Financial Officer

Review of directors' independence

Having two independent directors plays a crucial role in ensuring that there is a strong, impartial element on the Board. The objective is to facilitate the exercise of independent and objective judgement on corporate affairs, and to ensure that discussion and review of key issues takes place in a critical yet constructive manner.

The Board evaluates, on an annual basis, and when the circumstances require, whether or not a director is independent, bearing in mind the provisions of the Code, and any other salient factors.

Additionally, rigorous reviews are conducted, and particular consideration is given to directors that have served on the Board for more than nine consecutive years from the date of their first election. The Board considers that a director's independence cannot be determined solely and arbitrarily on the basis of the length of time and that a director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging cannot be overlooked. Managing the interests of the Group, as well as the performance of their duties in good faith, are more critical measures in ascertaining a director's independence than the number of years on the Board.

The Board has taken note, of the resignation as at 1st July 2018, of Mr Jean de Fondaumière who has served for more than nine consecutive years from the date of his first election. Mr Jean de Fondaumière also resigned, on the same date, as Chairman of the Audit & Risk Committee and as member of the Remuneration Committee.

Reshan Rambocus has been appointed as Independent Director effective from 1 July 2018 in replacement of Jean de Fondaumière. He complies with the definition of an independent director as stipulated in the Code. His appointment as Director will be submitted for shareholder approval at the Annual Meeting scheduled on 7 December 2018.

Reshan Rambocus has also been appointed as Chairman of the Audit & Risk Committee on 1 July 2018.

The Board considers that the following directors are regarded as independent directors:

* Pascale Lagesse
* Reshan Rambocus

Pascale Lagesse was appointed to the Board as an independent non-executive director on 20 April 2017.

We believe that our independent directors have and will demonstrate a high commitment to their roles as directors and will ensure that there is a good balance of power and authority within the Company.

Non- executive directors

Non-executive directors meet and/or hold discussions at least annually without the presence of executive directors, non-independent directors and Management.

Stephane Lagesse submitted his resignation as non-executive director and as member of the Audit & Risk Committee on 13 December 2017 and Jan Boullé was appointed as non-executive director and as member of the Audit & Risk Committee on 12 April 2018.

Delegation by the Board

To assist its workings, the Board has delegated certain functions to three committees: the Audit & Risk Committee (ARC), the Remuneration Committee (RC) and the Corporate Governance & Nomination Committee (CGNC). Each committee has its own written terms of reference, which are available on the Company's website.

CORPORATE GOVERNANCE REPORT

STRUCTURE OF THE BOARD (CONT'D)

Directors' time, commitment, and multiple directorships

The 2016 National Code of Corporate Governance recommends that directors collectively come to a consensus on the maximum number of listed-company boards that each director may serve on, in order to properly address time-commitment issues that may arise due to one individual serving on multiple boards.

The Board believes that each director who already serves on several boards, when accepting yet another appointment, has the responsibility to personally determine the demands of his/her competing directorships and obligations, and ensure that sufficient time and attention can be allocated to the affairs of each company.

The Board considers that setting a limit on the number of listed-company directorships a director may hold is arbitrary, given that time requirements for each person vary. Therefore, the Board prefers not to be prescriptive. As a safeguard, the CGNC reviews each director's ability to devote sufficient time and attention to the affairs of the Company during its annual assessment process. The CGNC is currently satisfied with the time committed by each director to meeting attendance.

Company Secretary

Directors may separately and independently contact the Company Secretary or its nominee who attends and prepares minutes for all Board meetings. The Company Secretary's role is defined, and includes the responsibility for ensuring that Board procedures are followed and that there is adherence to applicable rules and regulations.

The appointment and dismissal of the Company Secretary are matters requiring the Board's approval.

The role of the Company Secretary, represented by Désiré Elliah, is established by The Lux Collective Ltd, formerly LUX Hospitality Ltd. Please refer to page 15 for Mr. Desiré Elliah's qualifications and experience.

Audit & Risk Committee

The Audit & Risk Committee (ARC) is governed by a charter in line with the provisions of the National Code of Corporate Governance for Mauritius (the Code). The Charter of the Audit & Risk Committee is available on the Company's website and has been approved by the Audit & Risk Committee. It is reviewed on an annual basis.

The Board considers that the members of the Audit & Risk Committee are appropriately qualified to discharge the responsibilities their membership requires. This Committee has the explicit authority to investigate any matter within its terms of reference. In addition, it has full access to and co-operation from Management, as well as full discretion to invite any director or executive officer to attend its meetings. Reasonable resources are made available to enable the Audit & Risk Committee to discharge its functions properly.

In addition to its statutory functions, the Audit & Risk Committee considers and reviews any other matters as may be agreed to by the Committee and the Board. The duties of the Committee include:

(a) Reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcement relating to the Group's financial performance.

(b) Reviewing and reporting to the Board at least annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls.

(c) Reviewing the effectiveness of the Group's internal audit function.

(d) Reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors.

(e) Making recommendations to the Board on proposals to shareholders on appointment, re-appointment and dismissal of external auditors, and approving their remuneration and terms of engagement.

STRUCTURE OF THE BOARD (CONT'D)

Audit & Risk Committee (CONT'D)

The Audit & Risk Committee reviews with Management and, when relevant, the auditors, results' announcements, the annual report and financial statements, interested person transactions and corporate governance, before submission to the Board for approval and adoption.

In performing its functions, the Audit & Risk Committee meets with the internal and external auditors, and reviews the audit plans and overall scope of both internal and external audits, and the co-operation and assistance given by Management to the respective auditors. When necessary, the Audit & Risk Committee also meets separately with the internal and external auditors. On such occasions, any issues may be raised directly with the Audit & Risk Committee without the presence of Management. The internal and external auditors have unrestricted access to the Audit & Risk Committee.

The Audit & Risk Committee has discussed with the external auditors and Management matters of significance to the financial statements, which include the following:

* Impairment of investment in subsidiary
* Acquisition of Le Recif
* Renovation of LUX* Grand Gaube

Such matters, as well as any other issues identified by the ARC, are discussed with both the internal and external auditors. If required, independent expert advice can be sought. The matters listed above have also been addressed by the auditors under the Key Audit Matters section in the Independent Auditor's Report. The Audit & Risk Committee is satisfied that these matters have been appropriately addressed. The Audit & Risk Committee recommended to the Board to approve the audited financial statements of the Group for the financial year ended 30 June 2018 (FY 2017-2018 Financial Statements). The Board has approved the 2017-2018 Financial Statements on 28 September 2018.

The Audit & Risk Committee met six times during the year and considered the following:

* Approval of the financial statements as at 30 June 2017
* Approval of the results for the first, second and third quarters
* Recommendation to the Board in respect of the Reply Document following the Offer of IBL Ltd to the shareholders of the Company
* Review of the budget for 2018-2019
* Audit Plan for 2018-2019
* Taking cognisance of the internal and external audit reports.

The members of the Audit & Risk Committee, as at the date of this Report's publication, are as follows:

* Reshan Rambocus (Chairman)	Independent Non-Executive Director
* Jean-Claude Béga	Non-Executive Director
* Jan Boullé	Non-Executive Director
* Maxime Rey	Non-Executive Director

The Board is taking appropriate action to comply with the Code in terms of the number of independent directors constituting the ARC.

The profiles and qualifications of the members of the Audit Committee are disclosed on pages 16-17.

On 13 December 2017, Stéphane Lagesse submitted his resignation from the Audit & Risk Committee.

On 12 April 2018, Jan Boullé was appointed as a member of the Audit & Risk Committee, replacing Stéphane Lagesse.

On 1 July 2018, Jean de Fondaumière resigned as Chairman and Member of the Audit & Risk Committee and was replaced by Reshan Rambocus on the same date.

CORPORATE GOVERNANCE REPORT

STRUCTURE OF THE BOARD (CONT'D)

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee (CGNC) is governed by a charter that determines the Committee's objects and functions.

The Charter is available on the Company's website and has been approved by the CGNC. It is reviewed on an annual basis.

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 :

* Arnaud Lagesse - Chairman
* Alexis Harel
* Christof Zuber

Christof Zuber and Alexis Harel are Non-Executive Independent Directors on the board of the subsidiary, The Lux Collective Ltd (formerly known as LUX Hospitality Ltd).

Profiles and qualifications of the members of the Corporate Governance and Nomination Committee are disclosed on pages 14-21.

Remuneration Committee

The Remuneration Committee is governed by a charter that determines its role and responsibilities. This Charter has been approved by the Remuneration Committee and is available on the Company's website. It is reviewed on an annual basis.

The duties of the Remuneration Committee include recommendations to the Board for approval of the following:

- The Companys' organisational chart
- A general framework for the remuneration of Board members and key management personnel
- Specific remuneration packages for each director and key management personnel
- The Company's obligations in the event of the termination of an executive director or key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses that are not overly generous.

The Remuneration Committee may, during its annual review of remuneration of directors and key management personnel, seek advice from external remuneration consultants as and when deemed necessary.

None of the members of the Remuneration Committee are involved in deliberations regarding remuneration, fees, compensation, incentives or any other form of benefits granted.

The Remuneration Committee includes the following directors:

* Christof Zuber – Chairman
* Arnaud Lagesse
* Alexis Harel

Jean de Fondaumière resigned from the Remuneration Committee on 1 July 2018.

The Board is of the opinion that the current composition is adequate, with an independent director as Chairman.

Profiles and qualifications of the members of the Remuneration Committee are disclosed on pages 14-21.

STRUCTURE OF THE BOARD (CONT'D)

Remuneration Committee (Cont'd)

Attendance

Below are details on the number of Board meetings and Board Committee meetings held during the financial year, as well as the attendance of Directors and Board Committee members at those meetings:

NO OF MEETINGS ATTENDED BY DIRECTORS

NAME	BOARD MEETINGS	AUDIT & RISK COMMITTEE MEETINGS	CORPORATE GOVERNANCE & NOMINATION MEETINGS	REMUNERATION COMMITTEE MEETINGS
Executive Directors				
Paul Jones	6	5 (in attendance)	1 (in attendance)	4 (in attendance)
Désiré Elliah	6	6 (in attendance)	1 (in attendance)	1 (in attendance)
Non-Executive Directors				
Arnaud Lagesse	6	-	1	4
Jean-Claude Béga	5	6	-	-
Jan Boullé (appointed on 12.04.17)	1 on 3	0 on 2		
Laurent de la Hogue	4	-	-	-
Jean de Fondaumière	6	6	-	4
Pascale Lagesse	6	-	-	-
Stéphane Lagesse (resigned on 13.12.17)	2 on 2	2 on 2	-	-
Thierry Lagesse	5	-	-	-
Maxime Rey	5	5	-	-
Other directors of the Group				
Alexis Harel	-	-	1	4
Christof Zuber	-	-	1	4
Number of meetings held	**6**	**6**	**1**	**4**

CORPORATE GOVERNANCE REPORT

DIRECTOR APPOINTMENT PROCEDURES

Role of the Corporate Governance & Nomination Committee in a director's appointment

The Corporate Governance & Nomination Committee (CGNC) is responsible for selecting and appointing new directors.

All proposals for new Board members are first considered, reviewed, and recommended by the CGNC, before being brought to the Board for approval. Potential candidates for casual vacancies are sourced with recommendations from directors or shareholders as provided for in article 13.1.5 of the Company's Constitution. The CGNC then evaluates the suitability of potential candidates for the position, taking into account, inter alia, the candidate's age, gender, skills, knowledge, experience and ability to contribute to the Board's effectiveness.

Upon the CGNC recommendation, the Board approves the appointment of the new Director.

In accordance with the provisions governing the election and re-election of directors, all directors are to present themselves for re-election every year at the Annual Meeting of Shareholders. Newly-appointed directors must present themselves for election at the following Annual Meeting.

Under Section 138 of the Companies Act 2001 of Mauritius, the office of a director becomes vacant at the conclusion of the Annual Meeting after the director has reached 70s, and shall then be subject to yearly re-appointment. The Board is satisfied with the current practice.

This year, to comply with the provisions of the Code, Arnaud Lagesse, Paul Jones, Jean-Claude Béga, Laurent de la Hogue, Désiré Elliah, Thierry Lagesse, Maxime Rey and Pascale Lagesse will submit themselves for re-election as Board Members at the forthcoming Annual Meeting of Shareholders. Jan Boullé and Reshan Rambocus, who were respectively appointed by the Board on 12 April 2018 and on 1 July 2018, will submit their appointment for approval at the forthcoming Annual Meeting of Shareholders.

The CGNC has recommended the re-election and election of the Board members listed above, after taking into consideration each one's attendance, participation, contribution and performance during the year under review.

Board orientation and training for new directors

We have put in place procedures to ensure that newly-appointed directors receive an induction and orientation upon joining the Board.

Directors are provided with the Board Charter, which clearly outlines their duties and obligations. They are also given the Company's relevant governing documents.

Newly-appointed non-executive directors who are not familiar with the Group's business or the Hospitality Sector's activities are invited to stay in each hotel and meet the General Manager to become acquainted with each resort's operations, strengths and weaknesses.

Management is also responsible for briefing new directors on the Group's business. This process ensures the creation of a well-informed and competent Board.

Continuing development of directors

The Chairperson should regularly review and come to an agreement with each director, as necessary, on his or her training and development needs, and also has to ensure that all directors regularly revise their knowledge and skills. The Company has to provide the necessary resources for the director to best develop his/her knowledge and capabilities.

Training and updating may include:

* Externally conducted courses on audit/ financial reporting matters and other relevant topics
* Quarterly management updates on operations and industry-specific trends and development, undertaken by the Chief Sales and Marketing Officer (CSMO)
* Quarterly ongoing training on regulatory changes and updates, which includes briefings to ARC members or changes to accounting standards and issues.

DIRECTOR APPOINTMENT PROCEDURES (CONT'D)

Succession planning and directors' service contracts

The employment contract of Paul Jones has been extended up to 30 June 2021. Although the Board is confident that, under the leadership of Paul Jones, the Company will maintain its growth trajectory and that the LUX* brand will be strengthened, the Board is aware of the need to take necessary measures to follow the established succession-planning process. The contract of the Chief Sales and Marketing Officer has also been extended to 31 December 2021 with a view to ensure continuity within the Group's Top Management team.

Directors' profiles

Please refer to pages 14-21 for the Directors profile.

Please refer to pages 20-21 for the profiles of Alexis Harel and Christof Zuber who are members of the Corporate Governance and Nomination Committee and of the Remuneration Committee.

All of the directors hold directorship positions in other companies, which are not listed. The directors believe that this information will be cumbersome and will not add any value to this Annual Report.

DUTIES, REMUNERATION AND PERFORMANCE

Key features of Board processes

To assist the directors in planning their attendance at meetings, the dates of Board meetings, Board Committee meetings and, Annual Meetings are scheduled up to one year in advance, with Board Meetings occurring at least each quarter. In addition to the regular scheduled meetings, ad-hoc Committee meetings are convened as and when circumstances warrant. In addition to physical meetings, the Board and Board Committees may also make decisions by way of written resolutions under the Company's Constitution and their respective terms of reference.

Board meetings are chaired in Mauritius, but the Company's Constitution permits Board Members to also participate by teleconference or other similar means of communication.

From 1 July 2017 to 30 June 2018, the Board met six times for the purpose of considering and approving, amongst others, the following items:

- First quarter results
- Second quarter results
- Third quarter results
- Discussions about the reorganisation of the Group and separation of the property company and the management company
- Approval of the Reply Document following the Offer of IBL Ltd to the Company's shareholders
- Declaration of dividends
- Budget for the financial year ending 30 June 2019.

Complete, adequate and timely information

To ensure that the Board is able to fulfill its responsibilities, Management provides the Board with complete and adequate information in a timely manner. Such information extends to documents on matters to be brought up at Board and Board Committee meetings which, as a standard procedure, are circulated to Board and Board Committees members, in some cases in advance, for their review and consideration.

Senior Management, the Company's auditors and other professionals, who can provide additional insights into matters to be discussed at Board and/or Board committee meetings, are also invited to be present at these meetings when necessary. As directors may have further queries on the information provided, they have separate and independent access to the Company's Senior Management, to address individual directors' requests for additional information/documents accordingly.

CORPORATE GOVERNANCE REPORT

DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

Complete, adequate and timely information (Cont'd)

Management provides the Board with the Group's financial statements and management reports on a quarterly basis and upon request as and when required. Explanations are given by Management for material variance (if any) between any projections in the budget and actual results.

Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group if they have the ability, directly or indirectly, to control the Group or exercise significant influence over the Group in making financial and operating decisions, or vice versa, or if they and the Group are subject to common control. Related party transactions are disclosed in note 37 on page 231 in the Financial Statements.

Related party transactions have been conducted in accordance with the related party transaction policy.

Conflicts of interest

The Company's Code of Ethics, which includes a section on conflict of interest, is applicable to all employees, senior officers and directors of the Company. The Whistleblowing Policy, which is an extension of the Code of Ethics, provides employees and other stakeholders a reporting channel on suspected misconduct or malpractice within the Company without fear of reprisal or victimisation. To enhance transparency, it also outlines the complaint handling and reporting processes.

All new employees and Company directors receive training on the Code of Ethics and the Whistleblowing Policy. The Company Secretary maintains an interest register and, in case he notices any potential conflict of interest, timely reporting is made to the Board.

The Company has a policy in place where a Board member shall immediately report to the Chairman any conflict of interest or potential conflict of interest and shall provide full information in that respect. The Board member concerned may not take part in any discussion or decision regarding such transaction.

All conflicts of interest have been investigated in accordance with the Company's Code of Ethics. There has been no case of conflict of interest noted during the financial year under review.

Board evaluation process

The CGNC is tasked with carrying out the processes instigated by the Board, assessing the effectiveness of the Board as a whole and the contribution of each individual director to the effectiveness of the Board on an annual basis.

The Company has established a system of Board Appraisal to assess the effectiveness / performance of the Board and acts upon, when deemed appropriate, feedback from Board members on improvement.

The Board Appraisal is conducted annually by means of a questionnaire filled by each director. The questions are categorised as follows:

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

The results are analysed and discussed in the CGNC, and improvements are considered with recommendations 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.

DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

Board evaluation process (Cont'd)

When deliberating on the performance of a particular director who is also a member of the CGNC, that member abstains from the discussion in order to avoid any conflict of interest. The Board considers that the current assessment of the Board and individual directors meets Company requirements.

Independent professional advice

In the furtherance of their duties, the directors, either individually or as a group, can require professional advice. The Company Secretary is able to assist them in obtaining independent professional advice at the Company's expenses.

REMUNERATION MATTERS

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 & Risk Committee and Corporate Governance and Nomination Committee receive an extra fee for each committee meeting attended. No additional fees are paid to members of the Remuneration Committee.

The level of Directors' Fees is reviewed annually by the Remuneration Committee and/or the Board, during which, factors such as contributions, regulatory changes, responsibilities and market benchmarks are taken into account.

For the year ended 30 June 2018, there was no change to the fee structure, which was as follows:

BOARD	RS
Annual director's fees	100,000
Attendance fee	10,000
Audit & Risk Committee	
Chairman's attendance fee	75,000
Members' attendance fee	50,000
Corporate Governance and Nomination Committee	
Attendance fee	25,000

Remuneration of executives directors and key management personnel

In designing its compensation structure, the Company seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate.

The remuneration structure for executive directors and key management personnel consists of (a) fixed remuneration (b) variable bonus and or (c) other benefits. Executive directors do not receive directors' fees.

The level of remuneration is determined by various factors including Group performance, industry practice and the individual's performance and contribution towards meeting objectives for the year under review.

Executive share scheme

The Group has implemented an employee share scheme for executives and senior employees of the Company and its subsidiaries. Executives and senior employees are granted shares in the subsidiary company, The Lux Collective Ltd (formerly known as LUX Hospitality Ltd).

Executives and senior management are granted a certain number of shares upon achievement of a number of quantitative and qualitative criteria.

The Executive Share Scheme was put in place to enhance the Company's competitiveness in attracting and retaining talented key senior management and executives. Please refer to note 33 in the financial statement for more details.

CORPORATE GOVERNANCE REPORT

DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

REMUNERATION MATTERS (CONT'D)

Directors' remuneration for the year ended 30 June 2018 was as follows:

Remuneration and benefits (including bonuses and commissions) paid and payable by the Company and its subsidiaries:

	YEAR ENDED 30 JUNE 2018		YEAR ENDED 30 JUNE 2017	
	EXECUTIVE	NON- EXECUTIVE	EXECUTIVE	NON- EXECUTIVE
	RS	RS	RS	RS
The Company	-	**1,495,000**	-	1,451,000
Subsidiary (note a)	**77,481,000**	-	104,167,000	-

(a) Includes alternate directors.

Remuneration paid to each executive director and key management personnel is not disclosed individually for the following reasons:

After having taken into account the Company's size, its scope of business and relevant personal comments, and having determined that their remuneration is aligned to the relevant market range, the Company believes that it is not in its best interests to disclose the above remuneration to the full extent recommended, due to the sensitivity and confidentiality surrounding the issue of remuneration.

Moreover, varying responsibilities for similar positions may encourage inappropriate peer comparisons or discontent and may, in certain cases, impede the Group's ability to retain its talent pool in a competitive environment.

The top key management personnel listed in alphabetical order, who are not directors of the Company for the year ended 30 June 2018, are as follows:

List of key Management personnel

Marie-Laure Ah-You – Chief Strategy Officer

Nicolas Autrey – Chief Human Resources Officer

Julian Hagger – Chief Sales and Marketing Officer

Nitesh Pandey – Senior Vice- President (in charge of Tamassa, SALT and Ile des Deux Cocos)

Dominik Ruhl – Chief Operating Officer

Guillaume Valet – Group Head of Legal, Secretarial and Corporate Affairs

Pritila Joynathsing-Gayan – Chief Internal Auditor

DUTIES, REMUNERATION AND PERFORMANCE (CONT'D)

REMUNERATION MATTERS (CONT'D)

Remuneration of non-executive directors

Non-executive directors are not permitted to participate in any of the Company's incentive arrangements in line with the National Code of Corporate Governance of Mauritius that stipulates that "they should not normally receive remuneration in the form of share options or bonuses associated with organisational performance."

The aim of a non-executive director's basic fee is to provide at a rate that attracts and retains high calibre non-executive directors, and that acknowledges the scope of their role and required time commitment.

RISK GOVERNANCE AND INTERNAL CONTROL

Responsibility for risk management and internal controls

The Board, assisted by the Audit & Risk Committee and the internal auditors, is responsible for risk governance by ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and Group's assets, and determines the nature and extent of any significant risks that the Board may take to achieve its strategic objectives.

The role and duties of the Audit & Risk Committee regarding the management of risks

The Audit & Risk Committee has the duty to assist Management in its role of managing risks, as part of the Group's efforts to strengthen its risk management processes and foster accountability for their adequacy and effectiveness.

The Board has the ultimate responsibility for the governance and oversight of the risk-management process. The Audit & Risk Committee assists the Board in their oversight of the process, financial reporting risks and the effectiveness of the Company's internal control and compliance systems. Management is responsible for assuring the Board as to the adequacy and effectiveness of the risk management lifecycle and ensuring the quality and timeliness of information.

The Company's risk management process has a disciplined and repeatable interaction structure that facilitates active involvement by the Board in evaluating risks in strategic alternatives and operational decisions. The structure serves as a forum for Management to highlight both favorable and adverse factors affecting the business and its performance and associated risks, and in turn creates visibility for the Board and relevant stakeholders. Board members and Management collectively determine the materiality of the risks and appropriate strategies to address them, following which pertinent risk governance structures are constituted. Governance policies are reviewed and approved by the Audit & Risk Committee.

Assurance from the Chief Executive Officer and the Chief Financial Officer

The Board has received assurance from the Chief Executive Officer and the Chief Financial Officer that:

(a) The financial records of the Group for the financial year ended 30 June 2018 have been properly maintained and that the financial statements give a true and fair view of the Group's operations and finances, in accordance with the applicable financial reporting framework, and that they are free from material misstatement.

(b) The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material, financial, operational, compliance and information technology risks.

The Chief Executive Officer and the Chief Financial Officer have in turn obtained relevant assurance from the auditors of the Group.

Opinion on adequacy and effectiveness of internal controls and risk management systems

The Audit & Risk Committee is responsible for making the necessary recommendations to the Board so that the Board can form an opinion concerning the adequacy and effectiveness of the Group's risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

Opinion on adequacy and effectiveness of internal controls and risk management systems (Cont'd)

The Board is satisfied with the adequacy of the Audit & Risk Committee's review of the Group's internal controls, including operational, compliance and information technology controls, and risk management policies and systems established by Management. In its review, the Audit & Risk Committee was assisted by both the external and internal auditors. This review is conducted at least once a year.

Over the course of the audit, the external auditors carried out a review of the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information-technology controls, to the extent of their scope as laid out in their Audit Plan. Material non-compliance and internal control weaknesses noted during the audit are reported to the Audit & Risk Committee along with the recommendations of the external auditors.

Based on the framework established and maintained, the work performed by the Audit & Risk Committee, and the internal audit function, as well as the assurance received from the Chief Executive Officer and the Chief Financial Officer, the Board with the concurrence of the Audit & Risk Committee, is of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls, and risk management systems, have been adequate and effective in meeting Group needs in its current business environment.

The Board notes that the Company's systems of internal controls and risk management provide reasonable assurance that the Group will not be adversely affected by an event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

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 any risks that 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.

Risk governance

Effective risk management is integral to the overall achievement of the Company's strategic objectives. The Company's focus is on managing risks to ensure the long-term sustainability of its business.

The Board is ultimately responsible for establishing, maintaining and overseeing appropriate and effective risk management and internal control systems for the Company. It has given the Audit Committee the responsibility of overseeing these systems on an ongoing basis and assessing their adequacy and effectiveness.

Risk factors

The Group's corporate risk management policy is designed to effectively protect the interests of its customers, its environment and its shareholders. The mapping of key operational risks is updated on a regular basis with risks being prioritised according to their frequency and their economic impact on the Group.

This section presents the significant risks to which the Group considers itself exposed – strategic, operational, legal and financial – as well as the insurance coverage in place to deal with them.

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RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

STRATEGIC AND OPERATIONAL RISKS (CONT'D)

Risks related to the Group's international exposure (Cont'd)

Sensitivity to economic conditions and geographical location

The Group is actually present in more than five countries and plans to increase its international exposure. Economic slowdowns in the regions where the Group trades adversely affect demand for leisure activities, particularly vacation travel. This means that the Group is exposed to the consequences of economic crises and falls in consumer spending, which means fewer guests.

The impact of the resulting fluctuations in business volume is mitigated by the Group's diverse geographical operating presence, its international customer base and the increasing flexibility of its business model.

Natural disaster and weather

The Group is subject to major natural disaster and weather risks in its operating regions or in its customers' home regions. These could be exceptional disasters such as tsunamis in Indonesia or Japan, or extreme, but nevertheless more frequent, events such as cyclones in the Indian Ocean. Operating losses that may result are covered by the Group's insurance policies where they cause localised damage.

More generally, however, the diversity of geographical locations and a flexible commercial policy help to spread the risks related to natural disasters and adverse weather conditions.

Act or threat of terrorism, risk of war or other adverse political events

The Group's presence in several countries increases its exposure to geopolitical risks and the threat of terrorism.

The Group's strategy to limit its exposure to these risks is based on :

* The interchangeable nature of its customer flows, which is a natural consequence of the Group's international presence and of the location of its operations in different geographical regions
* More flexible operating models, such as management contracts, in areas particularly exposed to these risks.

Risks related to the Group's activities

Competition

The Group operates in highly competitive markets, where the differentiating factors are brand recognition, company image, and the price and quality of services offered. Although the Group aims to raise its brand recognition continuously through advertising and promotional activities and by improving the excellence of its services, it faces increasing competition in its various operating regions.

Brand image and reputation

The Group's reputation rests on the quality and exclusivity of its services, as well as targeted communication policies. Inappropriate behaviour on the part of employees or suppliers, or the circulation in the media of damaging information, could harm the Group's reputation, cause an adverse impact on sales and, beyond the direct damage, impact relations with the Group's partners. To protect the Group from the risk of negative publicity, dedicated teams continually monitor the media and social networks on a permanent basis in order to activate a crisis management plan as needed. The Group may also see its reputation affected if it fails to take heed of the environmental issues surrounding its activities (climate change, strain on resources etc). Its entire environmental policy is aimed at guarding against such issues.

Seasonality

The Group generates a significant share of its revenues during school vacation periods and it follows that the negative impact of any event occurring over these periods is amplified.

The internationalisation of its customer base means that its hotels can be filled to optimum capacity by leveraging differences in school vacation calendars.

CORPORATE GOVERNANCE REPORT

RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

STRATEGIC AND OPERATIONAL RISKS (CONT'D)

Risks related to the Group's activities (Cont'd)

Service quality

LUX* is deeply concerned with customer satisfaction and providing high quality products and services. The Quality Department and its contacts in the business units are responsible for drafting quality standards to ensure consistency and uniformity of service delivery, as well as measuring customer satisfaction.

Cost of air travel

The Group is not an air carrier, and consequently it is not directly exposed to fluctuations in oil prices. However, higher air charges could impact on the purchasing power of its guests.

Other operational risks

Suppliers and supply

The Group's purchasing policy, implemented in the various country offices, focuses on the notion of responsible procurement, including compliance by suppliers with local regulations (customs, combatting clandestine work, respect for labour laws etc) and environmental protection. In defining procurement strategies, the Purchasing Department also takes into account the Group's risk of dependency on a few strategic suppliers and may, if necessary, conduct an assessment of the financial health of certain suppliers.

Information systems

The daily management of Group operations is dependent on reliable IT solutions and the good running order of technical systems and IT applications. To limit the risk of system malfunctions or failures or cybercrime threats, exposing the Group to the loss or corruption of sensitive information (such as the personal data of its customers or employees), and to minimise the risk of downtime, the Group has implemented a technical and operational system that aims to mitigate such risks.

Fraud and safeguarding of assets

The Group has developed rules and codes of conduct that are broadly communicated to its employees through the Ethics Charter as well as procedures aiming to limit the risk of fraud. In addition to the various checks performed by the Group Finance Department, the Internal Audit Department also plays a crucial role in combating fraud.

During internal audit assignments, identified risks of potential fraud (related to managing access to information systems) are systematically audited and the relevant teams are made aware of preventive action being implemented.

Increase in the number of sites operated by subsidiaries

Compliance with Group rules is guaranteed by the consolidation of subsidiaries by geographical location (as business units). Business units are responsible for ensuring subsidiaries comply with local regulations.

IT governance

The Group has an IT Security policy in place and relevant parts of this policy are communicated to its team members. This is regularly reviewed by the Board and Executive Management to ensure it is up to date with changes in technology and security standards.

The Group is also taking on technological change and is actively pursuing upgrades to its information systems to support its growth strategy across multiple locations and brands. This is being done with data privacy and security at the forefront to ensure that the Group is compliant with all relevant data protection laws and regulations.

RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

STRATEGIC AND OPERATIONAL RISKS (CONT'D)

Risks related to the environment, hygiene and safety

Health, safety and security

Health and hygiene

The outbreak of an epidemic or the fear of one occurring could have an adverse effect on the number of visitors to the Group's hotels. A business continuity plan has been defined by the Group to minimise the risk of disruption to services in the event of an epidemic.

Safety of customers and employees abroad

Over the years, the Group has developed acute expertise in preventing risks related to the health, safety and security of its customers and employees, as well as in crisis management. Hotel audits are conducted regularly to identify risks to the safety of people and assets, and to develop appropriate solutions to manage these risks. The properties where we operate are subject to local laws and regulations governing the health and safety requirements to which we have to abide. We are currently working with two of the world's leading inspection, verification, testing and certification companies:

(a) SGS, which is recognised as the global benchmark for quality and integrity, and operates over 2,000 offices and laboratories around the world, with more than 90,000 employees

(b) Quantilab, which is an ISO 17025- accredited Mauritian company, multi-disciplinary laboratory and inspection service provider. Quantilab is partnered with Merieux NutrisSciences, which has a presence in 21 countries through a vast network of over 80 accredited laboratories and six innovation centres.

Environmental risks

Further information regarding the Group's sustainable development practices are presented in the Corporate Social Responsibility section on pages 128-169.

Risks related to changes in environmental regulations

Increasingly demanding energy-efficiency, water-management, waste-sorting and recycling, infrastructure and equipment regulations are leading the Group to continually improve its environmental performance. Preventive processes (regular inspections as well as sustainable certification, which is in the process of being rolled out across all of the Group's hotels) allow for better management of environment-related risks.

Risks linked to the availability of resources

Aware of the impact of the depletion of natural resources, the Group does its utmost to limit its consumption of resources and, in particular, to improve its control over operating costs and anticipate developments in sustainable development-related regulations.

Current and future pressure on energy resources may impact energy prices and the quality and reliability of supplies.

