

GROUP ABRIDGED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Quarter to 30th September		Year ended
	2019	2018	30th June
	Rs 000	Rs 000	2019
	(Un-audited)	(Un-audited)	Rs 000
			(Audited)
Continuing operations			
Revenue	1,210,519	1,236,727	6,189,878
EBITDA before lease expenses and closure cost	179,787	181,783	1,655,094
Operating lease expenses	-	(74,685)	(289,191)
Closure costs - Merville Beach Hotel	(21,168)	-	-
EBITDA	158,619	107,098	1,365,903
<i>Depreciation and amortisation</i>			
- On Rights of use assets	(33,954)	-	-
- On property, plant and equipment and intangible assets	(108,304)	(127,405)	(470,022)
- Total depreciation and amortisation	(142,258)	(127,405)	(470,022)
Operating profit/(loss)	16,361	(20,307)	895,881
<i>Net finance costs</i>			
- On bank loans and other borrowings	(65,270)	(66,075)	(273,629)
- On lease with respect to Rights of Use Asset	(48,021)	-	-
- Total finance costs	(113,291)	(66,075)	(273,629)
(Loss)/profit before taxation	(96,930)	(86,382)	622,252
Income tax credit/(expense)	14,400	16,672	(91,889)
(Loss)/profit for the period before discontinued operations	(82,530)	(69,710)	530,363
Results from discontinued operations	-	(30,685)	195,167
(Loss)/profit for the period	(82,530)	(100,395)	725,530
Non-controlling interest	-	1,523	(173)
(Loss)/profit attributable to the group	(82,530)	(98,872)	725,357
Other comprehensive income			
Movement for the period	11,670	18,464	(241,755)
Total recognised income	(70,860)	(80,408)	483,602
Basic and Diluted - (Loss)/Earnings per share	Rs (0.60)	(0.72)	3.02
SEGMENTAL INFORMATION			
<i>Segment revenue:</i>			
Mauritius	740,867	756,325	3,704,925
Maldives	252,689	266,738	1,537,996
Reunion	216,963	213,664	946,957
Total revenue	1,210,519	1,236,727	6,189,878
<i>Segment results:</i>			
Mauritius	21,393	4,792	532,938
Maldives	(5,541)	(25,068)	330,252
Reunion	509	(31)	32,691
Results before net finance costs	16,361	(20,307)	895,881

GROUP ABRIDGED STATEMENT OF FINANCIAL POSITION

	30th	30th	30th
	September	September	June
	2019	2018	2019
	Rs 000	Rs 000	Rs 000
ASSETS			
<i>Non current assets</i>			
Property, plant & equipment	9,770,286	9,734,895	9,090,461
Rights of use assets	2,367,112	-	-
Intangible assets	1,090,761	1,819,354	1,825,231
Investment property	82,212	-	82,212
Other financial assets	-	5	-
Deferred tax assets	201,491	190,746	201,491
	13,511,862	11,745,000	11,199,395
Current assets	1,275,959	1,268,000	1,093,970
TOTAL ASSETS	14,787,821	13,013,000	12,293,365
EQUITY AND LIABILITIES			
Shareholders' interest	5,936,180	5,928,366	6,007,040
Non-current liabilities	3,751,655	4,276,729	3,842,466
Non-current finance lease liabilities in respect of Rights of use assets	2,299,161	-	-
Current liabilities	2,800,825	2,807,905	2,443,859
TOTAL EQUITY AND LIABILITIES	14,787,821	13,013,000	12,293,365
Net Assets per Share	Rs 43.29	43.24	43.82

GROUP ABRIDGED STATEMENT OF CASH FLOWS

	30th	30th	30th
	September	September	June
	2019	2018	2019
	Rs 000	Rs 000	Rs 000
Net cash flows from / (used in) operating activities	36,422	(46,431)	1,012,385
Net cash flows used in investing activities	(18,253)	(204,255)	(428,986)
Net cash flows (used in)/from financing activities	(106,217)	58,010	(605,040)
Net decrease in cash & cash equivalents	(88,048)	(192,676)	(21,641)
<i>Cash and bank balance</i>			
At beginning of period	(120,640)	(120,640)	(98,999)
At end of period	(208,688)	(313,316)	(120,640)

