LUX ISLAND RESORTS LTD

AND ITS SUBSIDIARIES.

The group results for the year ended 30 June 2019 are as follows:

GROUP ABRIDGED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 30th June 2019 Rs 000 (Audited)	Year ended 30th June 2018 Re-stated* Rs 000 (Audited)
CONTINUING OPERATIONS		
Revenue	6,189,878	5,712,168
Earnings before Interest, Tax, Depreciation and Amortisation	1,365,902	1,134,561
Depreciation and amortisation	(470,022)	(484,586)
Operating profit	895,880	649,975
Gain on bargain purchase of subsidiary	-	75,677
Net finance costs	(273,629)	(231,817)
Profit before tax from continuing operations	622,251	493,835
Taxation	(91,890)	(78,460)
Profit after tax	530,361	415,375
DISCONTINUED OPERATIONS		
- Results from discontinued operations after tax	(3,171)	(731)
- Gain on deemed disposal of subsidiary	198,338	-
Net results from discontinued operations	195,167	(731)
Profit for the year	725,528	414,644
Non-controlling interest	(173)	74
Profit attributable to the group	725,355	414,718
Other comprehensive income		
Movement for the year	(240,079)	(27,761)
Total comprehensive income for the year	485,276	386,957
Earnings per share		
Continuing and discontinued operations	5.29	3.02
Continuing operation	3.87	3.02
Average number of shares	137,115,943	137,115,943
SEGMENTAL INFORMATION		
Segment revenue:		
Mauritius	3,704,925	3,322,707
Maldives	1,537,996	1,491,305
Reunion	946,957	898,156
Total revenue	6,189,878	5,712,168
Segment results:		
Mauritius	532,937	341,191
Maldives (a)	330,252	230,874
Reunion (b)	32,691	77,910
Operating profit	895,880	649,975

a. Maldives operating profit impacted positively by the decrease in the depreciation charge of LUX* South Ari Atoll.
b. The decrease in Reunion operating profit is due to accelerated depreciation of LUX* Saint Gilles.

GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

		30th June 2019 Rs 000 (Audited)	30th June 2018 Re-stated Rs 000 (Audited)
ASSETS			
Non current assets			
Property, plant & equipment		9,090,461	9,846,875
Intangible assets		1,825,231	1,649,157
Investment property		82,212	-
Other financial assets		-	5
Deferred tax assets		201,491	192,409
		11,199,395	11,688,446
Current assets		1,089,633	1,240,493
TOTAL ASSETS		12,289,028	12,928,939
EQUITY AND LIABILITIES			
Shareholders' interest		6,007,042	6,008,774
Non-controlling interest		-	1,523
Non-current liabilities		3,922,666	4,302,665
Current liabilities		2,359,320	2,615,977
TOTAL EQUITY AND LIABILITIES		12,289,028	12,928,939
Net Assets per Share	Rs.	43.81	43.82
Net Assets per Share including value of leasehold land	Rs.	56.55	58.51

GROUP ABRIDGED STATEMENT OF CASH FLOWS

	30th June 2019 Rs 000	30th June 2018 Rs 000
Net cash flows from operating activities	1,012,385	741,962
Net cash flows from investing activities	(428,986)	(1,421,909)
Net cash flows from financing activities	(605,040)	654,557
Net decrease in cash & cash equivalents	(21,641)	(25,390)
Cash and bank balance		
At beginning of year	(98,999)	(73,609)
At end of year	(120,640)	(98,999)

GROUP ABRIDGED STATEMENT OF CHANGES IN EQUITY

		30th June 2019 Rs 000	30th June 2018 Rs 000
At beginning of year			
As previously stated		6,008,774	5,791,479
Effect of adopting IFRS 9		(22,301)	-
As re-stated		5,986,473	5,791,479
Other movement in Equity		(3,995)	1,733
Total recognised gain		485,276	386,957
Dividend	**	(460,712)	(171,395)
At end of year		6,007,042	6,008,774

** Includes a dividend in specie of Rs 275m following the spin-off of the management company.

COMMENTARY

MARKET ENVIRONMENT

Tourist arrivals in Mauritius for the financial year ended 30th June 2019 increased by 3% to reach 1.4m. Arrivals from Europe, our main market, increased by a similar percentage to reach 794k. Germany and France improved by 8% and 3% respectively whilst the UK was at par with last year. Arrivals from China and India for the year under review were down on last year by 20% and 10% respectively. In the Maldives, arrivals for the financial year increased by 11% to 1.6m and the Chinese market, which remains the main market for the Maldives, grew by 1% to 295k. With regards to Reunion Island destination, tourist arrivals for this financial year is not yet available but for the nine months to 31st March 2019, it was similar to last year at 419k.