Legal risks

Regulatory risk

Due to the nature of its business and its international presence, the Group is subject to varied, changing and sometimes contradictory laws and regulations in numerous areas (safety, health and environment, tourism, transportation, taxation, human resources and so on). The application of these laws and regulations can be a source of operating difficulty and can lead to disputes with suppliers, owners, staff and even local authorities.

Changes in laws and regulations applicable to the Group's entities could in some cases limit the Group's business activities as well as its ability to grow. These may also involve significant compliance costs, which could negatively impact the Group's results and outlook.

CORPORATE GOVERNANCE REPORT

RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

STRATEGIC AND OPERATIONAL RISKS (CONT'D)

Litigation risks (cont'd)

Litigation management

The Group is associated with a certain number of disputes and could in the future be involved in litigation. It could be forced to pay damages in relation to such litigation. In addition to the reputational harm resulting from an adverse court judgment, these payments could negatively affect the Group's results and financial position.

As soon as the identified and proven risks are evaluated in a sufficient and reliable manner, and after discussions with its lawyers, provisions are made. The estimation of these risks has been analysed by Management, who considered that, as of the reporting date, the various disputes did not call for provision expenses other than those already identified and mentioned in the Consolidated Financial Statement in this Annual Report.

General data protection Regulation (GDPR)

In essence, the GDPR was brought into effect to strengthen and unify data protection for all individuals within the European Union (EU). The GDPR was approved by the European Parliament on 14 April 2016. After a two-year transition period, it became enforceable across the 28 member states on 25 May 2018.

The GDPR became applicable in Mauritius when Mauritius signed the European Convention for Protection of Individuals with regard to Automatic Processing of Personal Data (commonly known as convention 108), on 17 June 2016, and entered into force on 1 October 2016 in Mauritius. Mauritius became the 49th state party and the first African country to be bound by it.

Even though LUX* hotels are outside the EU/EEA, any booking process that happens between a person in the EU and a hotel outside the EU is considered covered by the GDPR.

In Mauritius, the Data Protection Act 2017 was enacted on 15 January 2018. This Act replaces the previous Data Protection Act with a more appropriate legislation, which will strengthen the control and personal autonomy of individuals over their personal data. This Act will also align data protection in force in Mauritius with the European GDPR.

The increasing complexity of general data protection regulation highlights the information security risk facing all businesses, in particular the hospitality sector. We must therefore ensure that our control environment evolves and that our systems operate effectively. A data protection breach would not only impact our reputation, but would also cause major business disruption and could result in a significant fine. From a general perspective, Mauritius will be considered as a country with a safe flow of data to attract foreign investment. It should also facilitate data-transfer business with and from European countries.

Additionally, there are obligations for better data management for businesses, and new rights for people to access the information companies hold about them.

From a hospitality perspective however, we feel particularly concerned about GDPR, since it changes the economic environment and the operational landscape of each and every resort and hotel.

The requirements of GDPR gives power back to our consumers, by forcing LUX* to become transparent in how we collect, store, and share our EU guests' personal data information through various data holding sources such as OTA bookings and PMS systems.

All data about people in the EU are covered under the GDPR.

This includes both guests and employees. We accordingly need to document what personal data we hold, where it came from and with whom it is shared.

RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

STRATEGIC AND OPERATIONAL RISKS (CONT'D)

General data protection Regulation (GDPR) (Cont'd)

The GDPR will affect our day-to-day operations, including but not limited to, the following aspects:

- Any software used to process personal data must share a Data Processing Agreement (DPA) with the hotelier to confirm that the vendor is compliant with the rules of the GDPR.
- The privacy policy must be reviewed, to set out how a guest's explicit consent is sought, recorded, and managed. Explicit consent is required for any forms of data collection, such as consent to marketing communications. All loyalty programmes need to be examined for similar requirements if data is used in a way that requires consent.
- We are now asked to identify the risks to personal data and do what is appropriate to curtail those risks. Encryption is one of many options available to protect data.
- Article 32 of the GDPR gives the following options, none of which are strict requirements, but which should be considered for the benefits of guests' data privacy:
  - The pseudonymisation [obscuring the identities] and encryption of personal data.
  - The ability to ensure the ongoing confidentiality, integrity, availability and resilience of processing systems and services
  - The ability to restore the availability and access to personal data in a timely manner in the event of a physical or technical incident
  - A process for regularly testing, assessing and evaluating the effectiveness of technical and organisational measures for ensuring the security of the processing.
  - The ability to honour requests for data portability, correction or erasure, a.k.a. "the right to be forgotten".
  - The designation of a Data Protection Officer to take responsibility for data protection compliance and assess where this role will sit within the organisation's structure and governance arrangements.

To achieve these objectives, and try to mitigate these risks, the following measures have been implemented:

- Establishment of security controls, including policies, procedures and use of security technologies.
- Appointment of a Data Protection Officer and setting up of a data governance ad-hoc committee.
- Regular meetings on the Company's compliance with GDPR.
- Limitation and monitoring of access to guests' personal data.

INSURANCE

Overview of the Group's insurance policy

The Group's risk management policy is part of a dynamic process: the systematic and centralised identification of risks, the implementation and coordination of insurance as part of worldwide activities, the organisation of preventive measures to protect property and people and the deployment of a crisis management structure internationally. The Group has not identified any significant risks which are not covered by insurance policies.

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 form of risk.

CORPORATE GOVERNANCE REPORT

RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

FINANCIAL RISKS (CONT'D)

Interest rate risk

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

Foreign exchange risk

It is a common practice in the hospitality industry to fix tariffs a year in advance. In order to achieve stability of tariffs in overseas markets, contracts with tour operators are denominated in the major international currency of the market in which the foreign tour operator belongs.

A significant number of contracts are therefore denominated in euros, pounds sterling and US dollars, with invoices raised in these currencies. While protecting the tour operators against any fall in the parity of the Mauritian rupee, it exposes the Group 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 making funds available through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping reliable credit lines available.

The table below summarises the risks and the mitigating measures which are translated in the risk map on page 125

1. RISK REGISTER

RISK REF	RISK NAME	RISK DESCRIPTION	RISK LEVEL	MITIGATING MEASURES
1	Political Risk	An unstable political situation in our countries of operation could cause a decrease in demand for the destination and hence our properties. This in turn could adversely affect our revenues.	M	* Insurance cover on equity and expropriation * Diversification of our operations to various countries * More flexible operating models such as management contracts in areas particularly exposed to these risks
2	Health & Safety Risk	The health and safety of our guests and Team Members is of utmost importance, in order to maintain our reputation and our revenue. However we still face the risk of our infrastructure (owned and managed) not being legally compliant and up to standard, leading to casualties and spread of diseases in our resorts (e.g. legionella).	H	* Audits by reputable companies (SGS and Quantilab) and action plan by each resort which is closely monitored. * Regular trainings on health and safety to all our Team Members. * Discharge letter from hotel owners, failing which we do not recommend opening of properties.
3	Destination disruption	Major natural or man-made catastrophes such as cyclones, floods, earthquakes, tsunami, oil spills, disease outbreaks and terrorist attacks in locations where we own or manage properties could cause a decrease in demand for our properties, which could adversely affect our revenues.	H	* Diversification plan: manage resorts in various locations to mitigate the risk of operating resorts in limited locations only. * Insurance policies to cover operational losses caused by natural catastrophes.
4	Currency risk	Our reporting currency is in MUR and our main revenue is in foreign currency (GBP, USD and EUR). Since our hotel rates are fixed at least 6 months before start of the new season and are in foreign currency valid for the next 12 months, any fluctuations in these major currencies affect our revenue, EBITDA, cash flow and demand for our hotels.	M	* Hedging and treasury management, matching revenues and expenses in same currency as far as possible.

RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

FINANCIAL RISKS (CONT'D)

RISK REF	RISK NAME	RISK DESCRIPTION	RISK LEVEL	MITIGATING MEASURES
5	Talent Management Risk	Our growth depends largely on our ability to retain and recruit talented Team Members in key positions. If we are unable to recruit and retain sufficient numbers of Team Members, our ability to manage and service our properties could be impaired which could reduce guest satisfaction. A shortage of skilled labour could also require higher replacement wages, which increase our operating expenses.	M	* Talent development and management plan in place to retain Team Members. * Be known as the Employer of choice in our countries of operation. * Lobby with governments for work permits and marketing of industry.
6	Brand Integrity Risk	Our future success and our ability to manage future growth depend largely upon our ability to protect our reputation and brands, including sub-brands, to continue to attract guests and management contracts. However our strong focus on management contracts in various territories could lead us to engage with wrong partners who do not respect our brand standards which may affect our credibility for future expansion.	M	* Background checks on owners for management contracts. * Management contracts signed with owners with terms and conditions clearly laid out.
7	Capital Expenditure Risk	Capital expenditure to develop, maintain and renovate our existing properties is critical to our business. If we are forced to spend larger amounts of cash from operating activities than anticipated, to operate or maintain existing properties, our ability to invest in renovation projects could be limited, which could impact our ability to compete effectively and maintain our brand standards.	M	* Financial discipline and management of gearing ratio.
8	Legal/ Regulatory	Due to the nature of its business and its international presence, the Group is subject to varied, changing and sometimes contradictory laws and regulations in numerous areas (safety, health, environment, tourism, transportation, taxation, human resources, etc.). The application of these laws and regulations can be a source of operating difficulty and can lead to disputes with suppliers, owners, staff and even local authorities. Changes in laws and regulations applicable to the Group's entities could, in some cases, limit the Group's business activities as well as its ability to grow. These may also involve significant compliance costs, which could negatively affect the Group's results and outlook.	M	* Diversification of our operations to various countries to spread our risks. * Work with reputable local law firms to understand laws in new countries of operation. * Set up internal working groups and procedures to ensure compliance with all relevant regulations.

CORPORATE GOVERNANCE REPORT

RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

FINANCIAL RISKS (CONT'D)

RISK REF	RISK NAME	RISK DESCRIPTION	RISK LEVEL	MITIGATING MEASURES
9	Macro-Economic Risk	Economic slowdowns in the regions where the Group trades, adversely affect demand for leisure activities, particularly vacation travel. This means that the Group is exposed to the consequences of economic crisis and declines in consumer spending, which affect our growth rates and margins.	M	* Diverse geographical operating presence. * International customer base
10	Competition risk	The Group operates in highly competitive markets, where the differentiating factors are brand recognition, company image, and the price and quality of services offered. Although the Group aims to raise its brand recognition continuously through advertising and promotional activities and by improving the excellence of its services, it faces increasing competition in its various operating regions from new hotels and Airbnb.	M	Diversification plan through management contracts Continuous innovation
11	Technology Disruption Risk	We are not an IT company but technology is important if we want to be known as an innovator in our industry. We face the risk of losing our competitive edge due to obsolescence of our technology, which results in decreased customer loyalty and a loss in market share.	M	We work with international consultants to keep us updated with the latest technology available in our industry
12	Food Safety Risk	Food safety is a priority for the Group. However, the nature of our business exposes us to food safety risks in all our food outlets. Moreover, the increasing number of food allergens and people with allergic reactions to certain foods increases our risk of food poisoning or allergies in our resorts.	M	* Insurance cover against legal claims. * HACCP certification for our resorts and hotels. * Procedures in place to identify and follow-up on allergies our guests may have. * Investment in temperature recording automation.

RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

FINANCIAL RISKS (CONT'D)

RISK REF	RISK NAME	RISK DESCRIPTION	RISK LEVEL	MITIGATING MEASURES
13	3rd Party Risk	Some of the services provided at our resorts, such as the boathouse and diving services, are outsourced to third party service providers. Although we only work with trusted providers, our reputation is at risk if these providers use old obsolete equipment, if there are accidents at sea while guests are using the services offered by these providers or the third party staff are not adequately trained.	M	* Insurance cover against legal claims. * We only work with reputable service providers who are licenced. * We commission regular independent audits on 3rd parties.
14	Security risk	Inappropriate behaviour on the part of our Team Members or suppliers, or the circulation in the media of damaging information could harm the Group's reputation, affect our guests' trust and cause an adverse impact on sales.	M	* Screening measures in place to recruit the right people. * Training of our Team Members in ethics and our values * Controls in place at operational level
15	Succession Planning Risk	Our future success depends in large part upon the efforts of our senior management. Competition for such personnel is intense. We may not be prepared to deal with unexpected needs for succession planning of key management positions.	M	HR strategy on succession planning for senior management, which is discussed at Board level.
16	Reputation risk	Negative comments made on social media, in the absence of a verification mechanism, including those by disgruntled staff and guests could damage our reputation. In addition, monitoring and management of social media could be costly and force us to divert our resources. Failure to maintain and protect our reputation from social media damage could tarnish our brands and impair our business.	L	* Implementation of a Group-wide social media policy. * Dedicated teams continually monitor the media and social networks to respond to guests and in order to activate a crisis management plan as needed.

CORPORATE GOVERNANCE REPORT

RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

FINANCIAL RISKS (CONT'D)

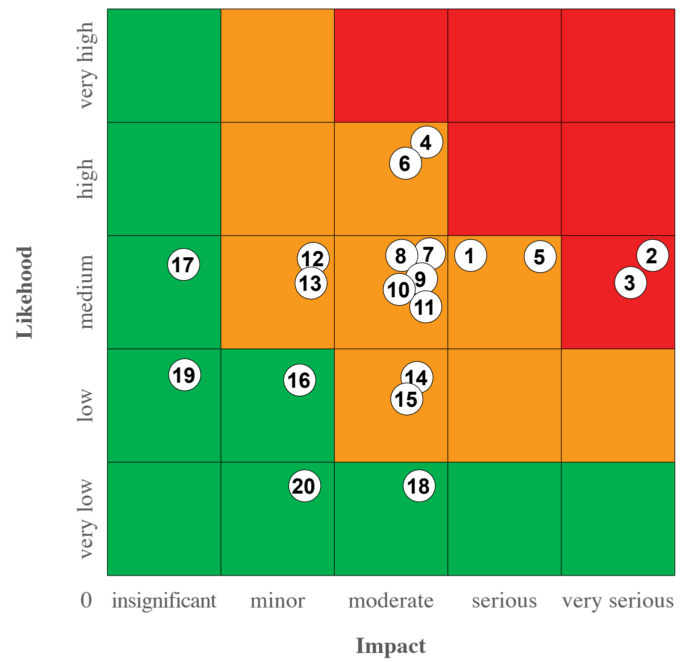
RISK REF	RISK NAME	RISK DESCRIPTION	RISK LEVEL	MITIGATING MEASURES
17	Fraud risk	The Group has policies and procedures in place aiming to limit the risk of fraud. However, we still face the risks of collusions between staff and suppliers to defraud the company or the intentional circumventing of controls by staff.	L	* Training of our Team Members in ethics and our values * Controls in place at operational level * Regular audits
18	Cyber Security Risk	Despite our efforts, information networks and systems may be vulnerable to threats such as system, network or internet failures, computer hacking or business disruption, cyber-terrorism, viruses, worms or other malicious software programs, employee error, negligence, fraud, or misuse of systems, or other unauthorised attempts by third parties to access, modify or delete our proprietary and personal information.	L	* Network security and internal controls measures in place. * IT Security audits
19	Credit risk	The Group's credit risk is primarily attributable to its trade receivables. We have no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.	L	* Insurance cover * Credit checks on Tour Operators
20	Sustainability Risk	Aware of the impact of the depletion of natural resources, the Group does its utmost to limit its consumption of resources and, in particular, to improve its control over operating costs and anticipate changes in sustainable development regulations. However, we remain at risk of not being able to meet changing regulations on sustainability in all countries of operation.	L	* External assurance on sustainability and certifications * Corporate sustainability management plan

INTEGRATED ANNUAL REPORT **2018**

RISK GOVERNANCE AND INTERNAL CONTROL (CONT'D)

FINANCIAL RISKS (CONT'D)

2. RISK HEAT MAP



ACCOUNTABILITY AND AUDIT

The Board should present a balanced and comprehensible assessment of the Company's performance, position and prospects.

Accountability

The Board reviews and approves results announcements, before the release of each announcement. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide them with a balanced and clear assessment of the Company's performance, position and prospects.

For the financial year under review, the Chief Executive Officer and the Chief Financial Officer have provided assurance to the Board on the integrity of the financial statements of the Company and its subsidiaries. For interim financial statements, the Board gives its approval for the publication of the said accounts.

Internal audit

The Company has an in-house internal audit function. The primary role of the internal auditors is to assist the Audit Committee to ensure that the Company maintains a sound system of internal controls.

The Chief Internal Auditor (CIA) is independent of Executive Management and reports to the Audit Committee. On administrative matters, the CIA reports to the Chief Executive Officer. The Audit & Risk Committee approves the hiring and dismissal of the CIA and ensures that the internal audit function is adequately staffed and has appropriate standing within the Company. The internal audit function works in accordance with the Standards for the Professional Practice of Internal Audit set by the Institute of Internal Auditors.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT (CONT'D)

Internal audit (Cont'd)

The annual internal audit plan is established in consultation with, but independently of, Management, and is reviewed and approved by the Audit Committee. The CIA presents audit reports regularly to the Audit Committee and discusses key issues contained therein.

There was no limitation of scope placed on the internal auditors in conducting these audits.

External Auditor Independence

The Audit & Risk Committee reviews the independence of the external auditors. During this process, the Audit & Risk Committee also reviews all non-audit services provided by the external auditors to ensure the nature and extent of such non-audit services do not affect their independence. The Audit & Risk Committee confirms that after reviewing all non-audit services, if any, by the external auditors during the financial year, they do not, in the Audit & Risk Committee's opinion, affect the external auditor's independence.

In appointing the audit firms for the Group, the Audit & Risk Committee is satisfied by the Company's compliance with the provisions of the Listing rules of the Stock Exchange of Mauritius Ltd.

The Audit & Risk Committee has recommended to the Board that the external auditors be nominated for reappointment at the forthcoming Annual General Meeting. The Company conducts tendering exercise every 5 years to select and appoint the external auditors. The appointment of the external Auditors is approved at the Annual Meeting of every year. The current external auditors will hold office up to financial year ending 30th June 2019 after which a new tendering exercise will be carried out to appoint new external auditors. The current external auditors will not be invited to participate in the tender exercise to comply with the requirements of the Code. The fees paid to the auditors and other advisors, for audit and other services were as follows:

	THE GROUP		THE COMPANY	
	30 JUNE 2018	30 JUNE 2017	30 JUNE 2018	30 JUNE 2017
	RS	RS	RS	RS
(a) Ernst & Young				
Audit services	**3,500,000**	3,055,000	**750,000**	643,750
Other services - Taxation	**200,000**	185,000	**25,000**	25,000
Other services – Review of GRI report	**315,000**	400,000	**315,000**	400,000
	4,015,000	3,640,000	**1,090,000**	1,068,750
(b) Other Auditors				
Audit services	**1,852,000**	1,869,000	**-**	-
Other services – EY Male – Taxation	**72,000**	77,000	**-**	-
Other services – BDO (Note 1)	**1,500,000**	230,000	**-**	-
Other services – PWC (Note 2)	**350,000**	-	**-**	-
	3,774,000	2,176,000	**-**	-
TOTAL	**7,789,000**	5,816,000	**1,090,000**	1,068,750

Note 1. - Fee paid to BDO for other services is in respect of conversion of XBRL financial statements & advisory services in connection with the Reply Document to the IBL Offer.
Note 2. - Fee paid to PWC is in respect of review of GDPR impact for the Group.

OTHER DISCLOSURE

Donations other than contributions made under CSR projects made by the Group were as follows:

	30 JUNE 2018		30 JUNE 2017	
	POLITICAL	OTHERS	POLITICAL	OTHERS
	RS	RS	RS	RS
The Company	**-**	**-**	-	-
The Subsidiaries				
Holiday & Leisure Resorts Limited	**-**	**72,562**	-	29,000
Beau Rivage Co Ltd	**-**	**150,204**	-	87,000
Les Pavillons Resorts Ltd	**-**	**56,717**	-	325,000
Lux Hospitality Ltd	**-**	**126,220**	-	495,000
White Sand Resorts & Spa Pvt Ltd	**-**	**-**	-	274,500
Nereide Ltd	**-**	**-**	-	1,500

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 year 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 judgements and estimates have been used consistently;
- the financial statements have been prepared in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004;
- 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.

Approved by the Board of Directors on 28th September 2018

and signed on its behalf by:

Arnaud Lagesse
Chairman

Reshan Rambocus
Chairman of the Audit & Risk Committee

Being part of the GRI Gold Community, LUX Sustainability commitment is at the heart of the community, shaping the future towards a more sustainable economy.*

LUX* SUSTAINABILITY & CORPORATE SOCIAL RESPONSIBILITY MILESTONES

1987-2010

- NGOs support and Stakeholder value

2011 – 2012

- Begin Stakeholder Engagement Process
- Tread Lightly launched
- NGOs support – local community

2012 – 2013

- Presentation of GRI to the Board
- Begin Sustainability Workshops Internally Hotels, Resorts, team members
- Creation of LUX* Sustainability Committee
- Earth & Dance in house water bottling launched
- NGOs support –local community

2013 – 2014

- 1st Annual Report standard disclosures GRI G4
- Announcing Vision 2020 targets
- Re-launch Tread Lightly by LUX*
- 100% Carbon Offsetting
- Data Collection process
- External Assurance by Ernst & Young
- Strategic Sustainability Policies deployed
- NGOs support – local community

KEY SUSTAINABILITY RECOGNITIONS

- PwC Corporate Reporting Award SEM-10 2017
- PwC Corporate Reporting Award Disclosures 2018
- Award for Gender Equality 2018
- Green Globe Member of the Month (Jul 2017)
- LUX* Belle Mare Best Sustainable Hotel (2017) at the International Hotel Awards
- Africa CSR Leadership Award Carbon Footprint Accounting
- Green Hotelier Awards 2018
- Sustainable Tourism Award (2018)

2014 – 2015

- 2nd Integrated Annual Report – GRI G4 and IIRC (International Integrated Reporting Council)
- Ray of Light by LUX*
- NGOs support – local community

2015 – 2016

- 3rd IAR – GRI G4 and IIRC (International Integrated Reporting Council)
- First Mauritian Hotel Group on SEMSI (Stock Exchange of Mauritius Sustainability Index)
- Contract with Carbon Offsetting Expert Ecosur Afrique
- GRI GOLD Community
- NGOs support – local community

CERTIFICATIONS

2016 - 2017

- 4th IAR – GRI Standards
- Aligned with SDGs
- Green Key - La plage, LUX* Saint Gilles

KEY PROJECTS

- IDDC PV Plant
- NGOs support – local community

CERTIFICATIONS

2017 - 2018

- 5th - Integrated Annual Report

KEY PROJECTS

- UN Global Compact (2018)
- SUNx // SIDS // SAMOA Pathway
- LSAA PV Plant (in pipeline)
- NGOs support

CERTIFICATIONS

SUSTAINABILITY AT THE CORE OF OUR STRATEGY

Responsible Management is at the core of our decision making process. Our sustainable development strategy encourages inclusive economic development and aligns with the international guidelines, listed in this section. The LUX* Integrated Annual Report presents financial performance alongside our environmental, social and good governance (ESG) year on year progress.

KEY SUSTAINABILITY HIGHLIGHTS

GOVERNANCE

1ST HOTEL GROUP LISTED ON **STOCK EXCHANGE OF MAURITIUS SUSTAINABILITY INDEX**

SIGNATORY OF **UNITED NATIONS GLOBAL COMPACT**

LUX* IS MAPPING THE **17 UN SUSTAINABLE DEVELOPMENT GOALS**

A MEMBER OF **GRI GOLD COMMUNITY** SHAPING THE FUTURE OF INTEGRATED REPORTING

INTEGRATED ANNUAL REPORT **2018**

100%

OF PROPERTIES IN MAURITIUS, REUNION ISLAND AND MALDIVES ARE CERTIFIED **GREEN GLOBE**

INTEGRATED REPORTING FRAMEWORKS & GOOD GOVERNANCE

- LUX* produe s Integrated Annual Reports
- Reporting data audited by independent firm
- Reporting aligned with National, Regional and International Guidelines

LUX* CORPORATE SUSTAINABILITY MANAGEMENT PLAN

VISION 2020 (BASELINE FY 13-14)

TARGETS

- Optimise Group Energy Efficiency by 10%/ RNS*
- Optimise Group Water Efficiency by 5%/RNS
- Reduce Group Waste Production by 10%/RNS
- Redue Group CO2 Emis ons by 10%/RNS

*RNS : Room Nights Sold

REPORTING ALIGNED WITH NATIONAL, REGIONAL AND INTERNATIONAL GUIDELINES

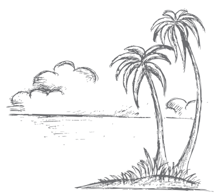
KEY SUSTAINABILITY HIGHLIGHTS

ENVIRONMENT

FLAGSHIP PROJECT TREAD LIGHTLY BY LUX*

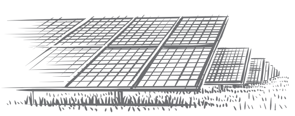
RENEWABLE ENERGY

LUX* REITERATES RENEWABLE ENERGY PLEDGE AT SMALL ISLAND DEVELOPING STATES (SIDS) PRIVATE SECTOR FORUM



ILE DES DEUX COCOS

- **59.52 KWP** PV PLANT MAKES ISLET **100%** ENERGY EFFICIENT
- 14,685 KWH PRODUCED BY PV PANELS
- REDUCTION OF 5,874 L OF DIESEL
- 15.9 TONNES CO^2 AVOIDED



LUX* SOUTH ARI ATOLL PV PLANT IN PIPELINE

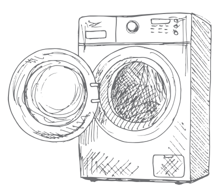
PHASE 1

- TARGET CAPACITY : **550 KWP**
- ESTIMATED DIESEL SAVINGS / ANNUM = > **200,000 L**

PHASE 2

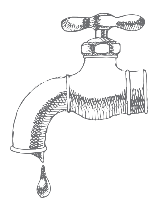
- INCORPORATE BATTERY STORAGE
- TOTAL TARGET CAPACITY: **~2.5 MWP**

LUX* LAUNDRY REDUCTION PROGRAM



OUR LAUNDRY ASTERIX DISPENSES TIPS FOR AN ECO-FRIENDLY STAY.

INVITES GUESTS TO ENGAGE IN LUX* LAUNDRY REDUCTION PROGRAM.



IMPLEMENTED IN ALL PROPERTIES, THE LAUNDRY ASTERIX HELPS REDUCE OVERALL WATER AND ENERGY CONSUMPTION

GRI 102-15

LUX* EARTH & DANCE IN HOUSE GLASS WATER BOTTLING

1 MILLION PLASTIC BOTTLES ELIMINATED PER YEAR

LUX* ZERO PLASTIC STRAWS POLICY

COMPOSTABLE OPTION AVAILABLE UPON REQUEST ONLY

WORLD ENVIRONMENT DAY LUX* ENDEMIC PLANTS PROPAGATION PROJECTS

2017 DISTRIBUTION OF **1,200 ENDEMIC PLANTS** TO STAKEHOLDERS

2018 : PLANTING OF **140** ENDEMIC PLANTS AT LA CITADEL

CARBON OFFSETTING

+1Million

PARTICIPATING GUEST NIGHTS MILESTONE EXCEEDED IN 2018

~97,000

TONNES OF GHG OFFSET

9

UNFCCC REGISTERED PROJECTS IN 6 COUNTRIES ASIAN & AFRICAN CONTINENTS

2020 TARGET

(from baseline)

REDUCE GROUP EMISSIONS BY 10% / RNS

-14%

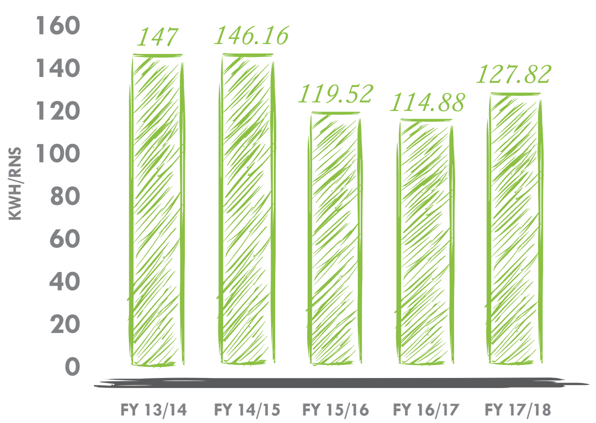
FY 17/18 **CARBON EMISSIONS REDUCTION** (from baseline)

KEY PERFORMANCE INDICATORS

ENVIRONMENT

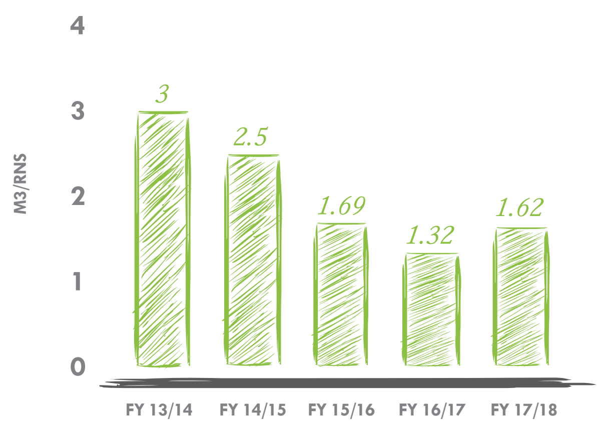
FY 17-18

ENERGY



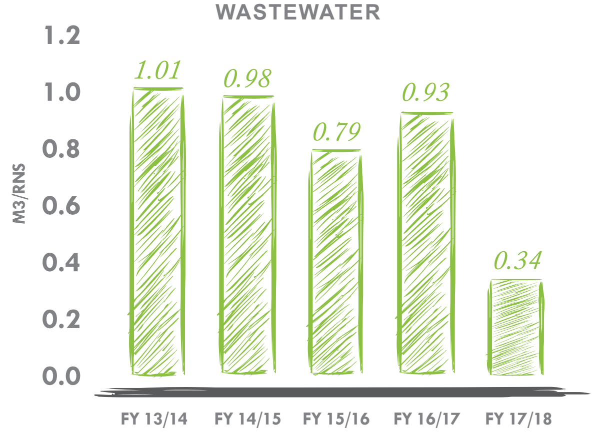
ENERGY REDUCTION
FROM BASELINE
13%

WATER



WATER FOOTPRINT REDUCTION
FROM BASELINE
46%

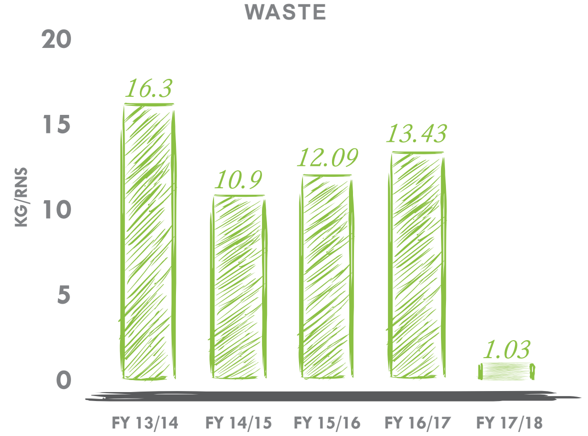
WASTEWATER



WASTEWATER REDUCTION
FROM BASELINE
66%

WASTEWATER REDUCTION
FROM PREVIOUS YEAR
66%

WASTE

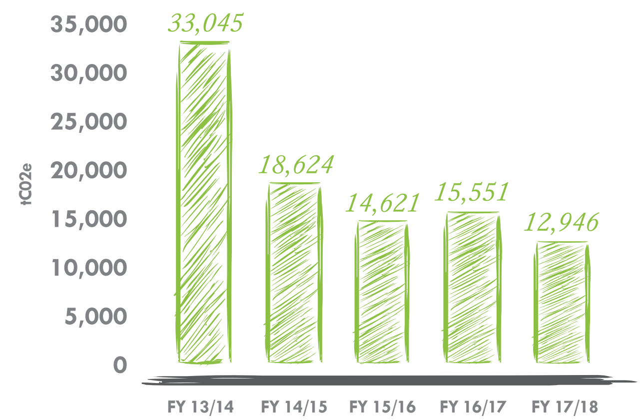


WASTE REDUCTION
FROM BASELINE
94%

WASTE REDUCTION
FROM PREVIOUS YEAR
92%

GRI 302-1, 302-3, 302-4, 302-5, 303-1, 303-2, 306-1, 306-2

LUX* TREAD LIGHTLY SCOPE 1&2 (TCO2E/RN)