ABRIDGED STATEMENT OF CHANGES IN EQUITY

	30th	30th	30th
	September	September	June
	2019	2018	2019
	Rs 000	Rs 000	Rs 000
At beginning of period	6,007,040	6,008,774	5,987,994
Other movement	-	-	(3,844)
Total recognised income	(70,860)	(80,408)	483,602
Dividend	-	-	(460,712)
At end of period	5,936,180	5,928,366	6,007,040

Commentary

Tourist arrivals to Mauritius for the quarter ended 30th September 2019 contracted by 1% to 325,000 compared to corresponding quarter last year. Europe remains our main market and arrivals went up by 3% driven by increase in arrivals from France and Italy, which grew by 11% and 18% respectively. However, arrivals from both UK and Germany contracted by 6% to 38,000 and 27,000 respectively. Arrivals from China for the quarter under review continued its downward trend to 12,000 passengers, a drop of 42% on last year due to reduced seat capacity.

Arrivals in the Maldives for the quarter increased by 10% to 390,000 with China remaining the main source market with 23% of total arrivals.

Adoption of IFRS 16

The new standard for leases (IFRS 16) came into effect for accounting period beginning 1st January 2019. This new standard requires lessees to recognize nearly all leases on the balance sheet, which reflect the right to use an asset for a period of time and the associated liability. The new IFRS therefore grosses up balance sheets and changes the Income statements and cash flow presentation. The rental lease payment is replaced by depreciation and Interest expense in the income statement.

The Group has adopted the modified retrospective approach to its entire lease portfolio that concerns mainly its leasehold lands. At 1st July 2019, a new lease asset and liability amounting to Rs 2.4bn has been accounted representing the present value of future lease payments required under the leases, taking into account their lease terms. The rental lease payments during the quarter previously charged to the income statement were apportioned between interest and finance lease repayment. The overall impact on the Income Statement for the quarter is an increase in the loss for the period by Rs 7m, representing the difference between the depreciation and finance charges on the lease assets and liabilities less rental lease payments.

Group Results

The quarter under review is the low season for the hotel industry in the Indian Ocean. All our hotels were operational during the quarter except Merville Beach hotel which is closed for renovation.

Our hotels in Mauritius posted an occupancy of 83% up by 2 percentage points on last year and their ADR (Room Revenue per occupied room) increased by 4%. The increase in both occupancy and ADR resulted in an increase in RevPAR (Revenue per Available Room) of 10%.

The performance of our hotels in Reunion Island was similar to last year with a combined occupancy of 79% and an unchanged ADR and RevPAR.

Despite strong competition in Maldives, LUX* South Ari Atoll maintained last year's RevPAR.

Against the above backdrop, total revenue for the quarter under review reached Rs 1.2 billion, same level as last year despite the closure of Merville Beach Hotel. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) on a like for like basis is down by Rs 2m from Rs 182m to Rs 180m. The depreciation charge for the period under review increased by Rs 15m of which Rs 33m is in respect of the Right of Use Assets. Finance charges increased by Rs 48m compared to last year due to interest on the finance lease liability associated with the Right of use assets. The loss for the quarter under review was lower by Rs 16m from Rs 99m to Rs 83m.

Outlook

The drop in tourist arrivals in Mauritius during the last quarter is a source for concern and it is imperative that the authorities and the hoteliers work together to reverse the trend.

The Maldives will continue to be a challenging market with new rooms coming on the market. However, over time, Maldives tourism has proven to be resilient and the 16% increase in arrivals for the nine months ended 30 September 2019 should mitigate the impact of oversupply.

With regards to Reunion Island, the increase in arrivals is very encouraging and we expect this trend to continue.

For the quarter, ending 31st December 2019 the Group should maintain last year's EBITDA on the basis of current market conditions.

By the order of the Board

IBL Management Ltd

Company Secretary

6th November 2019

Note to the above:

- The above Financial Highlights have been prepared in accordance with International Financial Reporting Standards (IFRSs).
- The Financial Highlights are issued pursuant to Listing Rule 12.20 and published according to the Securities Act 2005.
- The Financial Highlights have been prepared on the same basis of the accounting policies set out in the statutory Financial Statements of the Group for the year ended June 30, 2019, except for the adoption of relevant amendments to published Standards, Standards and Interpretations issued and effective for accounting period starting on July 1, 2019.
- 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.