ADOPTION OF IFRS 9 AND IFRS 15.

The Group adopted the new IFRS 9 and IFRS 15, which became effective for accounting period beginning on or after 1st January 2018. The impact of those standards on the accounts of the Group is as follows:

(i) IFRS 9 requires the Group to record expected credit losses on all its debt securities, loans and trade receivables, either on a 12 month or lifetime basis. The Group has applied the simplified approach and this has resulted in an additional provision of Rs 26m in respect of its trade receivables. The amount, net of differed tax, has been debited against retained earnings at 1st July 2018 in accordance with the modified retrospective approach.

(ii) IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. The impact for the Group is the presentation of its revenue which should be net of tour operator commission. In prior years, revenue was accounted gross and the commission paid to tour operators was shown as an expense. Revenue for the financial year ended 30th June 2019 is therefore being presented net of commission and the comparative figures have been adjusted accordingly.

GROUP RESULTS

Following the restructure of its activities involving the separation of its management company, The Lux Collective (TLC), from its real estate and hotel operations, the accounts of TLC were deconsolidated on 1st December 2018. Its results for the five months ended 30th November 2018 and for the full financial year ended 30th June 2018 have been classified as discontinued operations. The profit resulting from the separation amounting to Rs 198m is shown as gain on deemed disposal of the subsidiary under discontinued operations.

All our hotels were operational during the financial year under review. Last year, LUX* Grand Gaube was closed for the first six months for renovation and operated with a reduced inventory during the second semester.

Against the above background, the Group delivered commendable results with revenue increasing by 8% to reach Rs 6.2bn and EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) amounted to Rs 1.4bn, an improvement of 20% on last year. Depreciation and amortisation for the year decreased by Rs 15m on the prior year mainly due to lower depreciation charge on LUX* South Ari Atoll (LSAA) Rs 90 m as a result of the extension of its lease by 50 years. However, the reduction in the charge of LSAA was offset by higher depreciation charge (Rs 35m) on LUX* Grand Gaube following its renovation and accelerated depreciation (Rs 40m) on LUX* Saint Gilles in Reunion Island to match the remaining terms of its lease . The net finance costs for the year amounted to Rs 273m up by Rs 42m on last year due to the loan contracted for the renovation of LUX* Grand Gaube. The interest on the said loan was capitalised during the construction period last year. The interest cover is similar as last year at around 5 times. The Group operating profit increased by Rs 246m or 38% to reach Rs 896m.

The profit attributable to the Group after accounting for the profit on discontinued operations (Rs 198m mentioned above) grew by 74% to Rs 725m.

Net interest bearing debt as at 30th June 2019 was Rs 4.35bn compared to Rs 4.6bn a year ago and the gearing of the Group is still healthy at 43%.

PROJECT DEVELOPMENT

The transformation of Merville beach hotel into LUX* Grand Baie is under way and the hotel is now closed.

OUTLOOK

Indications are that the next financial year will be more challenging. The International Monetary Fund is forecasting a global economic slowdown amid rising world trade tensions, Brexit and weakness in European economies.

Business currently held for the first quarter ending September 2019 for our Mauritius and Reunion hotels that are in operations is satisfactory while for Maldives, it is behind last year due to increased competition from new resorts. However, we are encouraged by the increase in arrivals to the destination (+ 21% in June 2019) which somehow should mitigate the impact of oversupply.

By order of the Board

IBL Management Ltd
Company Secretary

22nd August 2019.

*Prior year figures have been re-stated following adoption of IFRS 9 and IFRS 15 as explained above and also with respect to a prior year adjustment where reserves wrongly credited to retained earnings upon disposal of subsidiaries and properties have been re-instated as at 1st of July 2017.

Notes to the Financial Highlights

- The Financial Highlights have been prepared in accordance with International Financial Reporting Standards (IFRSs).
- The Financial Highlights have been prepared on the same basis as the accounting policies set out in the audited statutory Financial Statements of the Group for the year ended 30 June 2019.
- The Financial Highlights are issued pursuant to Listing Rule 12.14 and published according to the Securities Act 2005.
- Copies of the Financial Highlights and the statement of direct and indirect interests of officers of the Company required under Rule 8 (2) (m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 are available free of charge, upon request, from the Company Secretary, at the Company's registered office, Lux Island Resorts Ltd, Pierre Simonet Street, Floréal.
- The Board of Directors of Lux Island Resorts Ltd accepts full responsibility for the accuracy of the information contained in the Financial Highlights.