GHG EMISSIONS CALCULATIONS BASED ON HCMI METHODOLOGY

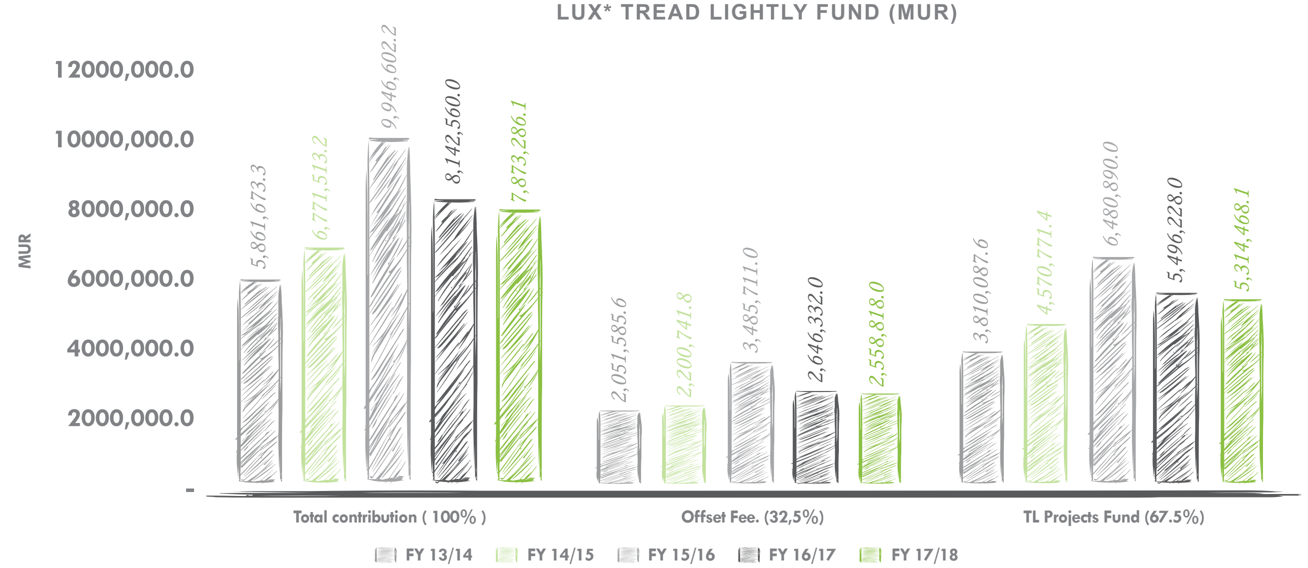
SCOPE 1&2
12,946 tCO2
(32,542 TCO2 - 19, 596 TCO2)

SCOPE 3
1,391 tCO2

TOTAL EMISSIONS
33, 933 tCO2

OFFSET
19,596 tCO2

1 EURO VOLUNTARY GUEST CONTRIBUTIONS. LUX* TREAD LIGHTLY FUND (MUR)



ENVIRONMENTAL HIGHLIGHTS

FY 17-18

- LUX* removes plastic straws from all properties and pledges to keep minimising single use plastic
- Implementation of Bioil box at LUX* head office
- LUX* Grand Gaube reinstalls Bioil tanker and solid waste sorting area following renovations
- Merville Beach partners with Mission Verte to measure amount of waste, reduce and recycle
- LUX* Belle Mare cleans up illegal dumping area for local community and environment
- LUX* Le Morne beach cleaning at la Gaulette
- LUX* South Ari atoll distributes reusable grocery bags to all team members
- LUX* South Ari Atoll organises ocean and beach cleaning activity with Parley NGO and World Tourism Day beach cleaning
- LUX* Saint Gilles and Hôtel le Récif hosts Reserve Marine de La Réunion for sensitisation on biodiversity conservation
- LUX* Saint Gilles and Hôtel le Récif partner with Reefcheck NGO
- LUX* Tea Horse Road Benzilan team members clean up local area to protect the environment
- LUX* Bodrum turkey desalinates own water on site and uses grey water for irrigation

GRI 305-1, 305-2, 305-3, 305-4, 305-5, 306-1, 306-2

KEY SUSTAINABILITY HIGHLIGHTS

SOCIAL

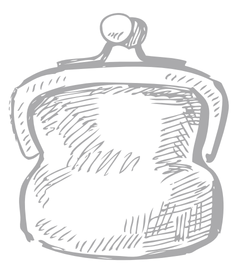
FLAGSHIP PROJECT RAY OF LIGHT BY LUX*

LUX* SUPPORTS MORE THAN

10

NGOS & PARTNERS

PER YEAR



15 *Millions (MUR)*

OF LUX* CSR FUND

SINCE 2011

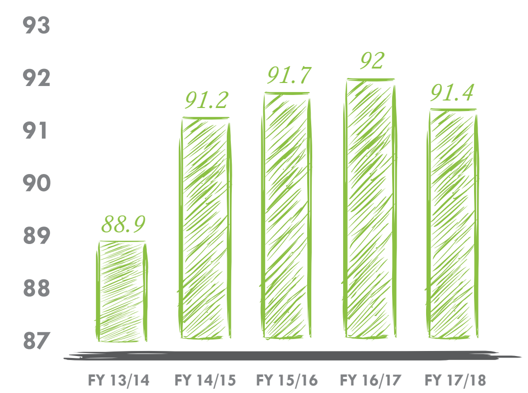
OUR PEOPLE

+7,000 Hours

OF **VOLUNTEER WORK** BY LUX* TEAM MEMBERS DURING FY 17-18

DOUBLED SINCE PREVIOUS REPORTING YEAR

GUEST SATISFACTION INDEX

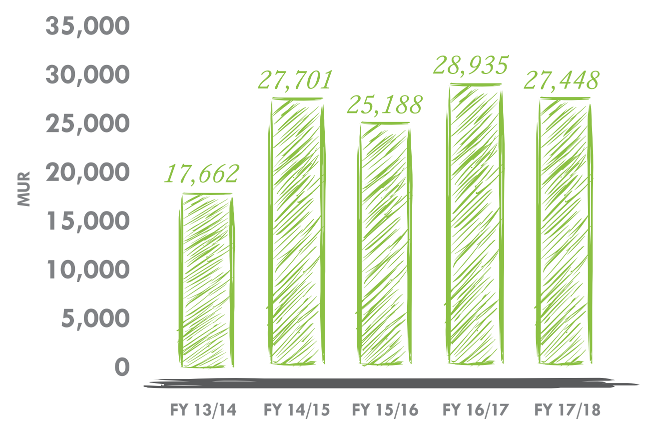


+1,940 Hours

OF **HUMAN RIGHTS** TRAINING

+400 HOURS FROM PREVIOUS REPORTING PERIOD

TRAINING AND DEVELOPMENT INVESTMENT



27,448,117 M (MUR)

INVESTED IN **TRAINING & DEVELOPMENT** DURING FY 17-18

STAKEHOLDER ENGAGEMENT PROCESS

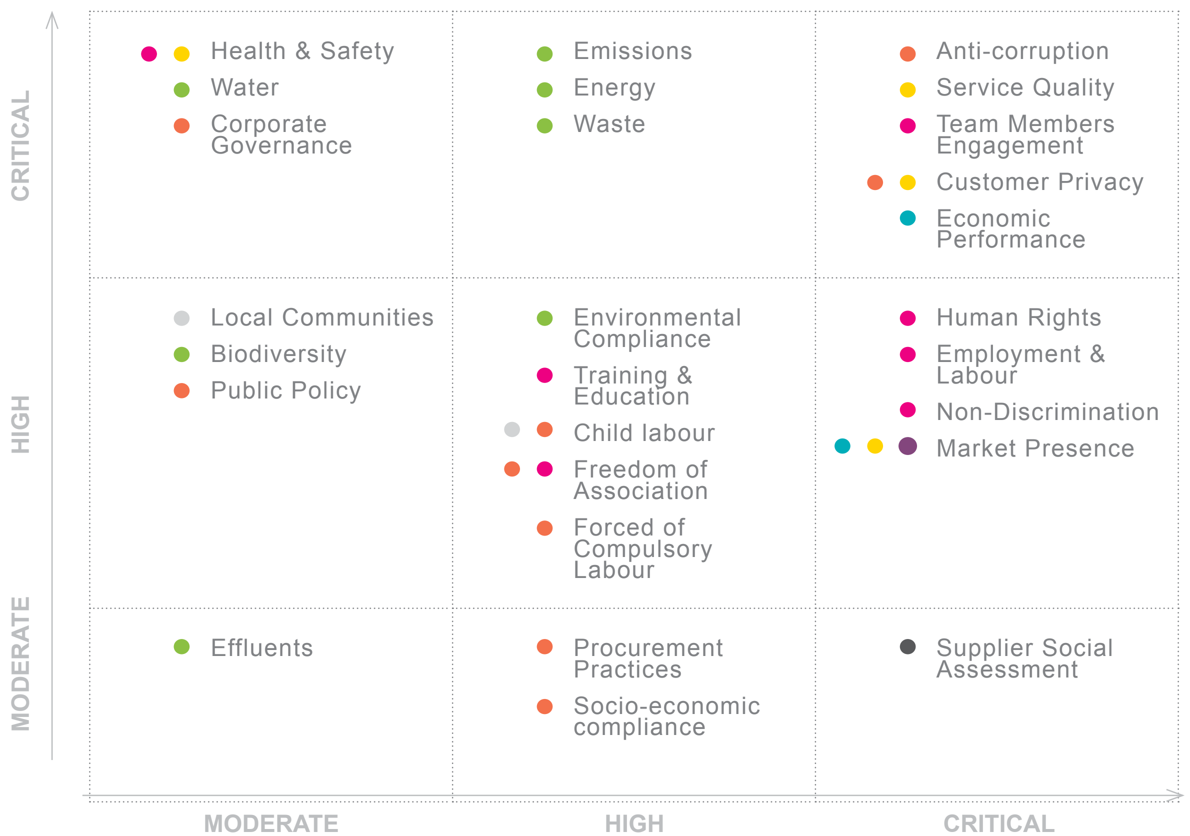
STAKEHOLDER GROUP	TEAM MEMBERS AND MANAGEMENT	SHAREHOLDERS AND INVESTORS	GUESTS
HOW WE ENGAGE WITH OUR STAKEHOLDERS	• Internal newsletters • Intranet Platform • CEO roadshows • Executive committees • Regular updates via email / Memos • Employee surveys • Induction programs • On-going training and education • Performance management programs	• Regular presentations and roadshows • External newsletters • Integrated reports and financial statements • Media releases and published results • Annual General Meeting • Dedicated analyst and investor presentation • LUX* Resorts & Hotels website	• Online satisfaction surveys (e.g TripAdvisor) • Reward programmes • Dedicated customer relationship managers and call centres • Active website, Twitter and Facebook engagement • Personal, one-toone interactions • Live Chat
THEIR CONTRIBUTION TO VALUE CREATION	Team Members are our most important asset and are the foundation of our business by their being productive and elevating guest experiences to LUX* Shining level.	Investors provide the financial capital necessary to sustain growth, development and innovation.	• Online satisfaction surveys (e.g TripAdvisor) • Reward programmes • Dedicated customer relationship managers and call centres • Active website, Twitter and Facebook engagement • Personal, one-toone interactions • Live Chat
WHAT OUR STAKEHOLDERS EXPECT FROM US AND THEIR CONCERNS	Expectation Provide a safe, stimulating and rewarding work environment that offers opportunities for personal and career development. Concern: • Health and safety performance • Job security • Performance management • Decent Work & Labour Practices • Equal Opportunity • Gender Equality • Ongoing training programmes and education • Open communication between • Team Members and Management • Provision of competitive remuneration and benefits packages	Expectation: Provide sustained returns on investment through sound risk management, strategic growth opportunities and good governance practices. Brand reputation (Responsible Business) Concern: • Deliver sustainable growth and returns • Dividends • Leadership and strategic direction • Corporate governance and ethics • Projects progression • Capital expenditure plans for current and future periods (risks and opportunities of expansion) • Liquidity and gearing • Expectation: • Provide consistent quality experiences that meet their expectations and needs. Concern: • Unique, consistent and quality experience • Simple and quick interaction with Team Members • Value offerings • Recognition for loyalty • Innovative products and services	• Expectation: • Provide consistent quality experiences that meet their expectations and needs. Concern: • Unique, consistent and quality • experience • Simple and quick interaction with Team Members • Value offerings • Recognition for loyalty • Innovative products and services
IMPACT ON OBJECTIVES AND STRATEGY	Elevate Team Member engagement	• Growth revenue • Cost optimisation • Project development	• Brand strength and optimal distribution

STAKEHOLDER GROUP	TOUR OPERATORS & TRAVEL AGENTS BUSINESS SOURCES	LOCAL COMMUNITY	ACCREDITED ORGANISATIONS, LEGISLATIONS, POLICIES, MEDIA, AUTHORITIES & GOVERNMENT	SUPPLIERS
HOW WE ENGAGE WITH OUR STAKEHOLDERS	• Meet regularly • Participate in forums • Establish and maintain constructive relationships	• Events and sponsorships • Corporate Social Responsibility programmes • Donations • Media channels	• Establish and maintain constructive relationships • Comment on developments in legislation • Participate in forums • Regulatory surveillance, reporting and interaction • Membership of industry bodies (e.g MTPA)	• One-to-one meetings • Tender and procurement processes • Supplier forums
THEIR CONTRIBUTION TO VALUE CREATION	Tour operators and travel agents are essential to the success of our business since they are at the forefront of attracting guests and generating revenue.	The empowerment of local communities contributes to the long-term viability of our business.	Government and other regulatory bodies provide us with our licence to trade and the regulatory frameworks within which we operate.	Suppliers are vital to the success of our business by enabling us to deliver consistent guest experience.
WHAT OUR STAKEHOLDERS EXPECT FROM US AND THEIR CONCERNS	Expectation: Provide exceptional service to guests and engage in favourable business deals Concern: • Guest Satisfaction • Favourable terms • Timely Payments	Expectation: Help provide a better environment by offering job opportunities, organising social events and sponsorships. Concern: • Investment in disadvantaged communities (education, health, • poverty and empowerment) • Employment opportunities • Sponsorships	Expectation: Provide incentives for community empowerment through job creation, compliance with laws and regulations, and generate taxation revenue. • Taxation revenue • Compliance with legislation and licence conditions • Job creation • Investment in public and tourism infrastructure • Investment in disadvantaged communities • Environmentally-friendly operations and reduction in energy and water consumption	Expectation: Provide a framework for transparent supplier selection and effectuate payments in a timely manner. Concern: • Timely payment and favourable terms • Fair treatment
IMPACT ON OBJECTIVES AND STRATEGY	Elevate the experience	Environmental sustainability and Inclusive Business	Elevate the experience & Stakeholder relationship	Stakeholder Relationship

MATERIALITY

The Materiality Matrix highlights the outcomes of materiality assessment based on GRI Standards framework (please refer to Annex 1 for GRI Criteria), Value Chain Mapping (VCM) and Multi-Criteria Analysis (MCA) . A summary of the stakeholder engagement process can be found on pages 140-141 of the Corporate Responsibility Report for both internal and external stakeholder engagements.

LUX* GROUP MATERIALITY MATRIX



Environment | Guests | Team Members and Management | Shareholders and Investors
Tour Operators, Travel Agents & Business Partners | Accredited Organisations, Legislations, Policies, Authorities & Government
Suppliers | Local Community

The report boundary includes the hotels and resorts in operations destinations Mauritius, La Réunion, Maldives, China and Turkey. It covers the operations of 11 hotels, namely LUX* Belle Mare, LUX* Le Morne, LUX* Grand Gaube, LUX* South Ari Atoll, LUX* Saint Gilles, LUX* Lijiang, LUX* Benzilan, LUX* Bodrum, as well as Tamassa, Merville and Hôtel Le Récif and it also covers the Head Office, which is based in Mauritius. The key markets served by the group are: France, UK, Reunion, Germany, China, Switzerland, India, Russia, Mauritius and Italy. The profile of tourists is varied and includes couples, honeymooners, families as well as business people attending meetings.

The management approach is to align with both local and international objectives. The local objectives are based on the local destination's vision and legislations and the international objectives are global vision with local actions. The latter includes the Paris Agreement for Carbon Reduction, the United Nations Sustainable Development Goals and the United Nations Global Compact. These include sustainable practices for workplace diversity and inclusion, ethics, community involvement as well as environmental protection. There is a Group Sustainability Committee in place with a Sustainability Representative for each resort. Other Committees include IBL Together, Business Mauritius, GRI Stakeholder Council and the ones mentioned in the corporate governance report. The key concerns for fragile destinations are the environmental threats due to global warming and climate change. Another concern is the ability to attract and retain talent. Strategies have been devised for team member engagement and retention.

The reporting principles used are as follows: Materiality, Completeness, Balance, Compatibility, Accuracy, Timeliness, Clarity, Reliability and Stakeholder Inclusiveness.

GRI 102-40, 102-42, 102-43, 102-44, 102-46, 102-47, 103-1, 103-2, 103-3

WE SUPPORT
UN GLOBAL COMPACT

THE TEN PRINCIPLES
of the United Nations Global Compact

HUMAN RIGHTS

LABOUR

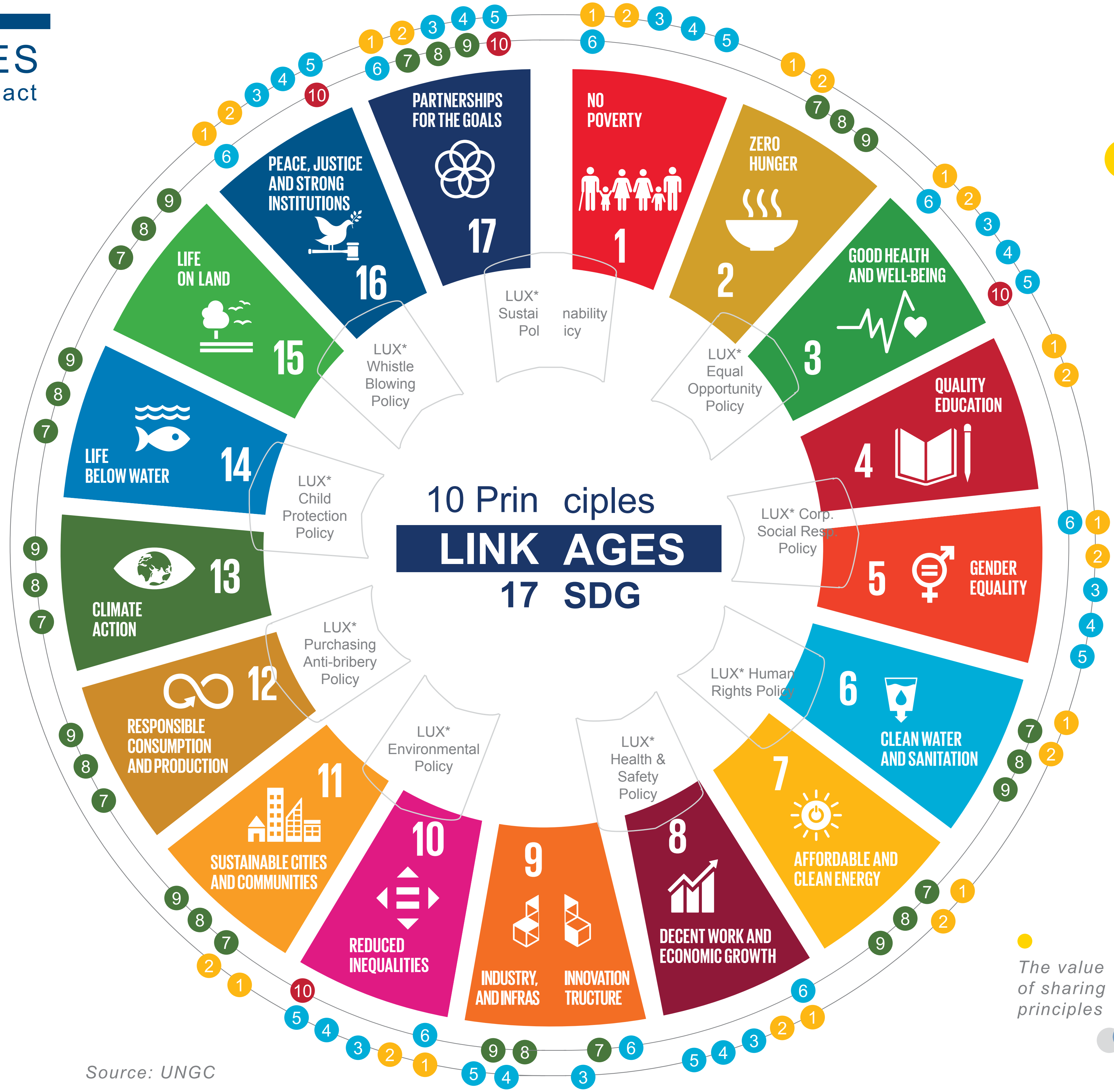
ENVIRONMENT

ANTI-CORRUPTION

1. Support and respect the protection of internationally proclaimed human rights.
2. Not be complicit in human rights abuses.
3. Uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Support the elimination of all forms of forced and compulsory labour.
5. Support the effective abolition of child labour
6. Support the elimination of discrimination in respect of employment and occupation.
7. Support a precautionary approach to environmental challenges.
8. Undertake initiatives to promote greater environmental responsibility.
9. Encourage the development and diffusion of environmentally friendly technologies.
10. Work against corruption in all its forms, including extortion and bribery.

Source: UNGC

SUSTAINABLE DEVELOPMENT GOALS



LUX* RESORTS

Triple bottom line strategy

PEOPLE PLANET PROFIT

LUX* Corporate Sustainability Management Plan

Corporate Governance

Code Of Conduct & Ethics

LUX* Corporate Policies

Sustainability Policy

Environmental Policy

Human Rights Policy

Equal Opportunity Policy

Health & Safety Policy

Corporate Social Responsibility Policy

Whistleblowing Policy

Child Protection Policy

Purchasing Policy + Anti-Bribery Annex

The value of sharing principles

SUSTAINABILITY INITIATIVES

LUX* RENEWABLE ENERGY PLEDGE AT SMALL ISLANDS DEVELOPING STATES (SIDS) FORUM

LUX* has reiterated its renewable energy pledge at the Small Islands Developing States (SIDS) private sector forum. The pledge is in line with the main purpose of our well established, carbon-reducing flagship project Tread Lightly by LUX*. Committed to the SDGs, aligned with the Paris Agreement and the S.A.M.O.A Pathway, LUX* supports renewable energy strategy, through stakeholder inclusiveness, involving the vulnerable SIDS destinations where we operate : Mauritius, Maldives and Reunion Island and will also look at developments in all other LUX* destinations. LUX* stakeholders will also benefit from the projects, from team members, guests, the local community, our investors and shareholders, tour operators and all partners involved to the government through our contribution to governmental and states' objectives.

LUX* PHOTOVOLTAIC PLANTS

ILE DES DEUX COCOS

A pilot photovoltaic project has already been implemented in Mauritius at Ile des Deux Cocos in collaboration with Mauritian firm Go Solar, with excellent performance :

* 14,685 KWh Electricity from the solar panels
* 5,874 Litres of Diesel reduction
* 15.9 tonnes Co2 avoided

LUX* SOUTH ARI ATOLL

A more ambitions target has been set with the upcoming photovoltaic plant of LUX* South Ari Atoll, Maldives. Startting with a plant capacity of 500kwp, a second phase of 2.5 mwp of pv plant capacity will significantly curb diesel consumption :

* Phase 1 target capacity is 550 kWp
* more than 200,000 L of diesel are envisaged to be saved every year
* phase 2 incorporates battery storage and the solar capacity will reach ~2.5 MWp

GRI 102-11

GRI 304-3

BIODIVERSITY

WORLD ENVIRONMENT DAY 2018: LUX*, UNDP GEF & FORENA REFORESTATION PROJECT

World Environment Day commemorates global commitment to preserving the environment. The United Nations' voted theme for 2018 is Beat Plastic Pollution. Selected themes always focus on the areas requiring the most urgent attention and action.

LUX* believes in progress through collective action. As a responsible tourism sector operator, we have renewed our plastic minimisation pledge and removed all plastic straws across all properties. We will maintain the good habits, keep rethinking purchasing practices and sensitise our supply chain on our ecofriendly preferences.

On W.E.D 2018 we encouraged greater awareness of our consumption habits, especially of single use plastic. Through sensitisations, we gave simple Reduce, Reuse and Recycle tips to Team Members.

On June 5th 2018, we organised under Tread Lightly by LUX*, the planting of 140 endemic plants at La Citadel, Port Louis, in collaboration with UNDP GEF Small Grants Programme and the NGO Fondation Ressources et Nature (FORENA). In line with our Endemic Plants Propagation pledge,inaugurated in 2017 with the distribution of 1,200 endemic plants to stakeholders, the 2018 World Environment Day initiative gathered all LUX* properties of Mauritius and LUX* Head Office at this historical site of Mauritius.

WORLD ENVIRONMENT DAY 2018 HIGHLIGHTS

- LUX* BELLE MARE SENSITISES ON FOOD WASTE WITH 'NO BIN DAY'
- LUX* GRAND GAUBE ORGANISES CLEANING CAMPAIGN AND PLANTS 100 TREES IN VILLAGE
- LUX* LE MORNE INVITES A REPEAT GUEST TO PLANT TREES
- MERVILLE BEACH CLEANING CAMPAIGN AT RESORT
- LUX* SAINT GILLES HOSTS RESERVE MARINE OF LA RÉUNION
- HÔTEL LE RÉCIF BEATS PLASTIC POLLUTION WITH SMART RECYCLING-MACHINE
- LUX* BODRUM TURKEY - TEAM WORK AND TREE PLANTING
- LUX* SOUTH ARI ATOLL PLANTS TREES ON EARTH DAY 2018

SUSTAINABILITY INITIATIVES

LUX* SOUTH ARI ATOLL MARINE BIOLOGY CENTRE

LUX* South Sri Atoll is equipped with an in house marine biology centre. It studies and protects the native marine life ecosystem. The specialist resident marine biologists and the team share their passion with guests and sensitise them on marine life conservation during diving sessions.

The team supports scientific research in the area and the centre has been recognised by Maldivian authorities as a top contributor to the Maldives Whale Shark Research Programme's (MWSRP) online whale shark database.

CONSERVING NATIVE WHALE SHARK POPULATION

A diving session has led to the discovery of a female whale shark - the team named it luxmas. - 'mas' meaning fish in dhivehi and also combining all of the marine biology team's initials m : mark/masodi, a : aank and s : sappe.
The centre also supports the Olive Ridley Project, the Manta Trust and shark watch in the Maldives through research.

ARTIFICIAL REEF PROJECT

The project involves the creation of a habitat for fish and invertebrates near the resort's jetty. Starting with some rocks, the team has up-cycled a few unused bathtubs into artificial reefs which were then successfully introduced by the team in a selected barren, sandy area. The project is already yielding good results.

OCEAN CLEAN UPS

During trips at sea, the team removes abandoned fishing nets known as ghost nets, left to drift in the sea. Every year they are responsible for trapping and killing millions of marine animals including sharks, rays, bony fish, turtles, dolphins, whales, crustaceans, and birds. Ghost nets cause further damage by entangling live coral, smothering reefs and introducing parasites and invasive species into reef environments.

REEF CONSERVATION THROUGH SCIENTIFIC STUDY AND SENSITISATION WITH NGO REEFCHECK REUNION

A collaboration between Reunion Island properties (LUX* Saint Gilles and Hôtel Le Récif) and NGO Reefcheck was sealed on 23rd January 2018; an agreement was signed. Through Tread Lightly by LUX*, both properties will support Reefcheck research stands for 3 consecutive years. The stands are located on the beaches adjacent to the properties, sensitising guests and the public on the fragile reef around the island and the need to preserve it.

THE MAURITIAN WILDLIFE FOUNDATION (MWF)

LUX* has been supporting the NGO for years. In 2017, MWF received CSR contributions for the following :

* Ile aux Aigrettes restoration project
* Rare plants project

LUX* 2018 CSR funds will keep supporting both projects as well as the sensitisation activities of the organisation for the public and the youth. These projects are continuous and assessed annually to adjust the projects' aims and requirements.

The projects are part of the National Biodiversity Strategy and Action Plan 2017 – 2025 as the MWF is partner of the state for conservation of endemic fauna and flora, which include several (IUCN) red list endangered species. Projects also generate job opportunities for local inhabitants and internships for foreign students in nature conservation related study programs.

CORAL FARMING PROJECT BY NGO ECOSUD

On 30th May 2018, the NGO Ecosud, LUX* and other partners launched a coral farming project for the Blue Bay lagoon. Climate change impacts life both on land and in the ocean. Small islands are known to be at a greater risk of calamities with dramatic changes like rising temperatures resulting in mass coral bleaching across the world. Sudden rise in temperatures (1998, 2011, & 2014 to 2015) resulted in 50-60% of living coral to expel their photosynthetic symbiont and bleach. The coral farming project aims to rejuvenate coral populations and species through addition and accumulation of local species in the Grand Port lagoon area. The restoration of the coral cover, through reintroduction of nursery grown, thermally and bleaching-resilient corals to damaged areas will encourage fish repopulation and diversity. 1,000 healthy coral fragments will be placed within mobile, multi-layered structures for nursing and will be supervised and cared for by members of the Lagon Bleu project.

The NGO Ecosud via its Lagon Bleu program, supported by LUX*, UNDP and others, has since long been sensitising the public, visitors, tour operators and fishermen of the Grand Port area on biodiversity conservation.

SUSTAINABILITY INITIATIVES ALIGNED WITH SDGS

OTHER INTERNATIONAL EVENTS

EARTH HOUR IN ALL LUX* DESTINATIONS

LUX* participates in the global-scale awareness campaign every year. On 24th March 2018, LUX* properties in all destinations raised awareness on the effects of energy consumption through documentary projections and activities. Between the hours of 8.30 to 9.30 PM, we dimmed the lights for the Earth. Sustainability Representatives of each hotel gathered various departments, guests and young residents of our resorts to make it happen, getting creative with the types of activities proposed like early morning beach cleaning in Reunion Island, candle lit dinners in Mauritius, projecting documentaries in the Maldives or traditional yak butter candle-making workshops in Yunnan, China.

OUR PEOPLE

As at June 2018, LUX* Team Members comprised of 3,225 persons. The number of days lost due to injury were 3,334 in FY 17-18.

HUMAN RIGHTS AND GENDER EQUALITY

Ensuring gender equality in the workplace, equity, equal pay for equal work, LUX* remuneration ratio for male: female stands at 1:1 for the financial year 17-18, at all levels and in all destinations.

LUX* AND IBL LTD ORGANISE DIVERSITY IN LEADERSHIP WORKSHOP

LUX* is committed to fairness, enabling team members with every opportunity to evolve in a meritocratic environment, free of racial, gender or age bias.The LUX* Sustainability & CSR Department in collaboration with parent company IBL Ltd hosted the Acting Director of the University of Pretoria and founder of Chengadu Advisory, Shireen Chengadu, to conduct a workshop on recognising the biases which can hinder progress. The senior management of LUX*, IBL and IBL subsidiaries attended the workshop.

INTERNATIONAL WOMEN'S DAY AT LUX*

LUX* celebrates the United Nations International Women's Day every year. The 2018 theme declared by the UN is #Pressforprogress, a call to action and to celebrate the social, economic, cultural and political achievements of women. This day also recognises the contribution of the female workforce and the challenges that women face in society. A motivational booklet was created and copies distributed at LUX*, with success stories of the likes of Nobel Peace Prize winner Malala Yousafzai.

INVESTMENT IN TRAINING & DEVELOPMENT

The average training hours per team member = 168 manhours. we ensure team members are aware, equipped and empowered.

HUMAN RIGHTS

The reporting period reveals 1,940 hours dedicated to human rights training across the group.

LUX*, THE COMMUNITY AND HUMAN RIGHTS

Attentive to the rights of the people around us, LUX* invests in projects that give children access to a warm meal at school, encouraging quality education and projects that uplift disadvantaged communities to help reduce social inequalities. Clean water and sanitation are basic human rights. During the year under review, LUX* joined the Fondation Joseph Lagesse's social housing project. During the year, house keys were remitted to 9 families of Chemin Rail, a disadvantaged area of Mauritius, protecting their right to a decent home.

GRI 102-8, 102-41, 304-3, 401-1, 403-2, 404-1, 404-3, 405-1, 405-2, 412-2, 406-1

SUSTAINABILITY INITIATIVES ALIGNED WITH SDGS

SOCIETY

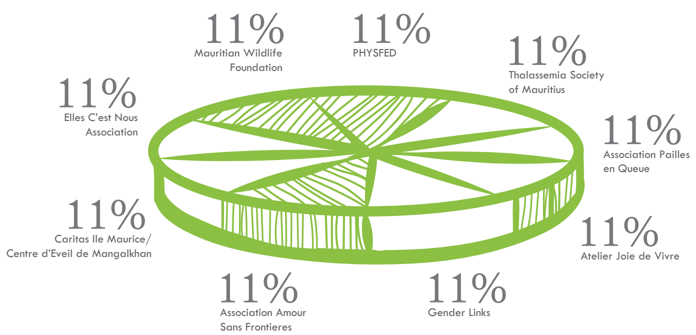
LUX* supports more than 10 NGOs per year. Our partners have been relentlessly working for poverty alleviation through education, capacity building and sports for the disabled, community development projects, women empowerment through entrepreneurship, biodiversity conservation or marine life protection.

50% of LUX* CSR fund will be injected by Fondation Joseph Lagesse into social and environmental enhancement projects for communities.

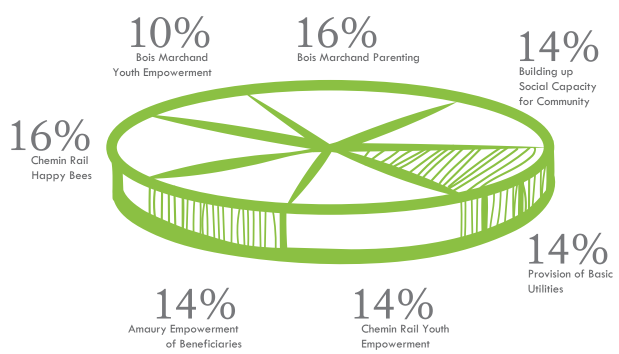
10% allocated to Mo l'endroit Bois Marchand youth empowerment, 16% to Bois Marchand parenting coaching, 14% building up social capacity for community, 14%provision of basic utilities, 14% Chemin Rail youth empowerment, 14% to Amaury beneficiaries empowerment, and 16% to Chemin Rail Happy Bees beekeeping project.

Beyond 2 % CSR funds allocated to NGOs, LUX* has injected MUR 100,000 to support the crowdfunding platform Small Step Matters and another MUR 60,000 has been allocated to the NGO Lovebridge's 'fond de soutien' to uplift households across the nation.

50% LUX CSR FUNDS*



LUX CSR FUNDS VIA SPV FONDATION JOSEPH LAGESSE*



GRI 413-1

TOTAL CSR FUND 2018

mur

2,789,353

HIGHLIGHT OF ACHIEVEMENTS OF LUX* CSR SOCIAL PARTNERS

- LUX* supports National CSR Foundation Strategic Plan 2017-2019 with ten priority areas of intervention: poverty, education, social housing, disabilities, health, family & GBV, sports, environment, peace & nation building, road safety & security
- LUX* collaborates with authorities on poverty eradication Community Working Groups in line with national Marshall Plan against poverty in all districts where LUX* is present
- LUX* Belle Mare affiliate NGO Thalassemia Society inaugurates care centre
- NGO Amour Sans Frontières delivers IT courses to beneficiairies
- LUX* Le Morne hosts the National Empowerment Foundation's Black River District Community Working Group for poverty alleviation
- LUX* contributes to Fondation Joseph Lagesse coalition against substance abuse
- Association Pailles en Queue sets up computer room for IT classes
- LUX* sponsors Association Elles C Nous for acquisition of CCTV system for safety following robbery
- Physically Handicapped Sports Federation's beneficiaries participate in international tennis tournaments
- NGO Joie de Vivre renews music, pastry and extracurricular activities activities for beneficiaries
- Generous traveller brings 65 kgs of donations for local NGOs. LUX* is a partner of Pack for a Purpose, donations were equally shared with our affiliate NGOs and social partners across the island
- LUX* Le Morne hosts the National Empowerment Foundation's Black River District Community Working Group for poverty alleviation

SUSTAINABILITY INITIATIVES ALIGNED WITH SDGS

RAY OF LIGHT BY LUX*

Through Ray of Light by LUX* we bring further support to the communities near us and around the world. Our initiatives and contributions of more than MUR 200,000 included:

* WE CARE LUX* : an original idea of Tamassa to improve quality of life of team members
* LUX*, Tamassa and Ile des Deux Cocos sponsor 10 year anniversary of Ranger Foundation for the disabled, hosting 100 guests (staff, parents and beneficiairies) for a day of fun
* Merville Beach sponsors annual lunch of NGO Amour Sans Frontières
* Merville Beach supports initiative for social harmony in Grand Baie
* Merville Beach helps 25 families afflicted by cyclone Berguita and floods with 50 bedsheets, 50 pillows, 50 pillow cases, 50 hand towels, 45 bath towels, 6 mattresses, clothing and food items.
* LUX* Le Morne celebrates end of year party with beneficiaries of Association Amour et Espoir providing lunch and gifts for 140 children
* LUX* Le Morne sponsors NGO against substance abuse with lunch voucher for fundraiser
* LUX* Belle Mare cleans up illegal dumping area for health of local inhabitants and environmental conservation
* LUX* Grand Gaube team members make generous donation to blood bank : 62 pints donated by team members
* LUX* supports White Ribbon charity dinner of Australian High Commission, raised over MUR 400,000 for NGO Gender Links
* LUX* supports the AfrAsia Foundation via AfrAsia Bank Mauritius Open charity event
* LUX* purchases CDs to support NGO Mo'zar Espace Artistic against poverty in the Roche Bois region through music classes
* LUX* sponsors UN Singapore Say No to Oppression of Women (S.N.O.W) Gala 2018 for third consecutive year : raised over $500,000 at S.N.O.W 2017 for gender equality and women empowerment
* LUX* helps Lions Club of Port Louis to fundraise for childhood cancer during charity dinner, contributing to the 50 year long work of the organisation
* LUX* Grand Gaube supports NGO A.P.E.I.M's team building activity by offering a dinner for all
* LUX* participated in the launch of football school of NGO Jean Eon School, catering for children from low-income households of Grand Gaube :
    • Regular maintenance of the football pitch by LUX* Grand Gaube
    • Tamassa team members donated 7 new pairs of football shoes
    • Cash donations by head office team members
    • LUX* sponsored the football jerseys of the 30 boys and girls
    • LUX* Grand Gaube sponsored the fundraising event
    • LUX* Grand Gaube celebrates independence day with NGOs Jean Eon school and Mille Soleil

FY 17/18 TOTAL VOLUNTEER HOURS BY TEAM MEMBERS

7,000+

* Merville Beach celebrates independence day with Amour Sans Frontières
* LUX* Belle Mare promotes local culture on the occasion of independence day activities to promote awareness of history and colourful identity
* LUX* sponsors Nu Zwezwe creative social project : activities to sensitise children and the public
* LUX* Grand Gaube sponsors eco project of Jean Paul II RCA school with lunch voucher for two
* LUX* South Ari Atoll donated USD 8,000 to Maldivian blood services / Maldives Thalassemia Centre
* LUX* celebrates Mother's Day with Team Members, NGOs and Guests

RAY OF LIGHT BY LUX* TEAM MEMBER ENGAGEMENT

Team Members and Resorts' participation and sponsorships under the Ray of Light by LUX* umbrella :

* LUX* Head Office team members bring gifts for children of Centre d'Eveil Cité Mangalkhan
* Tamassa Team Members donate generously to Centre d'Eveil of Souillac
* Merville Beach and Head Office donate clothes and bedding items to NGO Elles C Nous - 60 bath towels, hand towels, double bed sheets and pillow cases
* Donations of winter clothing and other household items from Team Members for NGO Elles C Nous

RAY OF LIGHT BY LUX* VOLUNTEERING

* Gift donations to beneficiairies
* Supporting National initiatives for poverty eradication
* Merville Beach team member volunteers to support Fondation Joseph Lagesse health campaign
* LUX* Belle Mare organises lunch for the elders
* LUX* Grand Gaube blood donation days : 62 pints and 53 pints donated on respective days by team members.
* Lux* Saint Gilles Team Members contributes to blood donation campaign
* LUX* Saint Gilles' Team Member recycles plastic bottle caps to fundraise for the disabled
* LUX* South Ari Atoll organised several blood donation campaigns
* LUX* THR Benzilan Team Members spend time with children of Yunnan mountain school"

SUSTAINABILITY INITIATIVES ALIGNED WITH SDGS

ECONOMIC PROSPERITY

VALUE CREATION, SUSTAINABLE AND ETHICAL CONSUMPTION, SUPPORTING SMALL BUSINESSES AND CIRCULAR ECONOMY

LUX* Shops first in hospitality to have Eco-Cert organic Moringa products.

* locally organically cultivated Moringa powder and tea bags
* benefit the local economy (small enterprises and planters) but also promotes local produce to our guests
* LUX* Shop team's initiative to sensitise the suppliers on our minimal-plastic packaging preferences as part of LUX* Corporate Purchasing Policy

LUX* INNOVATION CHALLENGE : INNOVATE TO REDUCE WASTE

The LUX* Innovation Challenge 2018 theme "INNOVATE TO REDUCE WASTE" encourages a different outlook on consumption of goods, taking into consideration its final destination.

The projects presented aim to change usual perceptions of landfill waste into ideas for waste reduction, recycling or upcycling.

The projects are assessed on their positive resonance on our guests, team members, local community, environment and Brand image as well as positive financial outcome. Stakeholder inclusiveness is also an important aspect, encouraging knowledge and value sharing.

FY 17/18

mur

27,611,000

ENVIRONMENT PROTECTION FEE PAID TO THE GOVERNMENT

LIST OF LUX* INNOVATION CHALLENGE PROJECTS :

* E-Commerce proposes digitalisation of processes to reduce paper use and improve efficiency
* Café LUX* : waste beautification through upcycling of coffee beans into jewelry and coffee waste reuse as mushroom cultivation fertiliser
* "Each Drop Matters" presented by Merville Beach aims to recycle water from existing HVAC system for irrigation
* LUX* Saint Gilles chose to tackle plastic waste through creative workshops using a machine (built in-house) to transform waste into objects like ups
* Hôtel Le Récif implemented a smart recycling machine which rewards tickets for every bottle or can fed into the machine. 20 tickets = a cocktail on the house
* LUX* Me Spa invests in sanitisation of used spa slippers. They can be resused instead of being thrown away
* LUX* Grand Gaube proposes to upcycle fabric from used slippers into plush toys
* LUX* Belle Mare aims for zero food waste through key partnerships and food donation programs
* LUX* Le Morne implements comprehensive food saving program via sensitisation, any food waste is composted and egg shells are saved to be transformed into calcium feed for farms or animal shelters
* LUX* South Ari Atoll "for the Oceans" aims to reduce plastic garbage by partnering with authorities and NGOs , plastic bin bags are replaced by tarpaulin reusable bags accross Team Member areas, the project also aims to reduce plastic bottle waste
* LUX* Bodrum Turkey commits to reducing food waste through sensitisation, team member commitment and by building strong positive relationships with guests, involving them in the project via food portion control

SUSTAINABILITY INITIATIVES ALIGNED WITH SDGS

GREEN GLOBE CERTIFIED

Eight LUX* properties were audited in February and March 2018 to show compliance with 380+ Green Globe criterias :

* Mauritius: LUX* Le Morne, LUX* Grand Gaube, LUX* Belle Mare, Tamassa, Merville Beach
* Reunion Island: LUX* Saint Gilles, Hôtel Le Récif
* Maldives: LUX* South Ari Atoll

Green Globe announced the results in June 2018 : all LUX* properties in Mauritius, Reunion Island and Maldives have successfully obtained the Green Globe compliance certificate. Green Globe is the premier worldwide certification and performance improvement program developed specifically for the travel and tourism industry. Through annual audits, the organisation encourages progress and constant improvement by assessing concrete actions implemented. 8 properties certified in one go is a testimony of the ongoing hard work in sustainable development at LUX* since the beginning, from corporate to resort level, with the support and commitment of all internal and external stakeholders involved. LUX* has been leading the way in sustainable tourism as the first hotel group to be listed on SEMSI, a member of GRI GOLD Community, achieving national and international recognition year on year for our dedication and commitment to good governance, gender equality, human rights, climate change mitigation and adaptation projects, community and social projects all while empowering our people with trainings and equal opportunities. The commitment of all departments to LUX* corporate policies as their guiding compass in sustainable purchasing, water & energy management, waste management projects, among others have greatly contributed to the certifications.

INTEGRATED ANNUAL REPORT **2018**

LUX* - TCFD COLLABORATION ON CLIMATE CHANGE DISCLOSURE

The impacts of climate change are being felt around the world. It affects weather conditions just as much as it affects world politics, the global economy, health, food production, nature and even trends on the financial markets.

In December 2017, LUX* announced its commitment to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The TCFD prepares reporting standards for companies to report genuinely on environmental KPIs and satisfy the need for information of stakeholders and investors. The task force consists of 32 finance and economic experts who are both users and preparers of disclosure standards. The Task Force came into existence after G20 members determined the need for a common reporting language on environmental data. LUX* commitment to sustainability makes us a desirable candidate for investment along with other sustainability leaders.

This commitment will also bring the support of the Climate Disclosure Standards Board on our collective journey towards a zero-carbon future.

LUX*, VANILLA ISLANDS AND SUNX FORM CLIMATE RESILIENCE PARTNERSHIP RESILIENCE PARTNERSHIP

A climate resilience partnership for the Indian Ocean was formed at the 2018 Small Islands Developing States (SIDS) private sector forum, in Mauritius. The partnership will see the implementation of climate resilience, innovation and learning centers in the Indian Ocean. LUX* has always been committed to uplifting the communities where it operates and is going further to support the global sustainable development movement. Our international presence and strong market position are an opportunity to involve all stakeholders in our initiatives for the benefit of the environment and people. Strong Universal Network (SUNx) - is a legacy of Maurice Strong, a sustainable development pioneer promoting climate-resilient travel. SUNx is supported by Tranexus' block-chain technology to make travel easier, better and greener. At its core are an evolving global network of innovative, cost-effective, solar-powered SUNx centers. Delivered in a single container they can be easily installed in many locations.

LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES

TREAD LIGHTLY

ENVIRONMENT

With Tread Lightly by LUX*, we implement climate change mitigation and adaptation projects. Initiatives deployed under Tread Lightly by LUX* since inception include in house Earth & Dance glass water-bottling, LED light retrofits, Energy Management Systems, water saving devices, laundry reduction project Laundry Asterix, among others.

LUX* renewable energy strategy includes Ile Des Deux Cocos photovoltaic plant and LUX* South Ari Atoll PV project (in pipeline).

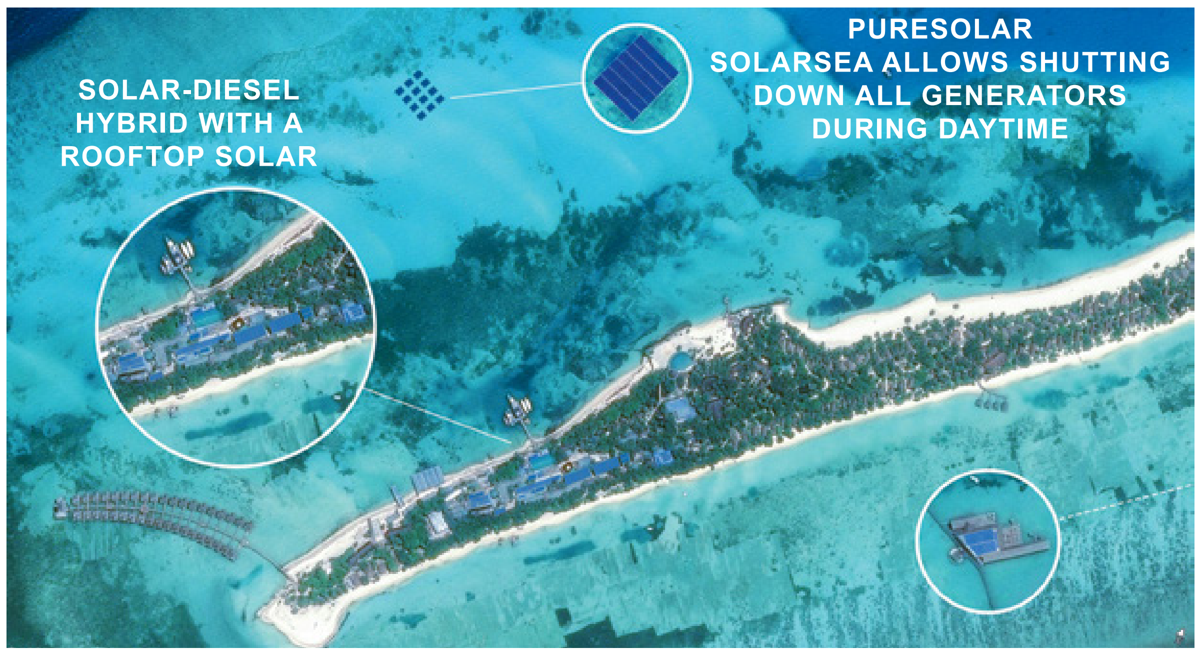
LUX* collaboration with climate finance expert firm AERA Group involves the annual calculation of GHG emissions based on Hotel Carbon Measurement Initiative (HCMI) methodology. An independent firm further audits calculations.

With AERA Group, LUX* has selected a portfolio of UNFCCC registered carbon offsetting projects, close to LUX* destinations, via which LUX* guests are able to reduce their footprint during their stay.

Our contribution of nearly MUR 13M till date, spread out among all the projects, has enabled us to offset 97,000 tCO2 and counting. The support also helps uplift the communities through infrastructure development, job opportunities and other benefits.

Renewable Energy project LUX* South Ari Atoll

PHASE 1 550KWP



CARBON OFFSETTING PROJECTS

The following are the 9 carbon offsetting projects supported by LUX*.

SARAKO BAMBOUS SOLAR FARM

FIRST SOLAR PV PLANT IN AFRICAN VULNERABLE ISLAND

La Ferme Bambous 15 MW solar farm is Mauritius's first ever solar power plant. Electricity in this vulnerable island is mainly generated from coal and heavy fuel oil. Energy transition is crucial, Mauritius is a Small Island Developing States (SIDS) highly vulnerable to the effects of climate change.

The project is a real technological breakthrough for the island with 60,800 panels made of high-efficiency, polycrystalline silicon solar cells with high transmission and tempered glass. Such technology is a first for Mauritius.

PROMOTE

- RENEWABLE ENERGY
- ISLAND ADAPTATION
- SOLAR ELECTRICITY
- LOCAL JOBS

FIGHT

- CLIMATE CHANGE
- FOSSIL FUEL DEPENDENCE
- ISLAND DISASTER RISKS

KEY FACTS

220,000 tonnes of CO2 avoided / 10 yrs.

35,000 people supplied with electricity

20 local permanent jobs created

2% of the island energy mix

* Carbon program operational since 2014
* Registered under CDM+VCS standards
* Verified by Carbon Check auditors
* APX registry ID Number: 1483
* UNFCCC CDM ID Number: 10317
* Located in Bambous, Mauritius

IN THE YUNNAN PROVINCE OF CHINA

Yunnan Mangli Hydropower Project is located on the Mangshi River in Luxi City. The implementation of the proposed project will achieve CO2 emission reduction by replacing electricity generated by fossil fuel fired power plants. The electricity to be generated will be sold to the China Southern Power Grid (CSPG) and will help reduce coal-dominated power generation.

ENERGY ACCESS | CLIMATE CHANGE | JOBS CREATION | SKILLS TRANSFER | TECHNOLOGY TRANSFER

113 000
TONNES OF CO^2 EMISSIONS AVOIDED PER YEAR

40 000
PEOPLE SUPPLIED WITH GREEN ELECTRICITY

REGISTRY	APX + UNFCCC
PROJECT ID	4821
CATEGORY	RENEWABLE ENERGY
STATUS	OPERATIONAL
CERTIFICATION	UNFCCC CDM + VCS
AUDITORS	DNV AND BUREAU VERITAS CHINA

- QUALIFIED FULL TIME JOBS CREATED (10 PERMANENT STAFF).
- ENVIRONMENTAL ASSESSMENT UNDERTAKEN IN COLLABORATION WITH THE YUNNAN UNIVERSITY.
- LOCAL SUPPLY OF ELECTRICITY AVOIDING THE FREQUENT SHORTFALLS IN THE PROJECT AREA.

ACHIEVING REFORESTATION OF NILE BASIN IN UGANDA

The “Uganda Nile Basin Reforestation” project establishes 2,000 hectares of pine and mixed native species plantations in the Rwoho Central Forest Reserve, grassland areas previously degraded due to deforestation and erosion. The project promotes private- and community-based tree-planting initiatives with different investor shares. With a 22 years rotation cycle for all tree species, the project will sequestrate up to 5,000 tonnes of CO2 emissions per year.

NATURAL RESSOURCE MANAGEMENT | CLIMATE CHANGE | FLOOD PREVENTION/ CONTROL | SKILLS TRANSFER | SOIL EROSION CONTROL

5 000
TONNES OF CO^2 EMISSIONS AVOIDED PER YEAR

2 000
HECTARES OF FOREST REGENERATED

REGISTRY	UNFCCC
PROJECT ID	HTTP://BIT.LY/237R67P
PROJECT GALERY	HTTP://BIT.LY/1RS0MTN
CATEGORY	AFFORESTATION/ REFORESTATION
STATUS	UNFCCC CDM
CERTIFICATION	UNFCCC CDM + VCS
AUDITORS	TUV NORD

- QUALIFIED FULL TIME JOBS CREATED (10 PERMANENT STAFF).
- ENVIRONMENTAL ASSESSMENT UNDERTAKEN IN COLLABORATION WITH THE YUNNAN UNIVERSITY.
- LOCAL SUPPLY OF ELECTRICITY AVOIDING THE FREQUENT SHORTFALLS IN THE PROJECT AREA.

SUPPORTING BIOGAS ENERGY AND WASTEWATER TREATMENT TECNOLOGIES IN RURAL UGANDA, EASTERN AFRICA

The project is the first ever wastewater treatment plant set up by sugar factory in rural Uganda, processing vinasse waste into biogas. The biogas collected is combusted into a boiler to produce heat. Sludge surplus from the digestion process are used as manure for sugarcane fields. A first in Uganda, this project avoids fossil-fuel for boiler's operation andchemical fertilization of sugarcane fields thanks to state-of-the art circular recycling. Emission reductions arise primarily from methane avoidance thanks to reduced chemical activity of the wastewater reactor, and secondarily from heat generation based on the recovered biogas.

Decent work and economic growth for 25 permanent full time staff include above-law wage levels and social benefits (free housing and medical facilities, covered/subsidized tuition fees children).

PROMOTE	FIGHT
• RENEWABLE ENERGY	• CLIMATE CHANGE
• SKILLS TRANSFER	• FOSSIL FUEL DEPENDENCE
• BIOGAS TECHNOLOGY	• ISLAND DISASTER RISKS
• LOCAL JOBS	• CHEMICAL FERTILIZERS

KEY FACTS

160 k tonnes of CO2 avoided until 2017

1,800 growers benefit natural fertilizers

25 local permanent jobs created

* Carbon program operational since 2013
* Registered under CDM and VCS standards
* Verified by Carbon Check auditors
* APX registry ID number 1393
* CDM registry ID number 9620
* Located in Lugazi, Uganda.

REGENERATING NATURAL FORESTS IN ETHIOPIA

The afforestation and reforestation activity of the "Humbo Ethiopia Assisted Natural Regeneration Project" involves the restoration of indigenous tree species in a mountainous region of South Western Ethiopia, covering a zone of approximately 2728 hectares of community land. In Ethiopia where only 2.7% of the original high forest remains, the project achieves about 15 000 tons of CO2 emission reductions per year (net anthropogenic GHG removals by sinks).

ENERGY ACCESS | CLIMATE CHANGE | FLOOD PREVENTION/ CONTROL | SKILLS TRANSFER | FOOD SECURITY | SOIL EROSION CONTROL

15 000
TONNES OF CO^2 EMISSIONS AVOIDED PER YEAR

2 728
HECTARES OF FOREST REGENERATED

REGISTRY	UNFCCC
PROJECT ID	HTTP://BIT.LY/1VERSST
PROJECT GALERY	HTTP://BIT.LY/1RTMLRT
CATEGORY	AFFORESTATION/ REFORESTATION
STATUS	OPERATIONAL
CERTIFICATION	UNFCCC CDM
AUDITORS	TUV NORD

- FIRST OF ITS KIND FARMER-MANAGED NATURAL REGENERATION (FMNR) PROJECT IN ETHIOPIA
- - 1ST FORESTRY PROJECT TO BE AWARDED CERTIFIED EMISSION REDUCTIONS BY THE UNFCCC IN AFRICA

PRODUCING GREEN ELECTRICITY WITH RICE HUSK AND AGRICULTURAL WASTES IN INDIA

Appayyapeta biomass power project utilizes rice husk, ground nut shell, bagasse, juliflora and other agriwastes for generation of clean and green power, sold to the power-deficit state grid of Andhra Pradesh. This green electricity will substitute other sources of energy generated by conventional polluting fossil fuels power plants. Indian economy is highly dependent on Coal. Thermal power plants are the major consumers of coal in India and yet the basic electricity needs of a large section of population are not being met.

ENERGY ACCESS | CLIMATE CHANGE | JOBS CREATION | SKILLS TRANSFER | TECHNOLOGY TRANSFER

33 000
TONNES OF CO^2 EMISSIONS AVOIDED PER YEAR

60 000
PEOPLE SUPPLIED WITH GREEN ELECTRICITY

REGISTRY	UNFCCC
PROJECT ID	0390
PROJECT GALERY	HTTP://BIT.LY/1OMLBSM
CATEGORY	RENEWABLE ENERGY
STATUS	OPERATIONAL
CERTIFICATION	UNFCCC CDM
AUDITORS	DNV / SGS

- CREATING JOBS IN RURAL AREAS TO COLLECT AND TRANSPORT BIOMASS.
- PROVIDE NEW INCOMES TO LOCAL FARMERS BY RECYCLING THEIR AGRO-WASTE.

PRODUCING GREEN ELECTRICITY FROM INDIVIDUAL WIND MILL OWNERS IN INDIA

This wind power grouped project consists of installation and operation of 49 wind turbine generators by 29 individual Project participants from various industries in Tamil Nadu and Karnataka states. The power generated is being supplied to the southern grid or wheeled for captive consumption, which otherwise would have been generated using non-renewable, carbon intensive fuel common in the grid.

ENERGY ACCESS | CLIMATE CHANGE | JOBS CREATION | SKILLS TRANSFER | TECHNOLOGY TRANSFER

63 000
TONNES OF CO^2 EMISSIONS AVOIDED PER YEAR

115 000
HECTARES OF FOREST REGENERATED

REGISTRY	APX
PROJECT ID	0324
CATEGORY	RENEWABLE ENERGY
STATUS	OPERATIONAL
CERTIFICATION	VCS
AUDITORS	SIRIM QAS

- IMPROVING GRID FREQUENCY AND AVAILABILITY OF ELECTRICITY TO THE LOCAL CONSUMERS, WHICH PROVIDES NEW OPPORTUNITIES FOR INDUSTRIES AND ECONOMIC ACTIVITIES
- DEVELOPING LOCAL WORKFORCE TECHNICAL SKILLS AND KNOWLEDGE IN SUSTAINABLE DEVELOPMENT OF NON-CONVENTIONAL RENEWABLE ENERGY TECHNOLOGY.

HEBEI GUYUAN COUNTY DONGXINYING 199.5 MW WIND POWER PROJECT

ENERGY ACCESS | CLIMATE CHANGE | JOBS CREATION | SKILLS TRANSFER | TECHNOLOGY TRANSFER

Improving Northern China grid electricity mix with wind power

The project is a newly constructed wind farm of 199.5 MW total capacity, supplied by 133 wind turbines of 1,500 kW each. It helps reducing greenhouse gas emissions generated from the high-growth, coal-dominated power generation in North China Power Grid, with an expected annual electricity production of 405,685 MWh and estimated annual GHG emission reductions amounting to 427,936 tCO_2e.

The project contributes to the sustainable development of the host country through the following aspects:

- REDUCING THE EMISSION OF OTHER POLLUTANTS RESULTING FROM LOCAL COAL-BASED POWER PLANTS COMPARED TO A BUSINESS-AS-USUAL SCENARIO;
- ALLEVIATING LOCAL SUPPLY SHORTFALLS OF ELECTRICITY FOR NORTHERN CHINA POWER GRID (NCPG)
- CREATING EMPLOYMENT OPPORTUNITIES DURING THE PROJECT OPERATION AND CONSTRUCTION.

COUNTRY	CHINA
CATEGORY	RENEWABLE ENERGY / WIND
COMMISSIONING	2010
PROJECT LINK	HTTPS://BIT.LY/2WOB6YJ

CERTIFICATION	VCS & CDM
VOLUME RETIRED	~6,200T
ISSUANCE	ALREADY DELIVERED
VERIFIER	TÜV RHEINLAND
REGISTRY	APX

10.9 MW BUNDLED SOLAR POWER PROJECT

Bundling Indian solar power generation capacities for cleaner energy

The project activity involves the installation of solar photovoltaic panels among 5 industrial participants totalling 10.9 MW installed capacity in different states; Tamil Nadu of Southern Grid while Madhya Pradesh and Maharashtra form part of NEWNE gird in India. The avoidance of consumption of any fossil fuel allowed by such renewable energy generation results in annual average GHG emission reductions of 17,567 tCO_2e.

ENERGY ACCESS | CLIMATE CHANGE | JOBS CREATION | SKILLS TRANSFER | TECHNOLOGY TRANSFER

COUNTRY	INDIA
CATEGORY	RENEWABLE ENERGY / SOLAR
COMMISSIONING	2013
PROJECT LINK	HTTPS://BIT.LY/2QAWGQJ

CERTIFICATION	VCS
VOLUME	~850T
ISSUANCE	ALREADY DELIVERED
VERIFIER	DNV
REGISTRY	APX

- ECONOMIC IMPACT: THE PROJECT PROVIDES JOBS TO LOCAL WORKERS FOR THE OPERATION OF THE SOLAR PROJECT AND OFFERS GENEROUS WAGES AND SOCIAL SECURITY CONTRIBUTIONS. THE GENERATED ELECTRICITY WILL BE FED INTO THE GRID, THEREBY IMPROVING THE GRID FREQUENCY AND AVAILABILITY OF ELECTRICITY, THUS CONTRIBUTING IN THE DEVELOPMENT OF THE COUNTRY.
- SOCIAL IMPACT: THE PROJECT ACTIVITY BEING A BUNDLED PROJECT LEADS TO ENHANCED TRAINING FOR 8 EMPLOYEES FOR MANAGING AND MONITORING THE SOLAR PROJECTS THE LEADING TO ENHANCED QUALITY OF EMPLOYMENT.
- HEALTH & SAFETY: FIRST AID KITS ARE PROVIDED AT THE WORKING AREAS, REGULAR TECHNICAL AND SAFETY TRAININGS ARE ORGANIZED PERIODICALLY,
- AND EMERGENCY AND SAFETY PROCEDURES ARE INCLUDED IN THE OPERATION MANUAL TO ENSURE SAFE WORKING CONDITION FOR THE STAFF.

At LUX, we enjoy making guests happy, helping them celebrate life*

STATEMENT OF COMPLIANCE

Name of PIE: Lux Island Resorts Ltd

Reporting Period: 30th June 2018

We, the Directors of Lux Island Resorts Ltd, confirm that to the best of our knowledge, Lux Island Resorts Ltd has complied with all of its obligations and requirements under the Code of Corporate Governance.

Arnaud Lagesse
Chairman

Reshan Rambocus
Chairman of the Audit & Risk Committee

Date: 28th September 2018

SECRETARY'S CERTIFICATE

We hereby 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
The Lux Collective Ltd (Formely Lux Hospitality Ltd) Secretary

Date: 28th September 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LUX ISLAND RESORTS LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lux Island Resorts Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 178 to 241 which comprise the statement of financial position as at 30 June 2018 and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of Group and Company as at 30 June 2018, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001 and the Financial Reporting Act 2004.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter	How the matter was addressed in the audit
1. Recoverability of goodwill and investment in subsidiaries In the Company's separate financial statements, investment in subsidiaries are carried at cost less impairment. The carrying amount of investments in subsidiaries stood at Rs 3,524m. Goodwill recognised in the consolidated financial statements stood at Rs1,061m. Management makes an impairment assessment on the investment in subsidiaries and goodwill when an indication of impairment is noted and at the end of each reporting date. As detailed in Note 5 of the financial statements, the Group's goodwill is allocated to cash generating units (CGUs). The valuation and recoverability of goodwill involves complex judgments and estimates, including projections of future income, terminal growth rate and discount rate assumptions. These assumptions and estimates can have a material impact on the valuation and impairment decisions reflected in the consolidated financial statements of the Group. The same discounted cash flow (DCF) models as used for testing of impairment of goodwill are used to assess impairment on the investment in subsidiaries and involve the same complex judgments and estimates.	We assessed and tested the design and operating effectiveness of selected key controls over management's process for modelling recoverability of goodwill and investment in subsidiaries. In relation to the particular matters set out above, our substantive testing procedures included the following: - We corroborated the justification of the CGUs defined by management for goodwill allocation; - We evaluated the methodology used for the calculation of the value in use and recoverable amount of goodwill; - We tested the design and integrity of the Group's discounted cash flow model that supports the value-in-use calculations; - We compared previous forecasts to actual results to assess management's projections on future income and expenses; - We involved our valuation experts to assist in evaluating the methodology and key assumptions used, namely the discount rate, terminal growth rate and sensitivity analyses and corroborate the results of the valuations with comparable information.

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matter	How the matter was addressed in the audit
2. Business combination on acquisition of SAS Hotel Le Récif The acquisition of SAS Hotel Le Récif in Réunion Island was significant to our audit due to the financial significance of the transaction to the Group and the significant judgements and assumptions involved in the recognition and measurement of the acquired assets and assumed liabilities for SAS Hotel Le Récif. As detailed in note 22 to the financial statements, the Group recognised a gain on bargain purchase of Rs 75.7m following the acquisition of SAS Hotel Le Récif on 01 October 2017.	Our approach was to determine whether the Group has properly accounted for the acquisition in accordance with IFRS 3-Business Combinations. Our audit procedures covered the following: - We obtained an understanding of the transaction and its rationale through discussions with management and reading of the purchase agreement; - We reviewed minutes of meetings of the board of directors for approval of the acquisition; - We have assessed the methodology of management to arrive at the fair value of the identifiable assets acquired and liabilities assumed; - We included a valuation specialist in our team to assist in corroborating the key valuation assumptions used by management to assess the fair value of the identifiable assets acquired and liabilities assumed, the purchase price allocation and the resulting gain on bargain purchase. In particular, we have reviewed the assumptions used in assessing the fair value of the land and building, which constitutes the most significant asset acquired, against available market data. For other identifiable assets and liabilities, we have assessed whether management's assumptions that the respective book values approximate their fair values. - We traced payments to bank statements and tested the accuracy of the remaining consideration payable carried on the consolidated statement of financial position; - We assessed whether the correct accounting treatment has been applied and appropriate disclosures made in the financial statements.
3. Capital expenditure incurred on the renovation of LUX Grand Gaube* LUX* Grand Gaube, which operates under the subsidiary Holiday & Leisure Resorts Limited, underwent a significant renovation during the current financial year. The total expenditure capitalised for the renovation of the hotel amounted to Rs 1.47bn and is included under total additions to Property, Plant and Equipment in note 4 to the financial statements. In addition to the financial significance of the capital expenditure, capital projects often contain a combination of enhancement and maintenance activity which are not distinct and therefore the allocation of costs between capital and operating expenditure is inherently judgemental.	Our audit procedures focused on whether all capital expenditure associated with the renovation of the hotel have been accounted for correctly under IAS 16-Property, Plant and Equipment. Our audit procedures included the following: - We reviewed minutes of board meetings for approval of the total project costs; - We assessed the Group's capitalisation policy for compliance with IAS 16 and tested the expenditure capitalised against the capitalisation policy; - On a sample basis, we have: • Agreed expenditure capitalised to supporting documents, including contracts ('letter of acceptance'), invoices with the main contractors and payment certificates issued by the quantity surveyor; • traced payments to supporting documents. - In relation to the capitalisation of borrowing costs, we assessed whether the costs capitalised met the recognition criteria set forth in IAS 23-Borrowing costs; - We assessed the adequacy of the disclosures of in the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LUX ISLAND RESORTS LTD

Report on the Audit of the Financial Statements (Cont'd)

Other Information

Management is responsible for the other information. The other information comprises the chairman's Review Report, Corporate Governance Report and Secretary's certificate as required by the Companies Act 2001, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001 and the Financial Reporting Act 2004, 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.

In preparing the financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the Group and or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and the Company to express an opinion on the Group and Company financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity 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 whether the disclosure is consistent with the requirements of the Code.

In our opinion, the disclosures in the Annual Report are consistent with the requirements of the Code.

ERNST & YOUNG
Ebène, Mauritius

Date: 28th September 2018

THIERRY LEUNG HING WAH, F.C.C.A
Licensed by FRC

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	THE GROUP 2018 Rs'000	THE GROUP 2017 Rs'000	THE COMPANY 2018 Rs'000	THE COMPANY 2017 Rs'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**9,846,875**	8,636,882	**92,858**	93,665
Intangible assets	5	**1,649,157**	1,639,799	**-**	-
Investment in subsidiary companies	6	**-**	-	**3,523,585**	3,523,585
Other financial assets	7	**5**	5	**-**	-
Deferred tax assets	8	**192,409**	115,064	**-**	1,406
		11,688,446	10,391,750	**3,616,443**	3,618,656
Current assets					
Inventories	9	**211,248**	176,804	**-**	-
Trade and other receivables	10	**819,808**	788,270	**1,979,364**	2,655,365
Cash and short term deposits	32(a)	**209,437**	181,335	**42,608**	64,307
		1,240,493	1,146,409	**2,021,972**	2,719,672
TOTAL ASSETS		**12,928,939**	11,538,159	**5,638,415**	6,338,328
EQUITY AND LIABILITIES					
Equity					
Issued capital	12(a)	**1,371,159**	1,371,159	**1,371,159**	1,371,159
Share premium	12(b)	**1,320,986**	1,320,986	**1,320,986**	1,320,986
Other reserves	13	**1,143,420**	1,187,268	**41,707**	42,619
Retained earnings		**2,173,209**	1,912,066	**1,383,480**	1,340,954
Equity attributable to the owners of the parent		**6,008,774**	5,791,479	**4,117,332**	4,075,718
Non-controlling interests	14	**1,523**	2,578	**-**	-
Total equity		**6,010,297**	5,794,057	**4,117,332**	4,075,718
Non-current liabilities					
Interest-bearing loans and borrowings	15	**3,631,683**	2,859,556	**112,502**	310,505
Deferred tax liabilities	8	**571,280**	560,273	**283**	-
Employee defined benefit liabilities	16	**94,372**	96,054	**-**	-
Government grants	17	**5,330**	6,649	**-**	-
		4,302,665	3,522,532	**112,785**	310,505
Current liabilities					
Interest-bearing loans and borrowings	15	**1,250,634**	1,107,452	**275,973**	263,352
Trade and other payables	18	**1,159,999**	1,098,551	**960,930**	1,688,753
Current tax liabilities	19 (d)	**33,949**	15,567	**-**	-
Dividend payable	41	**171,395**	-	**171,395**	-
		2,615,977	2,221,570	**1,408,298**	1,952,105
Total liabilities		**6,918,642**	5,744,102	**1,521,083**	2,262,610
TOTAL EQUITY AND LIABILITIES		**12,928,939**	11,538,159	**5,638,415**	6,338,328

These financial statements have been approved for issue by the Board of Directors on 28 September 2018 and signed on its behalf by:

Name of Directors	Signature
(1) Arnaud Lagesse	
(2) Reshan Rambocus	

The notes set out on pages 184 to 241 form an integral part of these financial statements.

Independent Auditor's report on pages 174 to 177.

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	THE GROUP 2018 Rs'000	THE GROUP 2017 Rs'000	THE COMPANY 2018 Rs'000	THE COMPANY 2017 Rs'000
Revenue	20	**5,762,080**	5,199,439	**-**	-
Profit on disposal of property, plant and equipment	21	**-**	177,884	**-**	-
Gain on bargain purchase of subsidiary	22	**75,677**	-	**-**	-
Other operating income	23	**87,652**	60,652	**340,000**	657,800
		5,925,409	5,437,975	**340,000**	657,800
Cost of inventories	24	**(1,097,890)**	(1,057,047)	**-**	-
Employee benefit expenses	25	**(1,723,183)**	(1,570,403)	**-**	-
Other operating expenses	26	**(1,867,204)**	(1,544,030)	**(67,212)**	(48,881)
		(4,688,277)	(4,171,480)	**(67,212)**	(48,881)
Earnings before interest, tax, depreciation and amortisation		**1,237,132**	1,266,495	**272,788**	608,919
Depreciation and amortisation	27	**(501,819)**	(442,214)	**(807)**	(1,765)
Operating profit	28	**735,313**	824,281	**271,981**	607,154
Finance income	29	**759**	409	**383**	15,909
Finance costs	30	**(235,109)**	(241,831)	**(55,787)**	(53,401)
Profit before tax		**500,963**	582,859	**216,577**	569,662
Income tax (expense)/credit	19 (a)	**(86,322)**	(75,123)	**(2,656)**	5,979
Profit for the year		**414,641**	507,736	**213,921**	575,641
Profit for the year attributable to:					
- Owners of the parent		**414,715**	514,949	**213,921**	575,641
- Non-controlling interests		**(74)**	(7,213)	**-**	-
		414,641	507,736	**213,921**	575,641
Earnings per share attributable to equity holders of the parent:					
Basic (Rs)	31	**3.02**	3.75		
Diluted (Rs)	31	**3.02**	3.75		

The notes set out on pages 184 to 241 form an integral part of these financial statements.

Independent Auditor's report on pages 174 to 177.

LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Notes	THE GROUP		THE COMPANY	
		2018	2017	**2018**	2017
		Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Profit for the year		**414,641**	507,736	**213,921**	575,641
Other comprehensive income/(loss) that may not be reclassified to profit or loss subsequently					
Revaluation of property, plant and equipment		**-**	(476,029)	**-**	3,806
Tax thereon	*8*	**-**	17,046	**-**	(511)
Actuarial gains/(losses)	*16(f)*	**17,478**	(21,618)	**-**	-
Deferred tax relating to actuarial gains/(losses)	*8*	**(2,971)**	3,664	**-**	-
		14,507	(476,937)	**-**	3,295
Other comprehensive (loss)/income that may be reclassified to profit or loss subsequently					
Cash flow hedge movement	*13*	**(42,638)**	21,429	**2,102**	684
Release to profit or loss on repayment of borrowings	*13*	**(599)**	(52,470)	**(3,201)**	(615)
Exchange difference on translation of foreign operations		**(5,586)**	(41,203)	**-**	-
Deferred tax relating to components of other comprehensive income	*8*	**7,146**	(13,045)	**187**	(268)
		(41,677)	(85,289)	**(912)**	(199)
Total other comprehensive (loss)/income, net of tax		**(27,170)**	(562,226)	**(912)**	3,096
Total comprehensive income/(loss) for the year, net of tax		**387,471**	(54,490)	**213,009**	578,737
Other comprehensive (loss)/income attributable to:					
- Owners of the parent		**(27,761)**	(561,569)	**(912)**	3,096
- Non-controlling interests		**591**	(657)	**-**	-
		(27,170)	(562,226)	**(912)**	3,096
Total comprehensive income/(loss) attributable to:					
- Owners of the parent		**386,954**	(46,620)	**213,009**	578,737
- Non-controlling interests		**517**	(7,870)	**-**	-
		387,471	(54,490)	**213,009**	578,737

The notes set out on pages 184 to 241 form an integral part of these financial statements.

Independent Auditor's report on pages 174 to 177.

LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

		Attributable to the equity holders of the parent						
THE GROUP	*Notes*	Issued capital (Note 12)	Share premium (Note 12)	Other reserves (Note 13)	Retained earnings	Total	Non-controlling interests (Note 14)	Total equity
		Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 01 July 2016		**1,369,094**	**1,313,217**	**1,931,299**	**1,393,783**	**6,007,393**	**3,459**	**6,010,852**
Other comprehensive loss for the year		-	-	(544,272)	(17,297)	(561,569)	(657)	(562,226)
Profit for the year		-	-	-	514,949	514,949	(7,213)	507,736
Total comprehensive loss for the year, net of tax		-	-	(544,272)	497,652	(46,620)	(7,870)	(54,490)
Net movement in share-based payments	*33*	-	-	(6,193)	-	(6,193)	-	(6,193)
Deemed disposal of a subsidiary		-	-	(920)	(634)	(1,554)	6,989	5,435
Transfer of reserves on disposal of property	*13*	-	-	(192,646)	192,646	-	-	-
Issue of shares	*12*	2,065	7,769	-	-	9,834	-	9,834
Dividend to equity holders of the parent	*41*	-	-	-	(171,381)	(171,381)	-	(171,381)
At 30 June 2017		**1,371,159**	**1,320,986**	**1,187,268**	**1,912,066**	**5,791,479**	**2,578**	**5,794,057**
At 01 July 2017		**1,371,159**	**1,320,986**	**1,187,268**	**1,912,066**	**5,791,479**	**2,578**	**5,794,057**
Other comprehensive loss for the year		-	-	(41,364)	13,603	(27,761)	591	(27,170)
Profit for the year		-	-	-	414,715	414,715	(74)	414,641
Total comprehensive income for the year, net of tax		-	-	(41,364)	428,318	386,954	517	387,471
Net movement in share-based payments	*33*	-	-	(2,214)	-	(2,214)	-	(2,214)
Deemed disposal of a subsidiary		-	-	(270)	4,220	3,950	(1,572)	2,378
Dividend to equity holders of the parent	*41*	-	-	-	(171,395)	(171,395)	-	(171,395)
At 30 June 2018		**1,371,159**	**1,320,986**	**1,143,420**	**2,173,209**	**6,008,774**	**1,523**	**6,010,297**

The notes set out on pages 184 to 241 form an integral part of these financial statements.

Independent Auditor's report on pages 174 to 177.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

THE COMPANY	*Notes*	Issued capital (Note 12)	Share premium (Note 12)	Other reserves (Note 13)	Retained earnings	Total
		Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
At 01 July 2016		**1,369,094**	**1,313,217**	**39,523**	**936,694**	**3,658,528**
Other comprehensive income for the year		-	-	3,096	-	3,096
Profit for the year		-	-	-	575,641	575,641
Total comprehensive income for the year, net of tax		-	-	3,096	575,641	578,737
Issue of shares	*12*	2,065	7,769	-	-	9,834
Dividend to equity holders of the Company	*41*	-	-	-	(171,381)	(171,381)
At 30 June 2017		**1,371,159**	**1,320,986**	**42,619**	**1,340,954**	**4,075,718**
At 01 July 2017		**1,371,159**	**1,320,986**	**42,619**	**1,340,954**	**4,075,718**
Other comprehensive loss for the year		**-**	**-**	**(912)**	**-**	**(912)**
Profit for the year		**-**	**-**	**-**	**213,921**	**213,921**
Total comprehensive income for the year, net of tax		**-**	**-**	**(912)**	**213,921**	**213,009**
Dividend to equity holders of the Company	*41*	**-**	**-**	**-**	**(171,395)**	**(171,395)**
At 30 June 2018		**1,371,159**	**1,320,986**	**41,707**	**1,383,480**	**4,117,332**

The notes set out on pages 184 to 241 form an integral part of these financial statements.

Independent Auditor's report on pages 174 to 177.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	THE GROUP		THE COMPANY	
		2018	2017	**2018**	2017
		Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
OPERATING ACTIVITIES					
Profit before tax		**500,963**	582,859	**216,577**	569,662
Adjustments for:					
- Share based payment - expense	*13*	**1,948**	3,420	**-**	-
- Foreign exchange differences		**6,825**	(52,470)	**(3,201)**	(615)
- Depreciation and amortisation	*27*	**501,819**	442,214	**807**	1,765
- Loss/(profit) on disposal of property, plant and equipment	*21*	**4,330**	(177,884)	**-**	-
- Gain on bargain purchase of subsidiary	*22*	**(75,677)**	-	**-**	-
- Dilution effect following shares issued by a subsidiary	*23*	**(1,784)**	(4,168)	**-**	-
- Employee defined benefit obligations		**13,208**	13,937	**-**	-
- Interest income	*29*	**(759)**	(409)	**(383)**	(15,909)
- Interest expense	*30*	**235,109**	241,831	**55,787**	53,401
- Dividend income	*32(b)*	**-**	-	**(300,000)**	(650,000)
		1,185,982	1,049,330	**(30,413)**	(41,696)
Changes in working capital:					
- Increase in inventories		**(32,820)**	(14,279)	**-**	-
- (Increase)/decrease in trade and other receivables		**(43,528)**	5,975	**180,979**	245,797
- (Decrease)/increase in trade and other payables		**(32,120)**	141,181	**67,200**	73,969
Cash generated from operations		**1,077,514**	1,182,207	**217,766**	278,070
Interest received		**759**	409	**383**	15,909
Income tax paid	*19(d)*	**(101,946)**	(92,775)	**(780)**	(2,532)
Interest paid		**(235,109)**	(241,831)	**(55,787)**	(53,401)
Net cash flows from operating activities		**741,218**	848,010	**161,582**	238,046
INVESTING ACTIVITIES					
Purchase of subsidiary	*22*	**(78,469)**	-	**-**	-
Acquisition of property, plant and equipment	*32(b)*	**(1,333,863)**	(1,090,593)	**-**	-
Purchase of intangible assets	*5*	**(10,627)**	(215,495)	**-**	-
Proceeds from sale of property, plant and equipment	*21*	**1,050**	1,262,982	**-**	-
Net cash flows used in investing activities		**(1,421,909)**	(43,106)	-	-
FINANCING ACTIVITIES					
Long term loans received	*15 (e)*	**1,682,988**	1,385,633	**118,262**	746,234
Payments of long term borrowings	*15 (e)*	**(1,014,187)**	(1,785,308)	**(280,862)**	(816,889)
Repayment of obligation under finance leases		**(14,244)**	(13,093)	-	-
Dividend paid	*41*	**-**	(171,381)	**-**	(171,381)
Net cash flows from/(used in) financing activities		**654,557**	(584,149)	**(162,600)**	(242,036)
Net (decrease)/increase in cash and cash equivalents		**(26,134)**	220,755	**(1,018)**	(3,990)
Cash and cash equivalents at 01 July		**(73,609)**	(293,881)	**23,946**	27,936
Net foreign exchange difference		**744**	(483)	**-**	-
Cash and cash equivalents at 30 June	*32(a)*	**(98,999)**	(73,609)	**22,928**	23,946

The notes set out on pages 184 to 241 form an integral part of these financial statements.

Independent Auditor's report on pages 174 to 177.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 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, 2018.

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 consolidated financial statements 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

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes for accounting standards and interpretations relevant to the Group's operations are disclosed below. Although these new standards and amendments applied for the first time in 2017, they did not have a material impact on the financial statements of the Group. The nature and the impact of each new standard or amendment is described below:

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amendments to IFRS as from 1 July 2017:

Amendments	Effective for accounting period beginning on or after
IAS 7 Statement of Cash Flows: Disclosure Initiative	1 January 2017
IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements 2014-2016 Cycle	1 January 2017

Where the adoption of the standards or amendments or improvements is deemed to have an impact on the financial statements or performance of the Group, their impact is described below.

Amendments to IAS 7 Statement of Cash Flow: Disclosure Initiative - effective 1 January 2017.

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Additional disclosures in respect of the amendments to IAS 7 have been provided under Note 15 (e).

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to IAS 12 Income Taxes have been made to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

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

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses (Cont'd)

- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
  - Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
  - An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The Group applied amendments retrospectively. However, their application has no effect on the financial position and performance as the Group.

Annual Improvements 2014 – 2016 Cycle - 1 January 2017

The following amendments were made to these standards:

- IFRS 1 - Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose
- IFRS 12 - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition

These amendments did not have any impact on the Group.

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. The Group would adopt these standards, if applicable, when they become effective. No early adoption of these standards and interpretations is intended by the Board of directors.

New or revised standards	Effective for accounting period beginning on or after
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021
Amendments	
Amendments to IFRS 10 and IAS 28: Sale or Contribution of assets between an investor and its associate or joint venture	Effective date deferred indefinitely
IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2018
IAS 40 Transfers of Investment Property (Amendments to IAS 40)	1 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	1 January 2018
IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

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

Amendments (Cont'd)	Effective for accounting period beginning on or after
Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts – Amendments to IFRS 4	1 January 2018
Clarification to IFRS 15 'Revenue from contracts with customers'	1 January 2018
IFRIC interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	1 January 2019
Prepayment features with negative compensation – Amendments to IFRS	1 January 2019

Where the adoption of the standards or amendments or improvements is deemed to have an impact on the financial statements or performance of the Group, their impact is described below.

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:

In July 2014, the IASB issued the final version of IFRS 9 Financial instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three asepcts of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied propspectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed an impact assessment on all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2019 when it will adopt IFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity. The Group will implement the changes in classification of certain financial instruments, as follows:

(a) Classification and measurement

Financial Assets	Per IAS 39	Per IFRS 9	Impact
• Trade receivables. • Receivable from group companies. • Cash & cash equivalents.	These are initially recognised at original invoice amount and are subsequently carried at amortised cost using the effective interest method less any allowance for impairments. Gains and losses are recognised through profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process.	Receivables previously classified as Loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. The classification does not change under the new IFRS.	No impact

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

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 (Cont'd)

(a) Classification and measurement (Cont'd)

Financial Assets	Per IAS 39	Per IFRS 9	Impact
Available-for-sale investment (AFS)	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 cummulative gain or loss previously reported in other comprehensive income is included in profit or loss.	Listed equity investments previously classified as AFS financial assets are now classified and measured as financial assets at fair value through profit or loss, if they are held for trading. Otherwise, they are classified as financial assets at fair value through OCI.	The listed equity investments that the Group possesses are not held for trading and will therefore be classified as 'financial assets at fair value through OCI' under IFRS 9. Thus, there will be no change in terms of classification and measurement.

There are no changes in the classification of financial liabilities under IFRS 9 when compared to IAS 39.

(b) Impairment

Impairment of Financial Assets	Per IAS 39	Per IFRS 9	Impact
• Trade receivables. • Receivable from group companies. • Cash & cash equivalents.	A financial asset is impaired and impairment losses are recognised, only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset. An entity is required to assess at each reporting date whether there is any objective evidence of impairment. If any such evidence exists, the entity is required to do a detailed impairment calculation to determine whether an impairment loss should be recognised.	IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables and cash and cash equivalents.	The Group is currently developing an Expected Credit Loss model to measure impairment of its financial instruments in line with the requirements of the new standard. However, given the materiality of the debtors' portfolio, the adoption of the new standard is not expected to have a significant impact on the financial position or performance of the Group. The Group also has an insurance policy to secure itself any potential bad debts. This will further reduce the impact of any potential impairment losses. Cash and cash equivalents will have an insignificant impairment impact.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

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 (Cont'd)

(c) Hedge Accounting

The Group determined that all existing hedge relationships that are currently designated as effective hedging relationships will continue to qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on Group financial statements but additional disclosures will be required in respect of hedge accounting. The Group will continue to apply the hedging requirements of IAS 39 up to the effective date of the new standard.

IFRS 15 Revenue from Contracts with Customers – effective 1 January 2018

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. The modified retrospective approach will be adopted by the Group and the Company.

The amendment to IFRS 15 "Clarifications to IFRS 15 Revenue Recognition from Contracts with Customers" has been taken into account. The Group will adopt the modified retrospective method on transition to the new standard from July 01, 2018 and the comparatives will not be restated. The following changes to revenue recognition have been identified on the adoption of IFRS 15:

The table below depicts the possible impact arising from the adoption of IFRS 15 on the Group's figures:

Treatment as per IAS 18	Changes under IFRS 15	Impact Assessment
Room Revenue – Rs3,366,443,481		
Recognised as revenue when performance obligation performed, i.e. once the guests check-in at the hotel premises. Revenue is recognised daily.	None	No material impact is expected.
Food & Beverage revenue (F&B) – Rs1,857,016,555		
F&B revenue is generated from packaged sales (e.g. half boards, full boards or All-inclusive) or through direct sales at the restaurants or bars. Packaged sales are recognised as revenue daily when it is probable that the future economic benefits will flow to the entity and those benefits can be measured reliably, i.e, once the guests check-in at the hotel premises. Direct sales are recognised upon consumption.	Recognised as revenue when performance obligation is performed (i.e on consumption).	The timing of F&B revenue recognition will change for packaged sales following the adoption of IFRS 15. F&B revenue through packaged sale will have to be recognised when the performance obligation is satisfied, i.e. upon consumption. However, the impact has been assessed as not being material as the portion of F&B sale that would have to be deferred is not significant on any single day, and the impact would further be mitigated by opening cut-off adjustments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

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

IFRS 15 Revenue from Contracts with Customers – effective 1 January 2018 (Cont'd)

Treatment as per IAS 18	Changes under IFRS 15	Impact Assessment
Minor Other Departments – Rs 530,212,651		
Minor other departments include the provision of services such as laundry, spa and boutique sales. The Group acts as an agent from time to time (e.g. for diving, big game fishing, horse riding, etc.). In an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result on increases in equity for the entity. The amounts collected on behalf of the principal are not revenue. Instead revenue is the amount of commission.	For the provision of services where the entity is an agent, it should recognise revenue based on the commission it receives from the sale (the gross amount of payments received from the customer less payments to the third party provider). Where the entity acts as a principal, revenue has to be recorded gross of costs.	Both under IAS 18 and IFRS 15, only commission revenue (gross revenue less payments) should be recognised. The Group acts as an agent only on few instances and this provision is not expected to have any significant impact on the Group.
Forex Commission – Rs 3,479,116		
Where the entity acts as a principal, revenue has to be recorded gross of costs.	For the provision of services where the entity is a principal, it should recognise revenue based on the gross revenue, with a related expense for payments to third party.	Per IFRS 15, in the provision of services where the entity is a principal, gross revenue with a related expense for payments to third party should be recognised. Sale of foreign currency arises on few instances and this provision is not expected to have any significant impact on the Group.
Management Fees – Rs 18,531,769		
Recognised as revenue when the amount of revenue can be measured reliably and it is probable that the economic benefits will flow to the entity.	Recognise variable consideration as revenue when it is highly probable that a significant reversal of the cummulative amount of revenue recognised will not occur.	No material impact is expected, as the Group currently recognises management fee income only when key financial metrics, on which the management fees are computed, are met. This will not change under IFRS15.

IFRS 16 Leases – effective 1 January 2019

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

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

IFRS 16 Leases – effective 1 January 2019 (Cont'd)

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2018, the Group will continue to assess the potential effect of IFRS 16 on its financial statements.

Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28) - effective date deferred indefinitely

This amendment to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) was made to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- it requires full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations); and
- it requires the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

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

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis.

Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

(i) The beginning of the reporting period in which the entity first applies the interpretation, or

(ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. However, since the Group's current practice is in line with the Interpretation, the Group does not expect any effect on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

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

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

(i) Whether an entity considers uncertain tax treatments separately

(ii) The assumptions an entity makes about the examination of tax treatments by taxation authorities

(iii) How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

(iv) How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company will apply interpretation from its effective date. Since the Company operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements and the required disclosures. In addition, the Company may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

The consolidated and separate financial statements are presented in Mauritian Rupees ("Rs"), 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.

(b) 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. The policy of the Group is to revalue the Land and Buildings every three years. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairments.

Construction in progress are stated at cost and are not depreciated. When completed, construction in progress are transferred to plant and equipment.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, plant and equipment (Cont'd)

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.

(c) 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 acquirer. Acquisition-related costs are 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.

(d) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IAS 39. Other contingent consideration that is not within the scope of IAS 39 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured as the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (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 gain on bargain purchase. 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.

Gain on bargain purchase 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.

Gain on bargain purchase 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) 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.

(g) 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 marketplace.

The Group has the following investments:

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.

(h) Cash and cash equivalents

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.

(i) 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:

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) 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.

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 or cancelled or expires.

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.

(k) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) 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.

(m) Fair value of financial instruments

Determination of fair value

The Company determines the fair value of its financial instruments, such as equities, debentures and other interest bearing investments and derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

Where the Company has financial assets and financial liabilities with offsetting positions in market risks or counterparty credit risk, it has elected to use the measurement exception provided in IFRS 13 to measure the fair value of its net risk exposure by applying the bid or ask price to the net open position as appropriate.

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

(n) 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.

(o) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Hedge accounting (Cont'd)

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.

(p) 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.

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.

(q) 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.

(r) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) 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 1 July 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 Rs. 100.

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 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 Rights Act 2008 is calculated and a liability accounted for. The obligations under this item are not funded.

Liabilities with respect to above schemes are calculated by Swan Life Ltd (Actuarial Valuer) annually.

Right of set off

The Group does 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.

(t) Taxes

Current tax

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Taxes (Cont'd)

Deferred tax (Cont'd)

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, provisions for bad debts, 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.

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.

(u) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Lease (Cont'd)

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.

(v) 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.

(w) 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.

(x) 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.

(y) 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 had 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

2. ACCOUNTING POLICIES (CONT'D)

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(z) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
  - Held primarily for the purpose of trading
  - Expected to be realised within twelve months after the reporting period; or
  - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(aa) Cash dividend

The Company recognises a liability to make cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Mauritius, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

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.

(a) 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:

(i) Determination of functional 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.

Despite the fact that prices of the services in the tourism industry are generally denominated and settled in foreign currency, the actual underlying computation to arrive at those prices significantly depend on the country's competitive forces, which, in line with IAS 21 para 9(a) gives a strong indication that the Mauritian Rupee is the functional currency. Besides, in line with IAS 21 para 9(b) the currency in which labour, material and costs of providing services is materially the MUR. Furthermore, the shareholders of the Company are looking for returns in Mauritian Rupee and the Group's performance is evaluated in Mauritian Rupee.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

(b) 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.

(i) 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. Main assumptions used in the determination of future taxable profits include inter-alia: occupancy rates of the hotel, room rates and margins. At 30 June, the status of unused tax losses of the Group was as follows:

	2018		
	Recognised	**Unrecognised**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
Tax losses	**861,265**	**641,846**	**1,503,111**

	2017		
	Recognised	**Unrecognised**	**Total**
	Rs'000	**Rs'000**	**Rs'000**
Tax losses	992,519	885,724	1,878,243

(ii) Revaluation of land and buildings

Land and buildings are carried at valuation and it is the Group's policy to revalue land and buildings of the Group every three years unless the Directors consider that the values changed significantly before then. The land and building were revalued during the previous financial year by an independent professional valuer. The valuation takes into consideration recent market transactions, the income generating capacity of the assets being revalued as well as expected yield. Refer to Note 4 for further details.

(iii) 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 2018 amounted to Rs. 1,061 Million (2017: Rs. 1,067 Million). Further details are given in Note 5.

(iv) Retirement benefits obligations

The cost of defined benefit pension plans and related provision, as disclosed in Note 16 to the financial statements requires the use of actuarial valuations. The actuarial valuation involves the use of significant estimates 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 2018 is Rs. 94.4 Million (2017: Rs. 96.1 Million). Further details are set out in Note 16.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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 Progres	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
COST AND VALUATION								
At 1 July 2016	**590,433**	**6,790,888**	**1,260,746**	**653,812**	**72,105**	**134,653**	**718,916**	**10,221,553**
Transfers	-	1,133,544	119,012	143,458	-	21,263	(1,417,277)	-
Transfer to assets held for sale (Note 11)	-	(4,118)	(107,098)	(111,989)	-	(7,903)	-	(231,108)
Additions	-	29,962	54,426	22,577	5,098	17,657	972,704	1,102,424
Disposal	-	-	(10,158)	(19,221)	(2,037)	(1,062)	-	(32,478)
Revaluation adjustment	10,956	(956,940)	-	-	-	-	-	(945,984)
Assets scrapped		(15,284)	(93,198)	(47,105)	-	(4,263)	-	(159,850)
Exchange difference	-	(39,598)	(6,968)	(2,479)	(392)	(644)	(5,042)	(55,123)
At 30 June 2017	**601,389**	**6,938,454**	**1,216,762**	**639,053**	**74,774**	**159,701**	**269,301**	**9,899,434**
Acquisition of subsidiary (Note 22)	-	287,519	4,720	1,702	-	4,924	552	299,417
Additions	450	1,296,549	170,005	136,778	3,157	50,124	(259,146)	1,397,917
Disposal	-	(4,172)	(11,404)	(3,276)	(11,986)	(1,327)	-	(32,165)
Exchange difference	-	3,147	(1,372)	(2,096)	(259)	(238)	1	(817)
At 30 June 2018	**601,839**	**8,521,497**	**1,378,711**	**772,161**	**65,686**	**213,184**	**10,708**	**11,563,786**
DEPRECIATION								
At 1 July 2016	**4,319**	**305,165**	**825,027**	**421,160**	**51,400**	**95,759**	**-**	**1,702,830**
Transfer to assets held for sale (Note 11)	-	(1,118)	(87,261)	(96,173)	-	(7,359)	-	(191,911)
Charge for the year	2,388	220,892	111,531	58,037	6,989	15,145	-	414,982
Disposal adjustments	-	-	(8,551)	(13,333)	(2,037)	(1,018)	-	(24,939)
Revaluation adjustment	(6,707)	(463,248)	-	-	-	-	-	(469,955)
Assets scrapped	-	(14,672)	(93,180)	(46,418)	-	(4,263)	-	(158,533)
Exchange difference	-	(3,206)	(4,855)	(1,161)	(287)	(413)	-	(9,922)
At 30 June 2017	**-**	**43,813**	**742,711**	**322,112**	**56,065**	**97,851**	**-**	**1,262,552**
Charge for the year	1,604	245,341	126,103	70,614	7,192	24,803	-	475,657
Disposal adjustments	-	(1,150)	(10,126)	(2,910)	(11,409)	(1,190)	-	(26,785)
Exchange difference	-	7,036	(448)	(803)	(208)	(90)	-	5,487
At 30 June 2018	**1,604**	**295,040**	**858,240**	**389,013**	**51,640**	**121,374**	**-**	**1,716,911**
NET BOOK VALUE								
At 30 June 2018	**600,235**	**8,226,457**	**520,471**	**383,148**	**14,046**	**91,810**	**10,708**	**9,846,875**
At 30 June 2017	601,389	6,894,641	474,051	316,941	18,709	61,850	269,301	8,636,882

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

THE COMPANY

	Freehold Land and Buildings	Plant and Equipment	Furniture and Fittings	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
COST AND VALUATION				
At 01 July 2016	90,980	6,409	7,304	104,693
Revaluations adjustment	1,269	-	-	1,269
At 30 June 2017 and June 2018	**92,249**	**6,409**	**7,304**	**105,962**
DEPRECIATION				
At 01 July 2016	1,567	4,613	6,889	13,069
Charge for the year	970	458	337	1,765
Revaluations adjustment	(2,537)	-	-	(2,537)
At 30 June 2017	-	5,071	7,226	12,297
Charge for the year	278	452	77	807
At 30 June 2018	**278**	**5,523**	**7,303**	**13,104**
NET BOOK VALUE				
At 30 June 2018	**91,971**	**886**	**1**	**92,858**
At 30 June 2017	92,249	1,338	78	93,665

(a) The freehold land and buildings and buildings on leasehold land of the Group and the Company in Mauritius were revalued in June 2017 at their open market value, by reference to recent market transactions on arm's length term, by Noor Dilmahomed & Associates, an independant professional valuer.

The building on leasehold land of the subsidiary, White Sand Resorts & Spa Pvt Ltd was also revalued in June 2017 by Maldives Valuers Pvt. Ltd, independent professional 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 hotels in Reunion Island. On the basis of current economic environment, the Directors are satisfied that the carrying value of the hotels reflect the fair value at the reporting date.

The book values were adjusted to the revalued amount at 30 June 2017 and the revaluation surpluses/(deficits) net of deferred taxation were recorded under the asset revaluation reserve.

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

The Directors have reassessed the fair value of the properties as at 30 June 2018. On the basis of current economic environment, the Directors are satisfied that the carrying value of the hotels reflect the fair value at the reporting date.

Included in additions to Property, plant and equipment is an amount of Rs 1.47bn relating to the renovation of Lux Grand Gaube.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

The following table gives information about how the fair values of land and buildings were determined and sensitivity analysis of reasonable changes in key inputs.

Sensitivity analysis

Increases/(decreases) in estimated price per square metre by 100 basis points in isolation would result in a higher/ (lower) fair value on a linear basis.

		Fair value				Sensitivity of the input to fair value	
2018	Valuation technique and key input	THE GROUP	THE COMPANY	Fair Value Hierarchy	Significant unobservable input	THE GROUP	THE COMPANY
		Rs'000	**Rs'000**			**Rs'000**	**Rs'000**
Land	Sales comparison approach	**600,235**	**21,799**	Level 3	Price per square meter	**6,002**	**218**
Buildings	Sales comparison approach	**8,226,457**	**70,172**	Level 3	Price per square meter	**82,265**	**702**
		8,826,692	**91,971**			**88,267**	**920**
2017							
Land	Sales comparison approach	601,389	21,799	Level 3	Price per square meter	6,013	218
Buildings	Sales comparison approach	6,894,641	70,450	Level 3	Price per square meter	68,946	705
		7,496,030	92,249			74,959	923

Transfers between levels

There were no transfers into or out of Level 1 and Level 2 of the fair value hierarchy during the year, and no movements within Level 3 of the fair value hierarchy.

The table below shows a reconciliation of all movements in the fair value categorised within Level 3 of the fair value hierarchy between the beginning and end of the reporting year:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At the beginning of the year	**7,496,030**	7,071,837	**92,249**	89,413
Acquisition of subsidiary	**287,519**	-	**-**	-
Transfer to assets held-for-sale	**-**	(3,000)	**-**	-
Additions	**1,296,999**	29,962	**-**	-
Transferred from work in progress	**-**	1,133,544	**-**	-
Assets scrapped	**-**	(612)	**-**	-
Disposals	**(3,022)**	-	**-**	-
Depreciation	**(246,945)**	(223,279)	**(278)**	(970)
Revaluation	**-**	(476,028)	**-**	3,806
Exchange difference	**(3,889)**	(36,394)	**-**	-
At 30 June	**8,826,692**	7,496,030	**91,971**	92,249

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

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

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
Buildings on leasehold land	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Cost	**7,393,469**	6,101,092	**-**	-
Accumulated depreciation	**(1,441,009)**	(1,306,063)	**-**	-
Net book value	**5,952,460**	4,795,029	**-**	-
Freehold land and buildings				
Cost	**321,414**	320,964	**57,078**	57,078
Accumulated depreciation	**(41,730)**	(36,306)	**(11,910)**	(10,768)
Net book value	**279,684**	284,658	**45,168**	46,310

(b) Property, plant and equipment of the Group include leased assets as follows:

	COMPUTER		MOTOR VEHICLES		PLANT AND EQUIPMENT	
	2018	2017	**2018**	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Cost	**20,130**	13,933	**18,824**	17,892	**90,897**	37,386
Accumulated depreciation	**(6,164)**	(3,486)	**(13,286)**	(9,214)	**(22,744)**	(12,423)
Net book value	**13,966**	10,447	**5,538**	8,678	**68,153**	24,963

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

(d) Borrowing costs capitalised during the year with respect to the renovation of LUX* Grand Gaube amounted to Rs 16.6 million (2017: Rs 0.9 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

5. INTANGIBLE ASSETS

THE GROUP

	Leasehold Rights	Goodwill	Computer Software & Licences	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
COST				
At 01 July 2016	679,623	1,075,121	66,040	1,820,784
Additions	209,638	-	5,857	215,495
Exchange differences	(8,944)	(8,046)	(116)	(17,106)
At 30 June 2017	880,317	1,067,075	71,781	2,019,173
Acquisition of subsidiary	35,026	-	1,193	36,219
Additions	-	-	10,627	10,627
Disposals	-	-	(146)	(146)
Exchange differences	(7,089)	(5,632)	(18)	(12,739)
At 30 June 2018	**908,254**	**1,061,443**	**83,437**	**2,053,134**
AMORTISATION				
At 01 July 2016	297,850	-	56,683	354,533
Charge for the year (Note 27)	22,681	-	5,911	28,592
Exchange differences	(3,678)	-	(73)	(3,751)
At 30 June 2017	316,853	-	62,521	379,374
Charge for the year (Note 27)	22,847	-	4,662	27,509
Disposals	-	-	(146)	(146)
Exchange differences	(2,712)	-	(48)	(2,760)
At 30 June 2018	**336,988**	**-**	**66,989**	**403,977**
NET BOOK VALUE				
At 30 June 2018	**571,266**	**1,061,443**	**16,448**	**1,649,157**
At 30 June 2017	563,464	1,067,075	9,260	1,639,799

Impairment test on goodwill

Goodwill acquired is measured as the sum of the consideration transferrred, 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 IAS 36, goodwill has been assessed for impairment based on each cash generating unit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

5. INTANGIBLE ASSETS (CONT'D)

Impairment test on goodwill (Cont'd)

	THE GROUP	
	2018	2017
	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	**553,566**	559,198
Oceanide Ltd	**314,256**	314,256
Other subsidiaries	**39,963**	39,963
	1,061,443	1,067,075

The recoverable amount of each cash generating unit (CGU) has been determined based on their value-in-use. The 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) which ranges between 8% to 13% for the various entities of the Group. 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 terminal growth rate of 3% has been assumed in the calculation.

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.

Any reasonable possible change in key assumptions on which management has based its determination of the recoverable amounts of CGUs are expected to cause their carrying amounts to exceed the recoverable amounts.

6. INVESTMENT IN SUBSIDIARY COMPANIES

THE COMPANY	**2018**	2017
	Rs'000	**Rs'000**
At 01 July and 30 June	**3,523,585**	3,523,585

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) The subsidiary companies are as follows:

Name of Companies	Country of incorporation	Effective Shareholding 2018		Effective Shareholding 2017	
		Direct %	Indirect %	Direct %	Indirect %
Les Pavillons Resorts Ltd	Mauritius	100	-	100	-
Beau Rivage Co Ltd	Mauritius	100	-	100	-
Blue Bay Tokey Island Limited	Mauritius	100	-	100	-
Café Lux Ltd	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 Company Ltd	Mauritius	-	100	-	100
LTK Ltd	Mauritius	-	100	-	100
FMM Ltee	Mauritius	-	100	-	100
Lux Island Resorts UK Limited	England	100	-	100	-
Lux Island Resorts (Seychelles) Ltd	Seychelles	-	90	-	92
LIRTA Ltd	Mauritius	-	90	-	92
Naiade Holidays (Pty) Ltd	South Africa	100	-	100	-
SAS Hôtel Prestige Réunion	Reunion Island	100	-	100	-
SA Les Villas Du Lagon	Reunion Island	-	100	-	100
SAS Hotel Le Récif	Reunion Island	-	100	-	100
SNC Saint Paul	Reunion Island	-	100	-	-
SA Société Villages Hôtel de l'Océan Indien	Reunion Island	-	100	-	66
Island Light Vacations Ltd	Mauritius	-	90	-	92
Lux Island Resort Foundation	Mauritius	100	-	100	-
Lux Island Resorts Maldives Ltd	Seychelles	100	-	100	-
White Sand Resorts & Spa Pvt Ltd	Maldives	-	100	-	100
The Lux Collective Ltd (Note (b))	Mauritius	90	-	92	-
Oceanide Ltd	Mauritius	100	-	100	-
Nereide Ltd	Mauritius	-	100	-	100
Lux Hotel Management (Shanghai) Co Ltd	China	-	90	-	92
The Lux Collective Pte.Ltd.	Singapore	-	90	-	-
Salt Hospitality Ltd	Mauritius	-	90	-	-
Palm Boutique Hotel Ltd	Mauritius	-	90	-	-

(b) On 21 September 2018, Lux Hospitality Ltd has by way of a special Resolution changed its name to The Lux Collective Ltd. Non-controlling interest in the subsidiary The Lux Collective Ltd of 10.1% is not material and accordingly, summarised financial information has not been disclosed.

The subsidiaries listed above operate in the hospitality sector or provide related services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

7. OTHER FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Available-for-sale investments				
At 01 July and 30 June	**5**	5	**-**	**-**
Available-for-sale investments consist of:				
- Quoted shares	**5**	5	**-**	-

The fair value of quoted ordinary shares (classified as Level 1 as detailed in Note 38(d)) is determined by reference to published price quotations in an active market at the reporting date.

8. DEFERRED TAX

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

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

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Deferred tax assets	**(192,409)**	(115,064)	**-**	(1,406)
Deferred tax liabilities	**571,280**	560,273	**283**	-
	378,871	445,209	**283**	(1,406)
The movement in the deferred income tax account is as follows:				
At 01 July	**445,209**	469,578	**(1,406)**	6,326
Acquisition of subsidiary	**(26,497)**	-	-	-
Recognised in profit or loss (Note 19)	**(34,074)**	(16,663)	**1,876**	(8,511)
Recognised in other comprehensive income	**(4,175)**	(7,665)	**(187)**	779
Exchange differences	**(1,592)**	(41)	**-**	-
At 30 June	**378,871**	445,209	**283**	(1,406)

Deferred income tax at 30 June relates to the following:

THE GROUP	BALANCE		MOVEMENT	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Deferred tax liabilities				
Accelerated depreciation	**380,027**	394,875	**(14,848)**	128,561
Revaluation of property, plant and equipment	**244,006**	263,822	**(19,816)**	(59,115)
	624,033	658,697	**(34,664)**	69,446
Deferred tax assets				
Employee defined benefit liabilities	**(18,753)**	(17,966)	**(787)**	(8,454)
Tax losses	**(212,047)**	(190,473)	**(21,574)**	(97,651)
Provision for bad debts and others	**(14,362)**	(5,049)	**(9,313)**	12,290
	(245,162)	(213,488)	**(31,674)**	(93,815)
Net deferred tax liabilities	**378,871**	445,209		
Total movement for the year			**(66,338)**	(24,369)
Less acquisition of subsidiary (Note 22)			**(26,497)**	-
Net movement for the year			**(39,841)**	(24,369)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

8. DEFERRED TAX (CONT'D)

THE GROUP

	MOVEMENT	
	2018	2017
	Rs'000	**Rs'000**
Recognised as follows:		
In profit or loss (Note 19)	**(34,074)**	(16,663)
In other comprehensive income	**(4,175)**	(7,665)
Exchange differences	**(1,592)**	(41)
	(39,841)	(24,369)

THE COMPANY

	BALANCE		MOVEMENT	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Deferred tax liabilities				
Accelerated depreciation	**1,215**	669	**546**	410
Revaluation of property, plant and equipment	**6,408**	6,498	**(90)**	431
Others	**85**	268	**(183)**	268
	7,708	7,435	**273**	1,109
Deferred tax assets				
Tax losses	**(7,425)**	(8,841)	**1,416**	(8,841)
Net deferred tax liabilities/(assets)	**283**	(1,406)		
Total movement for the year			**1,689**	(7,732)
Recognised as follows:				
In profit or loss (Note 19)			**1,876**	(8,511)
In other comprehensive income			**(187)**	779
			1,689	(7,732)

Deferred tax assets have not been recognised on tax losses amounting to Rs. 641million (2017: Rs. 886million). Refer to Note 3(b) (i) for further details.

9. INVENTORIES

	THE GROUP	
	2018	2017
	Rs'000	**Rs'000**
Food and beverages	**86,395**	64,318
Spare parts and maintenance	**39,433**	42,771
Others*	**85,420**	69,715
	211,248	176,804

* Others include mainly inventory items of boutiques at the hotels.

Inventories have been pledged as securities for bank borrowings of the Group. All inventories are at cost, net of provision for impairment. Provision for write downs of inventories at 30 June 2018 amounted to Rs 22.7m (2017: Rs 22.6m).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

10. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Trade receivables	**544,630**	496,768	**-**	-
Receivable from subsidiaries (Note 37)	**-**	-	**1,971,460**	2,649,283
Other receivables and prepayments	**312,483**	310,647	**7,904**	6,082
	857,113	807,415	**1,979,364**	2,655,365
Less allowances for impairment of trade receivables	**(37,305)**	(19,145)	**-**	-
	819,808	788,270	**1,979,364**	2,655,365

(i) Trade receivables are not secured, non interest-bearing and are generally on 30 days term. Impairment of receivables have been assessed on an individual basis. The Group has subscribed to a credit protection scheme for its trade receivables with a Global Service Provider, with a view to minimise its credit risk exposure.

(ii) At 30 June 2018, the ageing analysis of unimpaired trade receivables is as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Not past due	**193,362**	172,275	**-**	-
Due less than 30 days	**130,175**	125,513	**-**	-
More than 30 and less than 60 days	**66,194**	63,322	**-**	-
More than 60 and less than 90 days	**45,611**	25,574	**-**	-
More than 90 days	**71,983**	90,939	**-**	-
	507,325	477,623	**-**	-

None of the above balances have been impaired.

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

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 01 July	**19,145**	20,710	**-**	-
Acquisition of subsidiary	**5,401**	-	**-**	-
Charge for the year	**15,780**	3,458	**-**	-
Utilised	**(2,303)**	(5,207)	**-**	-
Exchange difference	**(718)**	184	**-**	-
At 30 June	**37,305**	19,145	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

11. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

	THE GROUP	
	2018	2017
Non-current assets held for sale:	**Rs'000**	**Rs'000**
At 01 July	-	1,037,045
Transfer from property, plant and equipment (Note 4)	-	39,197
Disposal (Note 21)	-	(1,076,242)
	-	-

Pursuant to the agreement dated 29 September 2016 with Grit Real Estate Income Group Limited (formerly Mara Delta Property Holdings Limited), the hotel building of Tamassa Resort as well as its rights, title and interests in the lease agreement with the Government of Mauritius (the "Property"), were disposed in 2017 for a total consideration of USD 40M (approximately Rs 1,259 million).

12. ISSUED CAPITAL

	THE GROUP AND THE COMPANY			
(a) <u>Stated capital</u>	**2018**	2017	**2018**	2017
<u>Ordinary shares of Rs 10 each</u>	**Number of shares**	**Number of shares**	**Rs'000**	**Rs'000**
At 01 July	**137,115,943**	136,909,403	**1,371,159**	1,369,094
Issued during the year	-	206,540	-	2,065
At 30 June	**137,115,943**	137,115,943	**1,371,159**	1,371,159

(b) <u>Share premium</u>

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs'000	**Rs'000**
At 01 July	**1,320,986**	1,313,217
Arising on issue of shares	-	7,769
At 30 June	**1,320,986**	1,320,986

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

13. OTHER RESERVES

(a) THE GROUP

	Foreign exchange translation reserve	Asset revaluation reserve	Share based payment reserve	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 01 July 2016	150,110	1,766,830	14,359	1,931,299
Cash flow hedge on loan in foreign currency	21,429	-	-	21,429
Cash flow hedge reserve released on repayment of loan	(52,470)	-	-	(52,470)
Currency translation difference	(41,203)	-	-	(41,203)
Revaluation of property	-	(476,029)	-	(476,029)
Tax on other comprehensive income	(13,045)	17,046	-	4,001
Share based payment expense (Note 33)	-	-	3,420	3,420
Share based payment issued (Note 33)	-	-	(9,613)	(9,613)
Transfer to non-controlling interests	(258)	-	(662)	(920)
Transfer of revaluation reserve to retained earnings on disposal of property	-	(192,646)	-	(192,646)
At 30 June 2017	**64,563**	**1,115,201**	**7,504**	**1,187,268**
Cash flow hedge on loan in foreign currency	**(42,638)**	**-**	**-**	**(42,638)**
Cash flow hedge reserve released on repayment of loan	**(599)**	**-**	**-**	**(599)**
Currency translation difference	**(5,586)**	**-**	**-**	**(5,586)**
Tax on other comprehensive income	**7,146**	**-**	**-**	**7,146**
Share based payment expense (Note 33)	**-**	**-**	**1,948**	**1,948**
Share based payment issued (Note 33)	**-**	**-**	**(4,162)**	**(4,162)**
Share of non-controlling interests	**313**	**-**	**-**	**313**
Transfer to non-controlling interests	**(270)**	**-**	**-**	**(270)**
At 30 June 2018	**22,929**	**1,115,201**	**5,290**	**1,143,420**

(b) THE COMPANY

	Asset revaluation reserve	Cash flow hedge reserve	Total
	Rs'000	**Rs'000**	**Rs'000**
At 01 July 2016	38,015	1,508	39,523
Cash flow hedge on loan in foreign currency	3,806	684	4,490
Release on repayment of loan	-	(615)	(615)
Tax effect	(511)	(268)	(779)
At 30 June 2017	**41,310**	**1,309**	**42,619**
Cash flow hedging on loan in foreign currency	**-**	**2,102**	**2,102**
Release on repayment of loan	**-**	**(3,201)**	**(3,201)**
Tax effect	**-**	**187**	**187**
At 30 June 2018	**41,310**	**397**	**41,707**

Nature and purpose of other reserves

Exchange translation reserve

This reserve is in respect of hedge reserve as well as foreign translation currency reserve. The hedge reserve is used to record the exchange differences arising on the Euro, GBP and US$ loans taken by the Group. The hedging of those loans are done with the inflows of revenue by the Group in the same currency. The movement for the year is in respect of exchange difference on conversion of loan in USD, GBP and EURO at year end rate. Upon annual repayment of long term borrowings the portion of hedge realised is released to profit or loss. The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

The hedge on the foreign currency loans are treated as a cash flow hedge and the purpose is to hedge the foreign currency risks relating to the Euro, GBP and USD denominated loans. The hedging instruments are the designated budgeted future foreign currency cash flows that will be generated from operating activities over the repayment period of the loans (the hedged items). The designated budgeted cash flows in foreign currency until maturity of the loans amount Rs.1,842.1 million (2017: Rs. 687.6 million). The foreign currency loans have a maturity of up to the year 2027 and therefore, the cash flows are expected to occur and affect profit or loss throughout this period. During the financial year 2018, Rs.42.6 million was recognised in other comprehensive income (2017: Rs.21.4 million) and Rs. 0.6 million was reclassified to profit or loss (2017: Rs.52.5 million). The amount released to profit or loss on repayment of the loans has been recorded within "Foreign exchange gains" in "Other operating income".

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

13. OTHER RESERVES (CONT'D)

(b) THE COMPANY (CONT'D)

Nature and purpose of other reserves (Cont'd)

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.

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.

14. NON-CONTROLLING INTERESTS

	THE GROUP	
	2018	2017
	Rs'000	**Rs'000**
At 01 July	**2,578**	3,459
Share of result for the year	**(74)**	(7,213)
Share of reserve for the year	**591**	(657)
Arising on part disposal of subsidiary	**(1,572)**	6,989
At 30 June	**1,523**	2,578

The subsidiary, Lux Hospitality Ltd, has issued shares to some executives of the Company pursuant to the executive share scheme. The effective control of Lux Island Resorts Ltd in Lux Hospitality Ltd was diluted from 91.7% to 89.9% resulting in a non-controlling-interest of 10.1% (2017: 8.3%) being recorded this year.

15. INTEREST-BEARING LOANS AND BORROWINGS

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
Current	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Bank loans (Note (a))	**860,914**	772,310	**256,293**	214,254
Finance leases (Note (b))	**22,478**	12,057	**-**	-
Convertible bonds (Note (c))	**-**	8,737	**-**	8,737
Bank overdrafts (Note 32a))	**308,436**	254,944	**19,680**	40,361
Other loans (Note (d))	**58,806**	59,404	**-**	-
	1,250,634	1,107,452	**275,973**	263,352
Non-current				
Bank loans (Note (a))	**3,492,457**	2,699,138	**112,502**	310,505
Finance leases (Note (b))	**63,612**	24,629	**-**	-
Other loans (Note (d))	**75,614**	135,789	**-**	-
	3,631,683	2,859,556	**112,502**	310,505
Total interest-bearing loans and borrowings	**4,882,317**	3,967,008	**388,475**	573,857

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
(a) Bank loans can be analysed as follows:-				
Loan repayable:				
- Within one year	**860,914**	772,310	**256,293**	214,254
- After one year and before two years	**549,385**	679,253	**29,942**	52,175
- After two years and before five years	**1,317,015**	1,361,826	**41,280**	119,330
- After five years	**1,626,057**	658,059	**41,280**	139,000
	4,353,371	3,471,448	**368,795**	524,759

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

(a) Bank loans can be analysed as follows (Cont'd):

			THE GROUP		THE COMPANY	
			2018	2017	**2018**	2017
			Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Denomination	**Effective interest rate**	**Maturity**				
EURO	LIBOR + 4%	June 2020	**12,586**	25,614	**-**	-
MUR	6.75% - 7.50%	June 2023	**696,668**	777,158	**-**	-
EURO	EURIBOR + 3%	June 2023	**91,315**	102,839	**-**	-
EURO	5.76%	Dec 2018	**7,517**	21,369	**-**	-
EURO	5.68%	Oct 2017	**-**	3,011	**-**	-
EURO	EURIBOR + 1.60%	June 2022	**83,617**	-	**-**	-
EURO	EURIBOR + 1.30%	Dec 2019	**120,709**	140,875	**-**	-
USD	LIBOR + 1.25% - 1.5%	June 2023	**121,270**	147,004	**-**	-
USD	LIBOR + 2.5%	Dec 2019	**75,267**	126,768	**-**	-
USD	LIBOR + 2.5% - 3.25%	Dec 2019	**96,254**	161,900	**-**	-
USD	LIBOR + 2.5%	Dec 2019	**175,502**	295,521	**-**	-
USD	LIBOR+2.25%	June 2023	**31,301**	37,943	**-**	-
USD	LIBOR+2.75%	June 2022	**9,938**	12,562	**-**	-
EURO	LIBOR+4%	June 2019	**19,696**	28,109	**-**	-
EURO	LIBOR+4%	June 2020	**151,582**	164,683	**-**	-
EURO	LIBOR+3%	June 2020	**107,256**	166,688	**33,715**	49,259
USD	LIBOR +5%	Mar 2024	**688,000**	695,000	**-**	-
USD	LIBOR +4%	June 2024	**326,800**	278,000	**110,080**	278,000
MUR	PLR	June 2019	**5,452**	10,904	**-**	-
EURO	EURIBOR+4%	June 2028	**640,000**	-	**-**	-
GBP	LIBOR+4%	June 2026	**511,641**	-	**-**	-
EURO	EURIBOR + 1.5%	At Call	**180,000**	175,500	**100,000**	97,500
MUR	PLR -3%	At Call	**125,000**	100,000	**125,000**	100,000
EURO	LIBOR + 4%	June 2027	**76,000**	-	**-**	-
Total bank loans			**4,353,371**	3,471,448	**368,795**	524,759

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
(b) Finance lease liabilities - minimum lease payments:	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Within one year	**27,454**	14,079	**-**	-
After one year and before two years	**24,960**	11,422	**-**	-
After two years and before five years	**46,176**	15,563	**-**	-
	98,590	41,064	**-**	-
Future finance charges on finance leases	**(12,500)**	(4,378)	**-**	-
Present value of finance lease liabilities	**86,090**	36,686	**-**	-
The present value of finance lease liabilities may be analysed as follows:				
Within one year	**22,478**	12,057	**-**	-
After one year and before two years	**21,148**	10,100	**-**	-
After two years and before five years	**42,464**	14,529	**-**	-
	86,090	36,686	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

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

(c) Convertible bonds

In April 2011, 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 holders of Convertible Bonds have the option to convert the Bond into share capital on the following dates:

- 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 was determined by applying the following formula:

P/(Ax0.80), where:

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.

Exercise of options of conversion of bonds

Final conversion

The final exercise for the conversion was on 31 December 2016 and 137 bond holders owning a total amount of 983,802 bonds have exercised their options to convert their bonds into shares. The exercise share price determined through the above mechanism was Rs. 47.62.

The movement in the bond account is as follows:

	THE GROUP AND THE COMPANY	
	2018	2017
	Rs'000	**Rs'000**
At 01 July	**8,737**	18,575
Rights of coversion exercised during the year	**-**	(9,834)
Fraction amount paid cash	**-**	(4)
Repayment	**(8,737)**	-
At 30 June	**-**	8,737

The balance on convertible bonds had been refunded in cash on 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

15. INTEREST-BEARING LOANS AND BORROWINGS Ç ONT'D)

(d) Other loans

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

	THE GROUP	
	2018	2017
	Rs'000	**Rs'000**
Within one year	**58,806**	59,404
After one year and before two years	**75,614**	63,068
After two years and before five years	**-**	72,721
	134,420	195,193

(e) The movement in interest bearing loans and borrowings (excluding bank overdrafts) is as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
At 01 July	**3,712,064**	3,639,019	**533,496**	614,669
Proceeds from new loans	**1,682,988**	1,385,633	**118,263**	746,234
Additions in finance leases	**64,054**	11,831	**-**	-
Repayments of loans	**(1,014,187)**	(1,785,308)	**(280,862)**	(816,889)
Repayments of finance leases	**(14,244)**	(13,093)	**-**	-
Rights of bond conversion exercised	**-**	(9,834)	**-**	(9,834)
Exchange differences	**143,206**	483,816	**(2,102)**	(684)
At 30 June	**4,573,881**	3,712,064	**368,795**	533,496
Bank overdrafts	**308,436**	254,944	**19,680**	40,361
Total interest bearing loans and borrowings	**4,882,317**	3,967,008	**388,475**	573,857

16. EMPLOYEE DEFINED BENEFIT LIABILITIES

(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 a pension fund;

(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	
	2018	2017
	Rs'000	**Rs'000**
Funded obligation - (Notes (c - o))	**3,937**	13,158
Unfunded obligation (Notes (p - u))	**90,435**	82,896
	94,372	96,054

FUNDED OBLIGATION

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

	THE GROUP	
	2018	2017
	Rs'000	**Rs'000**
Present value of funded obligation (Note 16(h))	**51,127**	56,143
Fair value of plan assets(Notes 16(g))	**(47,190)**	(42,985)
Liability in the statement of financial position	**3,937**	13,158

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

16. NET EMPLOYEE DEFINED BENEFIT LIABILITIES (CONT'D)

FUNDED OBLIGATION (CONT'D)

	THE GROUP	
	2018	2017
	Rs'000	**Rs'000**
(d) Movement in the statement of financial position:		
At 01 July	**13,158**	2,701
Total expenses (Note 16(e))	**2,167**	1,931
Actuarial (gains)/losses recognised in other comprehensive income	**(9,689)**	9,569
Contributions paid	**(1,699)**	(1,043)
At 30 June	**3,937**	13,158
(e) The amounts recognised in the statement of profit or loss are as follows:		
Current service cost	**1,385**	1,562
Interest cost	**620**	247
Scheme expenses	**162**	122
Total included in staff costs	**2,167**	1,931
(f) The total actuarial (gains)/losses recognised in other comprehensive income are as follows:		
Funded obligation (Note (j))	**(9,689)**	9,569
Unfunded obligation (Note (s))	**(7,789)**	12,049
	(17,478)	21,618
(g) Changes in the fair value of plan assets are as follows:		
At 01 July	**42,985**	42,005
Interest on plan assets	**2,137**	2,688
Employer's contribution	**1,699**	1,043
Scheme expenses	**(34)**	(26)
Cost of insuring risk benefits	**(128)**	(96)
Actuarial gain/(losses)	**2,570**	(420)
Benefits paid	**(2,039)**	(2,209)
At 30 June	**47,190**	42,985
(h) Changes in defined benefit obligation are as follows:		
At 01 July	**56,143**	44,706
Current service cost	**1,385**	1,562
Interest cost	**2,757**	2,935
Actuarial (gains)/losses	**(7,119)**	9,149
Benefits paid	**(2,039)**	(2,209)
At 30 June	**51,127**	56,143
(i) The main categories of plan assets are as follows:		
Local equities	**16,365**	19,959
Overseas equities	**11,675**	11,004
Fixed interest	**18,768**	11,377
Properties	**382**	645
Total market value of assets	**47,190**	42,985
(j) Analysis of amount recognised in other comprehensive income:		
(Gains)/losses on pension scheme assets	**(2,570)**	420
Experience (gains)/losses on the liabilities	**(546)**	982
Changes in assumptions underlying the present value of the scheme	**(6,573)**	8,167
Actuarial (gains)/losses recognised in other comprehensive income	**(9,689)**	9,569

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

16. NET EMPLOYEE DEFINED BENEFIT LIABILITIES (CONT'D)

FUNDED OBLIGATION (CONT'D)

	THE GROUP	
	2018	2017
(k) **Sensivity analysis**	**Rs'000**	**Rs'000**
Decrease in defined benefit obligation due to 1% increase in discount rate	**5,513**	4,305
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**1,257**	1,622

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.

(l) (i) The assets of the plan are invested in IBL 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 2018.

(m) Future cash flows

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

- The weighted average duration of the defined benefit obligation is 8 years.

- Employer's contributions to be paid in the next reporting period is estimated at Rs. 1.5 m (2017: Rs. 1.9m).

(n) Risk Associated with the Plans

The Defined Benefit Plans expose the Group to actuarial risks such as interest rate 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.

Salary risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

16. NET EMPLOYEE DEFINED BENEFIT LIABILITIES (CONT'D)

FUNDED OBLIGATION (CONT'D)

(o) The principal actuarial assumptions with respect to the defined benefit scheme used for accounting purposes were:

	THE GROUP	
	2018	2017
	%	**%**
Discount rate	**6.0**	5.0
Future NPS ceiling increase	**6.0**	6.0
Future expected pension scheme	**0.0**	0.0
Future long term salary increase	**4.0**	4.0
Post retirement mortality tables	**a(92)**	a(92)

UNFUNDED OBLIGATION

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

	THE GROUP	
	2018	2017
	Rs'000	**Rs'000**
Present value of unfunded obligation	**90,435**	82,896

(q) Movement in the liability recognised in the statement of financial position:

	THE GROUP	
	2018	2017
	Rs'000	**Rs'000**
At 01 July	**82,896**	57,826
Acquisition of subsidiary	**2,285**	-
Total expenses (Note (r))	**14,149**	15,741
Actuarial (gains)/losses (Note (f))	**(7,789)**	12,049
Benefits paid	**(1,409)**	(2,692)
Exchange differences	**303**	(28)
At 30 June	**90,435**	82,896

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

	THE GROUP	
	2018	2017
	Rs'000	**Rs'000**
Current service cost	**9,844**	11,961
Interest cost	**4,305**	3,780
Total included in staff costs	**14,149**	15,741

(s) Amount recognised in other comprehensive Income

	THE GROUP	
	2018	2017
	Rs'000	**Rs'000**
Actuarial (gains)/losses	**(7,789)**	12,049

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

16. NET EMPLOYEE DEFINED BENEFIT LIABILITIES/(ASSETS) (CONT'D)

UNFUNDED OBLIGATION (CONT'D)

(t) Sensivity analysis

	THE GROUP	
	2018	2017
	Rs'000	**Rs'000**
Decrease in defined benefit obligation due to 1% increase in discount rate	**13,523**	11,612
Increase in defined benefit obligation due to 1% increase in future long-term salary assumption	**13,917**	14,184

(u) The principal actuarial assumptions with respect to the unfunded scheme used for accounting purposes were as follows:

	2018	2017
	%	**%**
Discount rate	**6.00**	5.50
Future salary increases	**4.00**	4.00

17. GOVERNMENT GRANTS

	THE GROUP	
	2018	2017
	Rs'000	**Rs'000**
At 01 July	**7,822**	9,241
Release against depreciation charge (Note 27)	**(1,347)**	(1,360)
Exchange differences	**193**	(59)
At 30 June	**6,668**	7,822
Analysed as follows:		
To be released within one year shown within "other payables" in "trade and other payables"	**1,338**	1,173
To be released after one year classified under non-current liabilities	**5,330**	6,649
	6,668	7,822

The grant is in respect of Government assistance to finance the construction of a hotel in Reunion 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.

18. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Trade payables	**378,284**	403,410	**370**	924
Amount payable to subsidiaries (Note 37)	**-**	-	**948,600**	1,671,688
Accrued expenses	**190,712**	268,367	**1,137**	916
Deposits from guests	**165,613**	152,859	**-**	-
Other payables	**425,390**	273,915	**10,823**	15,225
	1,159,999	1,098,551	**960,930**	1,688,753

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

Other payables comprises mainly of provisions for payroll related costs, amounts payable to contractors and other provisions made in the normal course of business.

For amount payable to subsidiaries refer to Note 37.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

19. TAXATION

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Charge for the year				
Current tax on taxable profit for the year (Note (d))	24,836	20,686	-	-
(Over)/underprovision in previous year	(2,800)	17,984	780	2,532
Withholding tax	95,212	50,565	-	-
Deferred taxation movement (Note 8)	(34,074)	(16,663)	1,876	(8,511)
Corporate Social Responsibility (Note (d))	3,148	2,551	-	-
Income tax expense/(credit)	86,322	75,123	2,656	(5,979)

(b) Reconciliation between income tax expense and accounting profit is as follows:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before tax	500,963	582,859	216,577	569,662
Tax calculated at a rate of 17% (2017: 17%)	85,164	99,086	36,818	96,843
Effect of different tax rates	(33,247)	(7,443)	-	-
Expenses not deductible for tax purposes	2,884	2,180	5,130	5,146
Tax incentives and allowances	(808)	(41,489)	(51,000)	(110,500)
(Over)/underprovision of income tax in previous year	(2,800)	17,983	780	2,532
Tax losses not recognised	25,382	13,694	10,928	-
Utilisation of unused tax losses	(85,110)	(59,959)	-	-
Withholding tax	95,212	50,565	-	-
Other adjustments	(355)	506	-	-
	86,322	75,123	2,656	(5,979)

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

(d) Statement of financial position

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July	15,567	16,679	-	-
Provision for the year (Note (a))	24,836	20,686	-	-
Corporate Social Responsibility (Note (a))	3,148	2,551	-	-
(Over)/underprovision provision in prior years (Note (a))	(2,800)	17,984	780	2,532
Withholding tax (Note (a))	95,212	50,565	-	-
Paid during the year	(101,946)	(92,775)	(780)	(2,532)
Exchange difference	(68)	(123)	-	-
At 30 June	33,949	15,567	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

20. REVENUE

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Room revenue	3,366,444	2,951,371	-	-
Food and beverages	1,857,016	1,749,417	-	-
Others	538,620	498,651	-	-
	5,762,080	5,199,439	-	-

21. (LOSS)/PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	Rs'000	Rs'000	Rs'000	Rs'000
Disposal proceeds	1,050	1,262,982	-	-
Transfer from assets held for sale (Note 11)	-	(1,076,242)	-	-
Net book value of assets disposed/scrapped	(5,380)	(8,856)	-	-
Net (loss)/profit	(4,330)	177,884	-	-

The loss on disposal of property, plant and equipment for the current year is recorded under 'Other operating expenses'.

22. BUSINESS COMBINATION

On 1st of October 2017, the Group acquired 100% of the shares of Hotel Le Recif, a four star hotel, in Reunion island. The acquisition has been made with a view to consolidate the Group position in Reunion island and also based on the favourable negociated consideration. The fair values of the identifiable assets and liabilities of Hotel Le Recif at the date of acquisition were as follows:

	THE GROUP
	2018
	Rs'000
Fair Value of net assets acquired:	
Property, plant and equipment (Note 4)	299,417
Intangible assets (Note 5)	36,219
Deferred tax assets (Note 8)	26,497
Inventories	2,831
Trade and other receivable	55,657
Borrowings	(108,222)
Employee defined benefit liabilities (Note 16)	(2,285)
Trade and other payables	(80,443)
Cash and bank balances	(10,894)
Net assets acquired	218,777
Fair value of purchase consideration	(143,100)
Gain on bargain purchase of subsidiary	75,677

From the date of its acquisition, Hotel Le Recif has contributed Rs 224m in terms of Revenue and generated Rs 28m of profit before tax. Had the acquistion been effected at the beginning of the financial year, revenue contribution would have amounted to Rs 295m and contribution to profit before tax would have been Rs 31m.

The gain on bargain purchase is not subject to income tax under the French tax regimes, as this has been realised on the basis of preparation of consolidated financial statements in accordance with International Financial Reporting Standards.

	THE GROUP
The cash flow impact of the acquisition is as follows:	2018
	Rs'000
Consideration	(143,100)
Movement in trade and other receivables	75,525
Cash and cash equivalent acquired	(10,894)
Net cash disbursed	(78,469)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

23. OTHER OPERATING INCOME

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Rental income	5,402	5,616	7,800	7,800
Management fees	10,142	6,082	-	-
Foreign exchange gains	32,972	26,682	25,899	-
Dividend income	-	-	300,000	650,000
Re-measurement of consideration on disposal of subsidiary	1,784	4,168	-	-
Compensation for delay in contract	20,000	-	-	-
Others	17,352	18,104	6,301	-
	87,652	60,652	340,000	657,800

24. COST OF INVENTORIES

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Food, beverages and room supplies	841,044	802,873	-	-
Others	256,846	254,174	-	-
	1,097,890	1,057,047	-	-

25. EMPLOYEE BENEFIT EXPENSES

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Wages and salaries	1,544,268	1,409,552	-	-
Social security costs	137,889	117,800	-	-
Executive share scheme (Note 33)	1,948	3,420	-	-
Pension costs:				
Defined contribution scheme	22,762	21,959	-	-
Defined benefit scheme (Note 16(e))	2,167	1,931	-	-
Other retirement benefit (Note 16(r))	14,149	15,741	-	-
	1,723,183	1,570,403	-	-

26. OTHER OPERATING EXPENSES

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Marketing expenses	482,438	426,066	-	-
Heat, light and power	251,638	235,816	-	-
Repairs and maintenance	168,348	161,618	-	-
Land lease	123,656	66,112	-	-
Rental of properties	165,535	45,902	-	-
Communication expenses	65,985	40,462	-	-
Others*	609,604	568,054	67,212	48,881
	1,867,204	1,544,030	67,212	48,881

*Others include mainly bank charges and commissions, printing and stationery, communication costs, motor vehicles running expenses, loss on disposal of property, plant and equipment etc.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

27. DEPRECIATION AND AMORTISATION

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Depreciation of property,plant and equipment (Note 4)	475,657	414,982	807	1,765
Amortisation of intangible assets (Note 5)	27,509	28,592	-	-
Release of grant (Note 17)	(1,347)	(1,360)	-	-
	501,819	442,214	807	1,765

28. OPERATING PROFIT

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
The operating profit is arrived at after crediting:				
(Loss)/profit on disposal of property, plant and equipment	(4,330)	177,884	-	-
Gain/(loss) on exchange on sales of foreign currency and translation of financial assets and liabilities	32,972	26,882	25,899	(31,893)
and charging:				
Depreciation on property, plant and equipment	475,657	414,982	807	1,765
Amortisation of intangible assets	27,509	28,592	-	-
Operating lease payments recognised as expense	123,656	66,112	-	-

29. FINANCE INCOME

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Interest income	759	409	383	15,909

30. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2018 Rs'000	2017 Rs'000	2018 Rs'000	2017 Rs'000
Interest expense on:				
- Bank overdrafts	10,802	24,055	1,470	7,328
- Bank loans	217,248	204,393	22,995	18,390
- Finance leases	3,425	2,429	-	-
- Other loans and payables	3,634	10,954	31,322	27,683
	235,109	241,831	55,787	53,401

31. EARNINGS PER SHARE

	THE GROUP	
CONTINUING AND DISCONTINUED OPERATIONS	2018	2017
Basic	Rs'000	Rs'000
Profit attributable to equity holders of the parent	414,715	514,949
Weighted average number of ordinary shares	137,115,943	137,012,213
Earnings per share	3.02	3.75

Basic earnings per share is calculated by dividing net profit for the year attributable to 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, if any, as at year end.

Fully Diluted

The last exercisable period with respect to the convertible bonds was 31 December 2016 and thus, at 30 June 2018, there is no dilutive effect on the average number of ordinary shares issued. All remaining bondholders have been repaid in cash on 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

32. NOTES TO THE STATEMENT OF CASH FLOWS

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
(a) Cash and cash equivalents				
Cash and short term deposits	**209,437**	181,335	**42,608**	64,307
Bank overdrafts (Note 15)	**(308,436)**	(254,944)	**(19,680)**	(40,361)
	(98,999)	(73,609)	**22,928**	23,946

(b) Non-cash transactions

(i) Part of the acquisition of property, plant and equipment was financed by finance leases as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Total amount acquired (Note 4)	**1,397,917**	1,102,424	**-**	-
Financed through finance leases	**(64,054)**	(11,831)	**-**	-
Financed by cash	**1,333,863**	1,090,593	**-**	-
(ii) Dividend income from subsidiaries	**-**	-	**300,000**	650,000

33. SHARE BASED PAYMENT

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 started to vest during the financial year June 2017.

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; and

(iii) elevating guest experience.

The Board is reviewing the present ESS to replace it with another mechanism which at the reporting date has not yet been finalised. No options have been granted with respect to the year ended 30 June 2018 (2017: 1,102,314), and as at 30 June 2018 total options granted amounted to 3,520,462 out of which 2,418,148 will vest if the executives are still in continuous employment after the year ended June 30, 2018. During the year ended 30 June 2018, 2,507,241 shares (2017: 3,554,822 shares) have been issued pursuant to the share scheme, representing Rs 4.2 million (2017: Rs. 5.9 million).

For the year ended 30 June 2018, a total charge of Rs. 1.9 million (2017: Rs.3.4 million) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

33. SHARE BASED PAYMENT (CONT'D)

Executive share scheme (Cont'd)

In 2014, the Board also awarded 6,707,922 shares to certain key executives vested in 3 equal instalments. Vesting of each tranche is conditional on the executive being in continuous service at the end of each relevant year. The last tranche vested under this scheme was 2,235,974 shares which has been issued during the financial year ended 30th June 2017 representing Rs. 3.7 million.

LHL'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.

Movement during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share option during the year:

	2018 Number	**2018 WAEP**	2017 Number	2017 WAEP
Outstanding at 01 July	**6,180,653**	**1.66**	9,159,352	1.66
Granted	**-**	**1.66**	1,102,314	1.66
Forfeited	**(152,950)**	**1.66**	(526,191)	1.66
Exercised*	**(2,507,241)**	**1.66**	(3,554,822)	1.66
Expired	**-**		-	
Outstanding at 30 June	**3,520,462**	**1.66**	6,180,653	1.66
Excercisable at 30 June	**3,520,462**	**1.66**	6,180,653	1.66

*The weighted average estimated fair value of the share at the date of exercise of these options was Rs 3 (2017: Rs 3).

The weighted average remaining contractual life for the share options outstanding as at 30 June 2018 was 1 year (2017: 2 years).

The weighted average fair value of options granted during the year was Nil (2017: Rs 1.8m).

The exercise price for options outstanding at the end of the year was Rs 1.66 (2017: Rs 1.66).

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, 2018 are more than 10% in terms of revenue and the following disclosures are made with respect to segmental reporting.

	Mauritius	Reunion	Maldives	Total
For the year ended 30 June 2018	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Segment revenue	**3,483,409**	**926,813**	**1,515,187**	**5,925,409**
Segment finance income	**759**	**-**	**-**	**759**
Segment finance expenses	**(141,274)**	**(8,723)**	**(85,112)**	**(235,109)**
Segment depreciation and amortisation	**(236,313)**	**(65,333)**	**(200,173)**	**(501,819)**
Segment result before finance charges	**351,611**	**153,587**	**230,874**	**736,072**
Segment impairment losses	**(16,996)**	**(11,693)**	**(31,317)**	**(60,006)**
Segment assets	**7,684,866**	**1,398,085**	**3,845,988**	**12,928,939**
Capital expenditure	**1,353,131**	**28,582**	**16,204**	**1,397,917**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

34. SEGMENTAL REPORTING (CONT'D)

Secondary segment - Geographical (Cont'd)

For the year ended 30 June 2017	Mauritius	Reunion	Maldives	Total
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Segment revenue	3,776,398	645,573	1,016,413	5,438,384
Segment finance income	409	-	-	409
Segment finance expenses	(157,396)	(6,389)	(78,046)	(241,831)
Segment depreciation and amortisation	(227,867)	(67,158)	(147,189)	(442,214)
Segment result before finance charges	855,734	13,011	(44,055)	824,690
Segment impairment losses	(8,022)	(3,778)	(30,046)	(41,846)
Segment assets	6,137,421	1,007,061	4,393,677	11,538,159
Capital expenditure	354,267	17,711	730,446	1,102,424

35. CONTINGENT LIABILITIES

THE GROUP

At 30 June 2018, the Group had the following contingent liabilities:

(a) Bank guarantees of Rs. 132.8 million and USD 16.2 million (2017: Rs. 112.2 million and USD 10 million) given on behalf of subsidiaries arising in the ordinary course of business from which it is anticipated that no material losses will arise.

(b) Legal claims of Rs. 55.7 million (2017: Rs. 56.95 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 counter proceedings for an amount of Rs. 75 million against one of the plaintiffs.

THE COMPANY

Bank guarantees of Rs. 132.8 million and USD 16.2 million (2017: Rs. 112.2 million and USD 10 million) have been given on behalf of subsidiary companies 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.

36. COMMITMENTS

	THE GROUP		THE COMPANY	
Capital commitments	**2018**	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Authorised by directors but not yet contracted for	**266,669**	204,568	**-**	-
Contracted for but not provided for in accounts	**-**	1,027,000	**-**	-
	266,669	1,231,568	**-**	-

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	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Within one year	**270,914**	124,803	**-**	-
After one year but not more than five years	**1,116,814**	534,033	**-**	-
More than five years	**7,916,448**	6,509,591	**-**	-
	9,304,176	7,168,427	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

37. RELATED PARTY DISCLOSURES

		Purchase of goods and services from related parties	Purchase of property, plant and equipment from related parties	Other operating income from related parties	Amount due to related parties	Dividend from related parties	Amount due from related parties	Interest received from related parties	Net loan repayment to related parties	Loan due to related parties	Interest paid to related parties	Net bank balance with related parties	Emoluments
The Group		**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Fellow subsidiaries (Note a)	**2018**	**81,052**	**435,299**	**-**	**81,494**	**-**	**-**	**-**	**-**	**922**	**605**	**-**	**-**
	2017	71,580	139,129	-	26,052	-	-	-	-	3,305	197	-	-
Entities over which directors have significant influence (Note b)	**2018**	**11,041**	**-**	**20,000**	**3,099**	**-**	**-**	**-**	**12,652**	**32,281**	**1,744**	**2,058**	**-**
	2017	7,374	-	-	2,546	-	-	-	19,629	51,722	2,791	131	-
Key management personnel (Note c)	**2018**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**83,799**
	2017	-	-	-	-	-	-	-	-	-	-	-	117,532
The Company													
Subsidiaries (Note d)	**2018**	**-**	**-**	**-**	**948,600**	**300,000**	**1,971,460**	**-**	**-**	**-**	**26,700**	**-**	**-**
	2017	5,769	-	-	1,671,688	650,000	2,649,283	15,500	-	-	21,100	-	-

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

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

Note (c) - Key management personnel includes executive directors and top level management personnel. The emoluments include short-term employee benefits of Rs 80.1 million (2017: Rs. 112.2 million) as well as benefits under the Employee Share Scheme of Rs 1.95 million (2017: Rs. 3.42 million) and contribution to pension scheme for post retirement benefit of Rs 1.7 million (2017: Rs 1.9 million).

Note (d) - Amount due to and receivable from subsidiaries are unsecured and bears interest at PLR less 325 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. The amount receivable from related parties are neither past due nor impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(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 balances.

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 2018 and 2017.

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 45 % (2017: 45%). The Group includes within net debt, interest bearing loans and borrowings, less cash in hand and at bank. The gearing ratios at 30 June 2018 and 2017 were as follows:

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Debt (i)	**4,882,317**	3,967,008	**388,475**	573,857
Cash in hand and at bank	**(209,437)**	(181,335)	**(42,608)**	(64,307)
Net debt	**4,672,880**	3,785,673	**345,867**	509,550
Equity (ii)	**6,008,774**	5,794,057	**4,117,332**	4,075,718
Total capital plus debt	**10,681,654**	9,579,730	**4,463,199**	4,585,268
Gearing ratio	**44%**	40%	**8%**	11%

(i) Debt is defined as long and short term borrowings, as detailed in Note 15, including borrowing accounted as liabilities associated with assets held of sale.

(ii) Equity includes all capital and reserves of the Group and the Company respectively.

(b) Categories of financial instruments

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Financial assets				
Available-for-sale financial assets	**5**	5	**-**	-
Loans and receivables	**879,836**	873,735	**2,021,972**	2,717,543
	879,841	873,740	**2,021,972**	2,717,543
Financial liabilities				
Financial liabilities at amortised cost	**1,093,110**	855,721	**1,131,189**	1,688,753
Loans and borrowings	**4,882,317**	3,967,008	**388,475**	573,857
	5,975,427	4,822,729	**1,519,664**	2,262,610

Loans and receivables include trade and other receivables and cash and cash equivalents, but exclude prepayments. Financial liabilities at amortised cost consist of trade and other payables and dividend payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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 (currency risk, interest rate risk and price risk), credit risk and liquidity 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 in 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, GBP and USD. 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.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency 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 at 30 June 2018 and at 30 June 2017 is as follows:

	THE GROUP		THE COMPANY	
	Financial assets	**Financial liabilities**	**Financial assets**	**Financial liabilities**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
30 June 2018				
Euro	**393,424**	**1,669,311**	**627,258**	**133,715**
Pound sterling	**132,156**	**512,706**	**5,340**	**-**
US Dollar	**159,439**	**1,830,041**	**1,002,841**	**114,067**
Other foreign currencies	**27,937**	**-**	**-**	**-**
Total foreign currencies	**712,956**	**4,012,058**	**1,635,439**	**247,782**
Mauritian Rupee	**166,885**	**1,963,369**	**386,533**	**1,271,882**
Total	**879,841**	**5,975,427**	**2,021,972**	**1,519,664**
30 June 2017				
Euro	368,929	1,048,324	601,945	246,759
Pound sterling	113,180	4,504	5,050	886
US Dollar	228,771	2,316,243	1,471,644	676,009
Other foreign currencies	-	532	-	-
Total foreign currencies	710,880	3,369,603	2,078,639	923,654
Mauritian Rupee	162,860	1,453,126	638,904	1,338,956
Total	873,740	4,822,729	2,717,543	2,262,610

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Financial risk management (Cont'd)

(i) Foreign currency risk management (Cont'd)

The following table details the Group's sensitivity to a 5% increase and decrease in the Mauritian 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 year 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 Mauritian Rupee depreciates 5% against the relevant currency. There would be an equal and opposite impact on the profit and equity, if the Mauritian Rupee strengthens by 5% against the relevant currency.

Sensitivity Analysis

EURO IMPACT

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Profit or loss	**(50,140)**	2,969	**24,719**	20,207
Equity	**(28,188)**	(30,769)	**(42)**	(2,461)

GBP IMPACT

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Profit or loss	**(18,895)**	5,351	**267**	203
Equity	**(1,104)**	83	**-**	-

US DOLLAR IMPACT

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Profit or loss	**(18,350)**	13,508	**44,439**	39,783
Equity	**(77,560)**	90,865	**-**	-

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 loans.

The equity impact of a change in rate of USD 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 USD loans.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Financial risk management (Cont'd)

(ii) Interest rate risk management (Cont'd)

The interest rate profile of the Group at 30 June 2018 was:

Financial assets	**2018**		2017	
	Balances with banks Interest rate	Trade receivables Interest rate	Balances with banks *Interest rate*	Trade receivables *Interest rate*
	%	**%**	**%**	**%**
GBP	**LIBOR-1%**	**Nil**	LIBOR-1%	Nil
EURO	**EURIBOR-1%**	**Nil**	EURIBOR-1%	Nil
USD	**LIBOR-1%**	**Nil**	LIBOR-1%	Nil
MUR	**PLR - 4%**	**Nil**	PLR - 3%	Nil

Financial liabilities	**2018**			2017		
	Bank overdrafts	Loans		Bank overdrafts	Loans	
	Floating interest rate	Floating interest rate	Fixed interest rate	Floating interest rate	Floating interest rate	Fixed interest rate
	%	**%**	**%**	**%**	**%**	**%**
GBP	**N/A**	**LIBOR + 4%**	**N/A**	N/A	N/A	N/A
EURO	**N/A**	**EURIBOR + 1.3% - 4.5%**	**5.76%**	N/A	EURIBOR + 1.3% - 3%	5.68%
USD	**LIBOR + 4%**	**LIBOR +1.5% - 5%**	**N/A**	N/A	LIBOR +1.5% - 5%	N/A
MUR	**PLR & PLR + 0.5% to 1%**	**PLR + 2.5%**	**7% to 8%**	PLR & PLR + 0.5% to 1%	PLR + 0.5%	9%

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates on the financial 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. It represents management's assessment of the reasonably possible change in interest rate.

If interest rates had been 50 basis points higher for MUR borrowings (net of bank balances) and 0.25 basis points for EURO and USD borrowings (net of bank balances) impact will be as follows:

EURO IMPACT

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Profit or loss	**(3,417)**	(2,266)	**(288)**	(123)
Equity	**-**	-	**-**	-

US DOLLAR IMPACT

	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Profit or loss	**(4,102)**	-	**(273)**	-
Equity	**-**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Financial risk management (Cont'd)

(ii) Interest rate risk management (Cont'd)

Interest rate sensitivity analysis (Cont'd)

	MAURITIAN RUPEE IMPACT			
	THE GROUP		THE COMPANY	
	2018	2017	**2018**	2017
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Profit or loss	**(4,746)**	(4,931)	**(622)**	-
Equity	**-**	-	**-**	-

A decrease in interest rate by 50 basis points of MUR borrowings (net of bank balances) and by 25 basis points for EURO and USD borrowings (net of bank balances) 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. The investment made in equity are held for strategic rather than trading purposes. The Group does not actively trade these investments. The investments held are not material for the Group and as such no sensitivity analysis has been prepared.

(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 its client portfolio across the Group with a Global Service Provider, with a view to minimise its credit risk exposure.

With respect to credit risk arising from other financial assets of the Group which are neither past due nor impaired, comprising cash and cash equivalents and 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.

Refer to Note (b) above for maximum exposure to credit risk of the Group's financial assets at 30 June 2018 and 2017.

(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 Directors are aware that the Group has a net current liability of Rs 1,375 million as at 30 June 2018 (2017: Rs 1,076million) and this has been the case over the last past five years. The Directors are confident and are satisfied that Group has the adequate resources to continue operating in the near future and that no material uncertainty exists based on the following:

- The Group has available overdraft facilities of Rs 1,327 million out of which only Rs 308 million has been used as at 30 June 2018. Furthermore, the Group has positive cash balances of MUR 209 million as at 30 June 2018;
- At 30 June 2018, the Group had borrowings amounting to Rs 381million which were repayable at call. These facilities have been renewed after year end and repayment under the new agreements have been extended to a longer period.
- The budgeted cash flows for the year ending 30 June 2019 shows improved earnings on 2018 and the Group's ability to meet all financial commitments towards the banks as well as improved dividend payout.
- The Group has continuously been generating EBITDA of above Rs 1.0 billion over the past 3 years;
- The Group's Debt Service Coverage Ratio over the past 3 years has been around 1, implying sufficient operating cash flows have been generated to meet all commitments towards the bank in terms of capital and interest repayment and for payments of dividend and maintenance capital expenditure;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Financial risk management (Cont'd)

(v) Liquidity risk management (Cont'd)

- The Group's gearing has continuously been decreasing from 59% in 2012 to 39.5% in 2017. In 2018, due to loan contracted for renovation of Lux Grand gaube hotel, this ratio has increased to 44%, but still below the maximum of 45%.

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 rate 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
30 June 2018							
Non-interest bearing	**-**	**1,093,110**	**-**	**-**	**-**	**-**	**1,093,110**
Variable interest rate instruments	**5%**	**308,436**	**203,453**	**833,002**	**2,344,584**	**1,842,050**	**5,531,525**
Fixed interest rate instruments	**5.68%, 7% to 8%**	**-**	**25,532**	**75,226**	**149,079**	**-**	**249,837**
		1,401,546	**228,985**	**908,228**	**2,493,663**	**1,842,050**	**6,874,472**
30 June 2017							
Non-interest bearing	-	855,702	-	-	-	-	855,702
Variable interest rate instruments	5.78%	254,944	150,767	723,261	2,311,726	724,989	4,165,687
Fixed interest rate instruments	5.68% & 9%	-	8,273	100,401	175,434	-	284,108
		1,110,646	159,040	823,662	2,487,160	724,989	5,305,497

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Financial risk management (Cont'd)

(v) Liquidity risk management (Cont'd)

Liquidity and interest rate 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
30 June 2018							
Non-interest bearing	-	**178,602**	**-**	**-**	**-**	**-**	**178,602**
Variable interest rate instruments	4%	**19,681**	**10,948**	**1,206,445**	**82,555**	**43,757**	**1,363,386**
Fixed interest rate instrument	-	**-**	**-**	**-**	**-**	**-**	**-**
		198,283	**10,948**	**1,206,445**	**82,555**	**43,757**	**1,541,988**
30 June 2017							
Non-interest bearing	-	17,064	-	-	-	-	17,064
Variable interest rate instruments	2%	40,361	7,884	1,892,839	183,705	184,874	2,309,663
Fixed interest rate instrument	9%	-	197	9,328	-	-	9,525
		57,425	8,081	1,902,167	183,705	184,874	2,336,252

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (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 rate 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
30 June 2018							
Non-interest bearing	-	**670,399**	**-**	**-**	**5**	**-**	**670,404**
Variable interest rate instruments	0.34%	**209,437**	**-**	**-**	**-**	**-**	**209,437**
		879,836	**-**	**-**	**5**	**-**	**879,841**
30 June 2017							
Non-interest bearing	-	692,329	-	-	-	-	692,329
Variable interest rate instruments	1%	181,411	-	-	-	-	181,411
		873,740	-	-	-	-	873,740

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
30 June 2018							
Non interest-bearing	-	**7,904**	**-**	**-**	**-**	**-**	**7,904**
Variable interest rate instruments	3%	**42,608**	**-**	**1,986,245**	**-**	**-**	**2,028,853**
		50,512	**-**	**1,986,245**	**-**	**-**	**2,036,757**
30 June 2017							
Non interest-bearing	-	3,953	-	-	-	-	3,953
Variable interest rate instruments	3%	64,307	-	2,649,283	-	-	2,713,590
		68,260	-	2,649,283	-	-	2,717,543

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Fair value of financial instruments

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 carrying amounts of the interest-bearing loans and borrowings approximate their fair values since they carry interest rates which are linked to market rates. They are classified under Level 2 of the fair value hierarchy, with the significant input in determining fair value being the applicable interest rates. The technique used to determine the fair value is the discounted cash flow method. A summary of the carrying amounts and fair values of the financial instruments at 30 June 2018 and 30 June 2017 are as follows:

	Fair value hierarchy	THE GROUP			
		2018		2017	
		Carrying value	Fair value	Carrying value	Fair value
		Rs'000	Rs'000	Rs'000	Rs'000
Financial assets:					
Available-for-sale investments	Level 1	**5**	**5**	5	5
Trade and other receivables	Level 2	**670,399**	**670,399**	692,400	692,400
Cash and short-term deposits	Level 2	**209,437**	**209,437**	181,335	181,335
		879,841	**879,841**	873,740	873,740
Financial liabilities:					
Interest-bearing loans and borrowings	Level 2	**4,882,317**	**4,882,317**	3,967,008	3,967,008
Trade and other payables	Level 2	**1,093,110**	**1,093,110**	855,721	855,721
Liabilities associated with assets held for sale		**-**	**-**	-	-
		5,975,427	**5,975,427**	4,822,729	4,822,729

		THE COMPANY			
		2018		2017	
		Carrying value	Fair value	Carrying value	Fair value
		Rs'000	Rs'000	Rs'000	Rs'000
Financial assets:					
Trade and other receivables	Level 2	**1,979,364**	**1,979,364**	2,653,236	2,653,236
Cash and short-term deposits	Level 2	**42,608**	**42,608**	64,307	64,307
		2,021,972	**2,021,972**	2,717,543	2,717,543
Financial liabilities:					
Interest-bearing loans and borrowings	Level 2	**388,475**	**388,475**	573,857	573,857
Trade and other payables	Level 2	**1,131,189**	**1,131,189**	1,688,753	1,688,753
		1,519,664	**1,519,664**	2,262,610	2,262,610

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; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

There has been no transfers between the hierarchy levels in the current and prior year.

Refer to Note 4 for classification of Land and Buildings and Note 7 for classification of Available-for-sale investments in the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

39. FINANCIAL SUMMARY

(a) THE GROUP

	2018	2017	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current assets (including assets held-for-sale)	**11,688,446**	10,391,750	11,074,365	10,642,410
Current assets	**1,240,493**	1,146,409	1,148,837	973,853
Issued capital	**1,371,159**	1,371,159	1,369,094	1,367,865
Share premium	**1,320,986**	1,320,986	1,313,217	1,308,453
Treasury shares	**-**	-	-	(18,081)
Other reserves	**1,143,420**	1,187,268	1,931,299	1,919,566
Retained earnings	**2,173,209**	1,912,066	1,393,783	1,134,966
Current liabilities (including liabilities held-for-sale)	**2,615,977**	2,221,570	2,874,080	2,044,669
Non-current liabilities	**4,302,665**	3,522,532	3,338,270	3,857,058
Total revenue	**5,926,168**	5,438,384	5,158,256	4,655,096
Profit before tax	**500,963**	582,859	480,930	451,592
Profit attributable to owners of the parent	**414,715**	514,949	418,604	365,748
Dividends	**171,395**	171,381	157,390	136,787

(b) THE COMPANY

	2018	2017	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current assets	**3,616,443**	3,618,656	3,615,209	3,616,780
Current assets	**2,021,972**	2,719,672	2,219,355	1,932,629
Issued capital	**1,371,159**	1,371,159	1,369,094	1,367,865
Share premium	**1,320,986**	1,320,986	1,313,217	1,308,453
Treasury shares	**-**	-	-	(18,081)
Other reserves	**41,707**	42,619	39,523	39,934
Retained earnings	**1,383,480**	1,340,954	936,694	1,034,702
Current liabilities	**1,408,298**	1,952,105	1,965,335	1,717,762
Non-current liabilities	**112,785**	310,505	210,701	98,774
Total revenue	**340,383**	673,709	114,611	254,699
Profit before tax	**216,577**	569,662	59,077	131,354
Profit for the year	**213,921**	575,641	59,382	131,612
Dividends	**171,395**	171,381	157,390	136,787

40. ULTIMATE HOLDING COMPANY

The ultimate holding company is IBL Ltd, a company incorporated in Mauritius and listed on the Stock Exchange of Mauritius. The registered office is situated at 4th Floor, IBL House, Le Caudan Waterfront, Port Louis.

41. DIVIDENDS

On 26 June 2018, the Board of directors have declared a dividend of Rs. 1.25 (2017: Rs. 1.25) per each ordinary share held, totalling Rs 171,395,000 (2017: Rs 171,381,000) with respect to the year ended 30 June 2018. The dividend has been paid on 03 August 2018. The dividend declared in financial year 2017 was paid within the same year.

42. EVENTS AFTER THE REPORTING DATE

There are no significant events after the reporting date which require adjustments or additional disclosures in the financial statements.

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 Friday 7th December 2018 at 10:30 with the following agenda:

RESOLUTIONS

1. To consider and approve the audited financial statements for the year ended 30th June 2018
2. To receive the auditors report
3. To consider the annual report
4. To ratify the dividend declared by the Board of Directors on 28th June 2018 for the year ended 30th June 2018
5. To re-elect Mr Arnaud Lagesse as Director of the Company **
6. To re-elect Mr Paul Jones as Director of the Company **
7. To re-elect Mr Jean-Claude Béga as Director of the Company **
8. To re-elect Mr Laurent de la Hogue as Director of the Company **
9. To re-elect Mr Désiré Elliah as Director of the Company **
10. To re-elect Mrs Pascale Lagesse as Director of the Company **
11. To re-elect Mr Thierry Lagesse as Director of the Company **
12. To re-elect Mr Maxime Rey as Director of the Company **
13. To elect Mr Jan Boullé as Director of the Company **
14. To elect Mr Reshan Rambocus as Director of the Company **
15. To appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration
16. To ratify the remuneration paid to the auditors for the year ended 30th June 2018

By Order of the Board

Désiré Elliah
The Lux Collective Ltd
Company Secretary

19 November 2018

** - Biography of the directors can be found at pages 14-21.

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 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 1st November 2018.

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.

LUX ISLAND RESORTS LTD 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 Friday 7th December 2018 commencing at 10:30 and at any adjournment thereof.

I/We direct my/our proxy to vote in the following manner:

Vote with a tick

RESOLUTION	FOR	AGAINST
1 To consider and approve the audited financial statements for the year ended 30th June 2018		
2 To receive the auditors report		
3 To consider the annual report		
4 To ratify the dividend declared by the Board of Directors on 28th June 2018 for the year ended 30th June 2018		
5 To re-elect Mr Arnaud Lagesse as Director of the Company **		
6 To re-elect Mr Paul Jones as Director of the Company **		
7 To re-elect Mr Jean-Claude Béga as Director of the Company **		
8 To re-elect Mr Laurent de la Hogue as Director of the Company **		
9 To re-elect Mr Désiré Elliah as Director of the Company **		
10 To re-elect Mrs Pascale Lagesse as Director of the Company **		
11 To re-elect Mr Thierry Lagesse as Director of the Company **		
12 To re-elect Mr Maxime Rey as Director of the Company **		
13 To elect Mr Jan Boullé as Director of the Company **		
14 To elect Mr Reshan Rambocus as Director of the Company **		
15 To appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration		
16 To ratify the remuneration paid to the auditors for the year ended 30th June 2018		

Signed this ______________________________ Signature ______________________________

Registered Office - Pierre Simonet Street Floreal

ANNEX 1: GRI STANDARDS CONTENT INDEX

Materiality Disclosures
LUX Island Resorts Ltd
Oct 2018 Service

Material Aspects	GRI Indicator	Disclosure	Remarks & References	External Assurance	Mapping with Sustainable Development Goals (SDGs)
1. GENERAL STANDARD DISCLOSURES ("Core" in accordance option)					
GRI 102 General Disclosures 2016	102-1	Name of the organization	Cover page		
	102-2	Primary brands, products, and services.	page 50-93		
	102-3	Location of the organization's headquarters.	page 9		
	102-4	Operates	page 9		
	102-5	Nature of ownership and legal form	page 9		
	102-6	Beneficiaries	page 39		
	102-7	Scale of the organisation	CEO Review page 39		
	102-8	Gender and region	page 151		
	102-9	Description of supply chain	tourist arrivals by source page 39		
	102-10	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	N/A		
	102-11	Whether and how the precautionary approach or principle is addressed by the organisation	Tread Lightly - emissions page 146		
	102-12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	page 133		
	102-13	Memberships in associations and national/ international advocacy organisations	page 10		
	102-14	Statement from senior decision-maker about the relevance of sustainability and organisation's strategy at the beginning of Chairman's report	page 34		
	102-15	Key impacts, risks, and opportunities	page 134		
	102-16	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	page 101		"SDG4,5,16"

Material Aspects	GRI Indicator	Disclosure	Remarks & References	External Assurance	Mapping with Sustainable Development Goals (SDGs)
GRI 102 General Disclosures 2016	102-18	Governance structure of the organisation, including committees of the highest governance body and those responsible for decision-making on economic, environmental and social impacts.	Page 100 Committees incl Sustainability Committee		
	102-40	List of stakeholder groups engaged by the organisation	page 143		
	102-41	Percentage of total employees covered by collective bargaining agreements	page 151		
	102-42	Basis for identification and selection of stakeholders with whom to engage	page 143		
	102-43	Organisation's approach to stakeholder engagement	page 143		
	102-44	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	page 143		
	102-45	All entities included in the organisation's consolidated financial statements or equivalent documents	page 9		
	102-46	Process for defining the report content and the Aspect Boundaries; and how the organisation has implemented the Reporting Principles for Defining Report Content	page 143		
	102-47	All the material aspects identified in the process for defining report content.	page 143		
	102-48	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	N/A		
	102-49	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Page 34 (Fifth Sustainability reporting)		
	102-50	Reporting period for information provided	page 34		
	102-51	Date of most recent previous report	Fitth sustainability report (last one was for period 2016-2017)		
	102-52	Reporting cycle	page 34		
	102-53	Contact point for questions regarding the report or its contents	vishnee.sowamber@ luxresorts.com		
	102-55	GRI Index with "in accordance" option chosen and references to External Assurance Reports	page 245-248		
	102-54	Claims of reporting in accordance with the GRI Standards	page 34		
	102-56	Organisation's policy and current practice with regard to seeking external assurance for the report	page 249-251		

Material Aspects	GRI Indicator	Disclosure	Remarks & References	External Assurance	Mapping with Sustainable Development Goals (SDGs)
MATERIAL TOPICS					
GRI 103 Management Approach 2016	103-1	Explanation of Material Topic and its boundaries	page 143		
	103-2	The Management Approach and its Components	page 143		
	103-3	Evaluation of the Management Approach	page 143		
SPECIFIC STANDARD DISCLOSURES					
Environment					SDG7,8,12,13
GRI 302: Energy 2016	302-1	Energy consumption within the organization	page 136	YES	
	302-2	Energy consumption outside of the organization	NA		
	302-3	Energy intensity	page 136	YES	
	302-4	Reduction of energy consumption	page 136		
	302-5	Reductions in energy requirements of products and services	page 136		
GRI 303: Water 2016	303-1	Total water withdrawal by source	page 136	YES	"SDG3,12,13, 14,15"
	303-2	Water sources significantly affected by withdrawal of water	page 136		
GRI 304: Biodiversity 2016	304-3	Biodiversity	page 147		
GRI 305: Emissions 2016	305-1	Direct greenhouse gas (GHG) emissions (Scope 1) in metric tons of CO2 equivalent	page 137	YES	
	305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2):	page 137	YES	
	305-3	Other indirect greenhouse gas (GHG) emissions (Scope 3)	page 137		"SDG13,14,15"
	305-4	Greenhouse gas (GHG) emissions intensity intensity ratio: direct (Scope 1), energy indirect (Scope 2), other indirect (Scope 3).	page 137		
	305-5	Reduction of greenhouse gas (GHG) emissions	page 134		"SDG3,12,14"
GRI 306: Effluent & Waste 2016	306-1	Total water discharge by quality and destination	page 136		
	306-2	Total weight of waste by type and disposal method	page 136	YES	"SDG3,6,12"
SOCIAL					
HUMAN RIGHTS					
GRI 412: Human Rights Assessment 2016	412-2	Total hours of employee training on human rights policies or procedures	page 151	YES	"SDG5,8,16"
GRI 406: Non-discrimination 2016	406-1	Total number of incidents of discrimination and corrective actions taken	page 151	YES	

Material Aspects	GRI Indicator	Disclosure	Remarks & References	External Assurance	Mapping with Sustainable Development Goals (SDGs)
LABOR PRACTICES & DECENT WORK					
GRI 401: Employment 2016	401-1	Total number and rates of new employee hires and employee turnover by age group, gender and region	page 151	YES	"SDG5,8"
GRI 403: Occupational Health and Safety 2016	403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	page 151		SDG3,8
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee by gender, and by employee category	page 151		"SDG4,5,8"
	404-3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	page 151		"SDG5,8"
GRI 405: Diversity and Equal Opportunity 2016	405-1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group	page 151		
GRI 405: Diversity and Equal Opportunity 2016	405-2	Ratio of basic salary and remuneration of women to men by employee category	page 151	YES	
SOCIETY					
GRI 413: Local Communities 2016	413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	page 152	YES	"SDG1,2,3,4,5, 14,15,16,17"
ECONOMIC					
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	page 28		"SDG2,5,7,8,9"
	201-2	Financial implications and other risks and opportunities for the organization's activities due to climate change	page 34		

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ANNEX 2: INDEPENDENT ASSURANCE PROVIDER'S LIMITED ASSURANCE REPORT ON SELECTED KEY PERFORMANCE INDICATORS

TO THE DIRECTORS OF LUX ISLAND RESORTS LIMITED

REPORT ON SELECTED KEY PERFORMANCE INDICATORS

We have undertaken a limited assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the 2018 Integrated Annual Report of LUX Island Resorts Limited (LUX) for the year ended 30th June 2018 (the Report). This engagement was conducted by a multidisciplinary team relevant experience in sustainability reporting.

SUBJECT MATTER

We are required to provide limited assurance on the following selected KPIs on the relevant pages in the Report. The selected KPIs described below have been prepared in accordance with LUX's reporting criteria that accompany the performance information on the relevant pages of the Report as described on page 252 (the accompanying LUX reporting criteria).

CATEGORY	SELECTED KPIS	SCOPE OF COVERAGE
Corporate Governance	• Ethics and Integrity (page 101)	LUX Island Resorts Limited
Environment	• Energy Consumption (page 136) • Greenhouse Gas Emissions arising from Scope 1 and 2 (pg 137)	LUX Island Resorts Limited
Human Rights	• Total hours of employee training on human rights policies or procedures (pg 139) • Total number of incidents of discrimination and corrective actions taken (pg 151)	LUX Island Resorts Limited
Labour Practices and Decent Work	• Total number and rates of new employee hires and employee turnover by age group, gender and region (pg 130-151)	LUX Island Resorts Limited

Society	• Percentage of operations with implemented local community engagement, impact assessments, and development programs (pg 152)	LUX Island Resorts Limited
Customer Satisfaction	• Results of surveys measuring customer satisfaction (pg 139)	LUX Island Resorts Limited

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with the accompanying LUX reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have applied the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

OUR RESPONSIBILITY

Our responsibility is to express a limited assurance conclusion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than the Audits or Reviews of Historical Financial Information and in respect of greenhouse gas emissions, in accordance with ISAE 3410, Assurance Engagements on Greenhouse Gas Statements issued by the International Auditing and Assurance Standards Board. That Standard requires that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of LUX's use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

> Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;

> Inspected documentation to corroborate the statements of management and senior executives in our interviews;

> Tested the processes and systems to generate, collate, aggregate, monitor and report the selected KPIs;

> Performed a controls walkthrough of identified key controls;

> Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;

> Evaluated the reasonableness and appropriateness of significant estimates and judgments made by the directors in the preparation of the selected KPIs; and

> Evaluated whether the selected KPIs presented in the Report is consistent with our overall knowledge and experience of sustainability management and performance at LUX.

OUR RESPONSIBILITY (CONTINUED)

The procedures performed in a limited assurance engagement vary in nature and form, and are less in extent than for a reasonable assurance engagement. As a result the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether LUX's selected KPIs have been prepared, in all material respects, in accordance with the accompanying LUX reporting criteria.

LIMITED ASSURANCE CONCLUSION

Based on the procedures we have performed and the evidence we have obtained nothing has come to our attention that causes us to believe that the selected KPIs as set out in the subject matter paragraph for the year ended 30th June 2018 are not prepared, in all material respects, in accordance with the accompanying LUX reporting criteria.

OTHER MATTERS

The maintenance and integrity of the LUX's Website is the responsibility of LUX management. Our procedures did not involve consideration of these matters and, accordingly we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on LUX website.

RESTRICTION OF LIABILITY

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the Directors of LUX in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than LUX, for our work, for this report, or for the conclusion we have reached.

ERNST & YOUNG
Ebène, Mauritius

THIERRY LEUNG HING WAH, F.C.C.A
Licensed by FRC

Date: 28th September 2018

EY
Building a better working world

LUX REPORTING CRITERIA

CATEGORY	SELECTED KPIS	SCOPE OF COVERAGE
Corporate Governance	• Ethics and Integrity (pg 94)	• Based on Corporate Governance & Audit Committee activities (minutes) and system in place for Ethics Policy & Management and Feedback mechanisms.
Environment	• Energy Consumption (pg 136) • Greenhouse Gas Emissions arising from Scope 1 and 2 (pg 137)	• Based on energy consumption for Mobile Combustion, Stationary Combustion, Fugitive emission & Purchased electricity.
Human Rights	• Total hours of employee training on human rights policies or procedures (pg 139) • Total number of incidents of discrimination and corrective actions taken (pg 151)	• Based on number of hours of training given. • Based on number complaints received on discrimination.
Labour Practices and Decent Work	• Total number and rates of new employee hires and employee turnover by age group, gender and region (pg 130-151)	• Based on number of employees hired and number of employees who left the company.
Society	• Percentage of operations with implemented local community engagement, impact assessments, and development programs (pg 152)	• Based on activity engaged in by resorts pertaining to same.
Customer Satisfaction	• Results of surveys measuring customer satisfaction (pg 139)	• Survey is based on the level of satisfaction from different outlets of the hotel.

EY
Building a better working world

LUX REPORTING CRITERIA

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Events After The Reporting Date

Dear Shareholders,

The Board of Lux Island Resorts Ltd ("LIR") has approved the restructure of its activities involving the separation of its management Company, The Lux Collective Ltd ("TLC"), formerly known as LUX Hospitality Ltd, from its real estate and hotel operations company namely LIR.

The restructure will also involve a distribution in specie by LIR of its shares in TLC. Shareholders of LIR registered at the close of business on 30th November 2018 will receive one share of TLC for every share held in LIR. Their underlying interest in TLC will therefore remain unchanged.

Following the restructure, the current activities of LIR group will be undertaken by the two separate companies as follows:

1. LIR, the investment property holding company, will continue to own the real estate assets and keep the operations whereas management of the hotels will continue to be performed by TLC under long term management contracts; and

2. TLC, the management company, will own a portfolio of brands including inter alia The Lux Collective brands namely LUX*, Tamassa, SALT, SOCIO and Café LUX*. TLC shall manage the hotels owned by LIR and other owners. The income of TLC will comprise principally of management fees from the hotels.

The Board of LIR is confident that the new structure will position the group for further growth and will benefit both the Company and its stakeholders as follows:

- TLC as a distinct business which will operate independently from LIR, with a separate board and its management team with different objectives, focus and performance indicators.

- The ultimate strategic intent is to increase shareholder value through growth in earnings by maximizing the performance of the existing LIR properties, broadening the number of hotel management contracts whilst diversifying its geographical coverage, fostering cross-selling of the various hotels.

- LIR will continue to grow its business by investing selectively in properties, seeking new investment opportunities whilst consolidating its financial position, maintaining a strong financial discipline.

- Each management team will improve its focus on its core competencies relevant to its respective businesses.

- Separations of similar nature carried out by international hospitality groups have in the past resulted in an increase in shareholder value.

- It is the intention of the Board to list the shares of TLC on the Stock Exchange of Mauritius in the near future.

Paul Jones, whose contract has been extended to June 2021, will continue to head TLC as Chief Executive Officer, whilst Désiré Elliah , the current Chief Finance Officer (CFO) of LIR, will be appointed Chief Executive Officer of LIR as from the 1st of January 2019. Désiré is the senior executive responsible for managing the financial and corporate activities of the Group. He has been responsible since 2000 of all major corporate finance transactions of LIR either in his capacity as financial adviser or CFO of the Group.

Prior to joining the Group, he was a partner at De Chazal Du Mée as part of the Audit and Business Advisory Department, in charge of a portfolio of prestigious clients and acting as financial adviser on a number of World Bank funded projects.

As a result of the above, Paul Jones will resign from the board of LIR on the 31st of December 2018 and will remain a director on the board of TLC. Désiré Elliah will resign from the board of TLC on the same date whilst remaining on the board of LIR.

Based on the current pipeline, TLC will be managing and developing more hotels outside the Indian Ocean region and the Board has therefore approved the relocation of TLC headquarters (HQ) to Singapore on the 1st of January 2019. The purpose of this relocation is first and foremost to position TLC as a Global Hotel Management Company based in a more logistically convenient location taking into account the existing contracts and those in the pipeline in the Asia-Pacific region. Singapore is recognized as one of the leading Global Business centres offering a pro-business environment with excellent infrastructure and is highly connected. The new HQ will be executive in nature with limited on the ground operational activity. The broader support will continue to be provided from Mauritius.

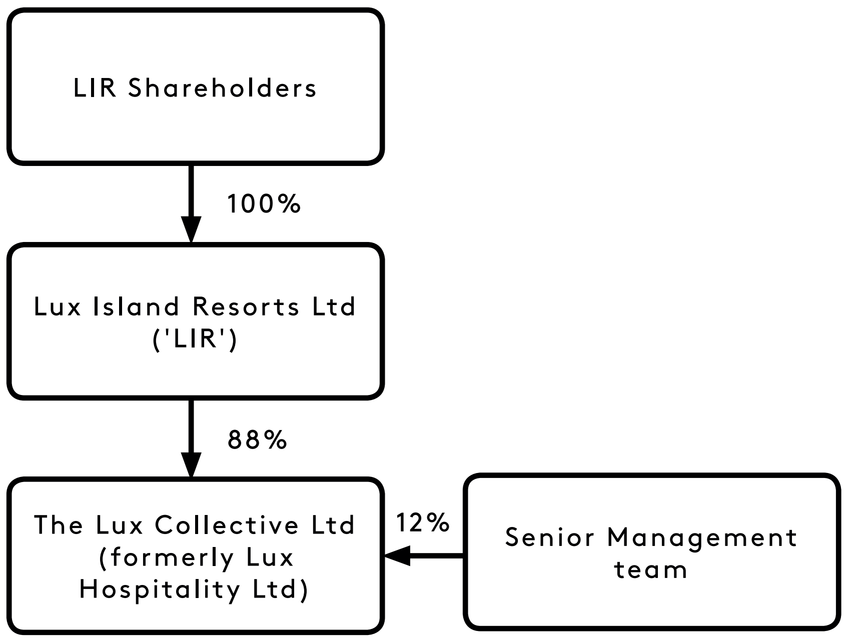
Moreover, after 15 years as Chairman of LIR, Arnaud Lagesse will resign on 31st December 2018, as Chairman and director of LIR. He shall continue as Chairman of the board of TLC. Jean-Claude Béga, who is a director on the Board is being proposed as Chairman of LIR as from 1st January 2019. He is currently also a member of the Audit and Risk Committee from which he will resign on the same date.

Yours sincerely,

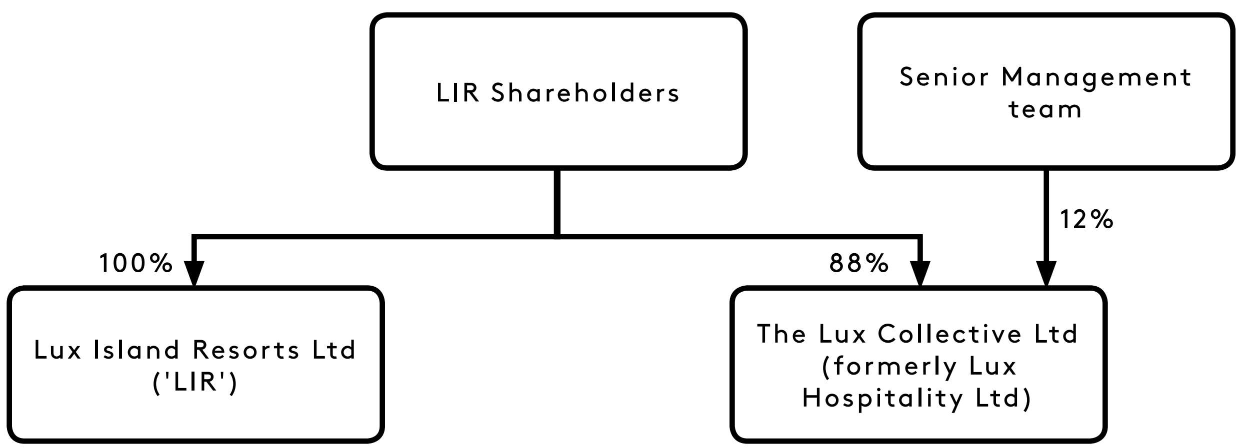
ARNAUD LAGESSE
22nd October 2018

THE DIAGRAM BELOW ILLUSTRATES THE ORGANISATION OF THE GROUP PRE & POST SPIN-OFF

SITUATION BEFORE REORGANISATION



POST REORGANISATION SITUATION



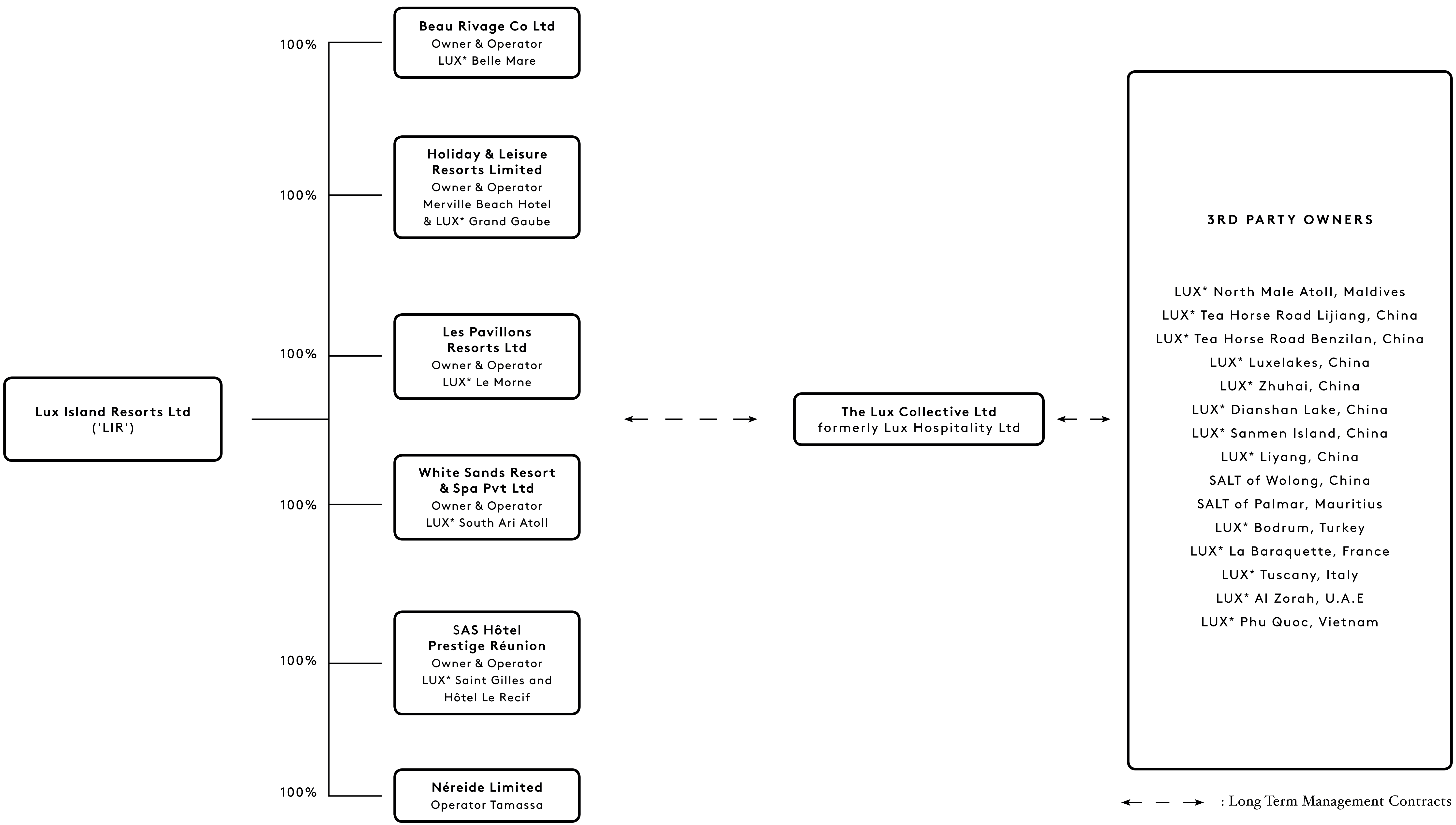
The Lux Collective (TLC) (formely LUX Hospitality Ltd) operates an exciting portfolio of truly innovative hospitality brands that is spreading fast across various regions in the world, with each brand standing distinctively for something.

Successful hospitality experiences don't happen by accident - they are created through hard work, passion and the collaboration of a team of amazing people with diverse skills. We feel truly privileged to work together with some of the smartest, most passionate and creative thinkers and doers.

Hospitality will always be centered around customer experiences and connecting with people. We understand that different travellers have different needs and wants. For this reason, we have set ourselves up as a multi-brand management company under the new name of The Lux Collective. Our different brands appeal to different markets, enabling us to grow our market share and accelerate our global expansion.

Its management savoir-faire offers a fresh perspective that enhances the performance of each asset while respecting the values and needs of individual owners. Overseeing a portfolio of brands provides us with deep insight on industry trends and the evolving customer needs. This, in turn, brings incredible value to our Group, stakeholders and team members.

THE BUSINESS MODEL OF LIR AND TLC POST SPINOFF WILL BE AS FOLLOWS:



THE LUX COLLECTIVE

The Lux Collective has been a subsidiary of Lux Island Resorts; a Company listed on the Mauritian Stock Exchange, and an affiliate member of IBL group – one of the largest conglomerates in the Indian Ocean.

WELCOME TO THE LUX COLLECTIVE

For the last eight years, as the owner and the manager of the LUX* Resorts and Hotels brand, we've built a global reputation for disrupting expectations of the resort experience. We've done this by innovating, thinking outside the box, curating down to the tiniest details, and consistently delivering shining service. In short we are passionate about everything that we do.

Our global expansion and the quality of properties we manage reflect our success. So does our ability to deliver above-industry returns for owners and shareholders. And it all comes down to the efforts of an exceptional global team devoted to giving guests extraordinary experiences to remember forever.

Now, our mission is to create and deliver differentiated hospitality experiences for even more people in more places. We want to take what we have achieved in LUX* and build on it. We understand that people have different needs in different moments. And that people travel for different reasons. Creating new brands and experiences that fulfil those needs is our passion.

So today, The Lux Collective portfolio comprises of four distinctive brands. Each is designed to help people make the most of their time. Everything we do, from high-end resorts with LUX* to immersion in all things local with SALT, is about making time count.

Sincerely always,

PAUL JONES

We always put **people** first and stay true to our values by being **passionate, responsible, transformational** and **innovative** in all that we do.

THE LUX COLLECTIVE

PEOPLE PASSIONATE RESPONSIBLE INNOVATIVE TRANSFORMATIONAL

Resorts & Hotels

BRAND	LUX* RESORTS & HOTELS	TAMASSA	salt	SOCIO
AUDIENCE	Simplicity Searchers. Social Capital Seekers.	Simplicity Searchers. Obligation Meeters.	Cultural Purists. Ethical Travellers.	Obligation Meeters. Social Capital Seekers.
PURPOSE	Helping people celebrate life.	Bringing people together.	Connecting people to local people and places.	Giving locals and visitors a friendly, flexible space to work, play eat and stay.
VALUES	People Passion Integrity Creativity Leadership	Generous Vibrant Passionate Thoughtful	Human Transformational Local Simple Curious	Flexible Welcoming Bold Playful
BRAND TAGLINE	*Lighter, Brighter.	Good times. Great company.	We are SALT.	Get Social. Stay Socio.

THE LUX COLLECTIVE

LUX*

RESORTS & HOTELS

PURPOSE
Helping people celebrate life.

VALUES
People, Passion, Integrity, Creativity, Leadership

BRAND TAGLINE
*Lighter, Brighter.

At LUX*, each moment matters, we've banished thoughtless patterns and created simple, fresh and sensory experiences to indulge you throughout your stay with us. We're here to surprise and delight our guests with creative details that make the ordinary truly extraordinary.

At LUX* Resorts & Hotels, we believe that time is finite; so every minute is precious. More valuable than material things are experiences and emotions. Our guests spend their time with us to acquire these riches; Time with family, Time alone, Time off, Time to reflect, Time to reconnect, Time to heal, Time to explore, Time to do, Time for caring, Time for sharing. So, we're in the 'time' business not only resorts and holidays. This is why, at LUX* Resorts & Hotels, our vision expresses that Each Moment Matters.

RESORTS IN OPERATION

MAURITIUS
LUX* Belle Mare
LUX* Grand Gaube
LUX* Le Morne

REUNION ISLAND
LUX* Saint Gilles

MALDIVES
LUX* South Ari Atoll

CHINA
LUX* Tea Horse Road, Lijiang
LUX* Tea Horse Road, Benzilan

TURKEY
LUX* Bodrum, Resort & Residences

OPENING SOON

MALDIVES
LUX* North Male Atoll February, 2019

FRANCE
LUX* La Baraquette, Resort & Residences 2021

VIETNAM
LUX* Phu Quoc, 2020

ITALY
LUX* Tuscany, 2021

UAE
LUX* Al Zorah, Ajman 2020

CHINA
LUX* Zhuhai, 2020
LUX* Luxelakes, Chengdu, 2022
LUX* Dianshan Lake
LUX* Sanmen Island
LUX* Liyang

DISCOVER MORE ON LUXRESORTS.COM

TAMASSA

BEL OMBRE, MAURITIUS

PURPOSE
Bringing people together and joy to life.

VALUES
Generous
Vibrant
Passionate
Thoughtful

BRAND TAGLINE
Good times.
Great company.

The more we're connecting, the less we're connected. It's hard to find quality time for loved ones, and all too easy to lose touch with those closest to you.

We believe holidays are not just about escaping the everyday, they're about reconnecting with those that matter most and making memories to last a lifetime.

Our mission is to bring people together and joy to life, and we've created a holiday experience that's designed to do just that. Whether it be through dining experiences to remember, activities to share or simply moments to cherish, at Tamassa you have it all – making 'together' a wonderful place to be.

MAURITIUS
Tamassa, Bel Ombre

salt

PURPOSE
Connecting people to local people and places.

VALUES
Human, Transformational, Local, Simple, Curious

BRAND TAGLINE
We are SALT.

We believe in meaningful travel. That's travel that takes you to people, not just places. Meaningful travel satisfies curiosity and connects you to the local community and their way of life. You're listening to and tasting local. You're out there exploring. You're in it, not beside it.

SALT are beautiful bases that give you everything you need to discover the place you are in. But also everything you need to relax, escape, and recharge.

Even better, you're involved in a good thing. We give back to the local communities we're part of and do all we can to protect their environments. Sustainability starts there. We boost economies by employing, sourcing, and collaborating locally. This celebrates culture and it makes for smiles.

We keep it simple. We remove the obstacles to your being in the place you're in. That's luxury in our book. It's all about inspiration, adventure, and positive impact.

RESORTS IN OPERATION

MAURITIUS
SALT of Palmar

OPENING SOON

CHINA
SALT of Wolong, Sichuan, 2020

DISCOVER MORE ON SALTRESORTS.COM

THE LUX COLLECTIVE

SOCIO

PURPOSE
Giving locals and visitors a friendly, flexible space to work, play eat and stay.

VALUES
Flexible, Welcoming, Bold, Playful.

BRAND TAGLINE
Get Social. Stay Socio.

We're social creatures, us humans. Looking to connect wherever we go. But in this age of global business travel, it's all too easy to end up spending more time alone than you'd like.

SOCIO is all about people. We make it easy for locals and visitors to connect, naturally. As soon as you walk in, you get this feeling that you belong. We know how to read a room. And our spaces adapt and change throughout the day. Work meets play. Hustle meets downtime. Cafe meets bar, co-working desk meets conference room and people meet people. You aren't bound by desks, time zones or 9-5. And neither are we.

Everyone is welcome here. So no matter what kind of person you are, or what kind of connection you're looking to make, we have just the right people around to make it happen.

OPENING SOON

MAURITIUS
Socio Trianon, 2021

DISCOVER MORE ON SOCIOHOTELS.COM (COMING SOON)

THELUXCOLLECTIVE.COM

*LIGHTER. BRIGHTER