* LIGHTER. BRIGHTER.

LUX ISLAND RESORTS LTD AND ITS SUBSIDIARIES - INTEGRATED ANNUAL REPORT 2016

THANKING OUR TEAM MEMBERS FOR HELPING OUR GUESTS CELEBRATE LIFE! WE COULDN'T HAVE DONE IT WITHOUT YOU...

LUX*

RESORTS & HOTELS

INTEGRATED ANNUAL REPORT

2016

DEAR STAKEHOLDERS,

The Board of Directors is pleased to present the Integrated Annual Report of Lux Island Resorts Ltd for the year ended 30th June 2016. This report was approved by the Board of Directors on 30th September 2016.

Arnaud Lagesse
Chairman

As part of its ongoing programme to help protect the environment, IBL Ltd subsidiaries have chosen to use Lenza Green paper for their Annual Reports.

Lenza Green paper is made from 100% recycled pulp, certified FSC (Forest Stewardship Council).

FSC is an international, non-governmental, non-profit making organisation created in 1993.

It encourages socially, ecologically and economically responsible forestry management initiatives.

Detailed Environmental Profile

Fibre source:	40 / 40
Fossil CO_2 emissions from manufacturing:	18 / 20
Waste to landfill:	10 / 10
Water pollution from bleaching:	10 / 10
Organic water pollution:	9 / 10
Environmental management systems:	10 / 10

LUX*

RESORTS & HOTELS

INTEGRATED ANNUAL REPORT

2016

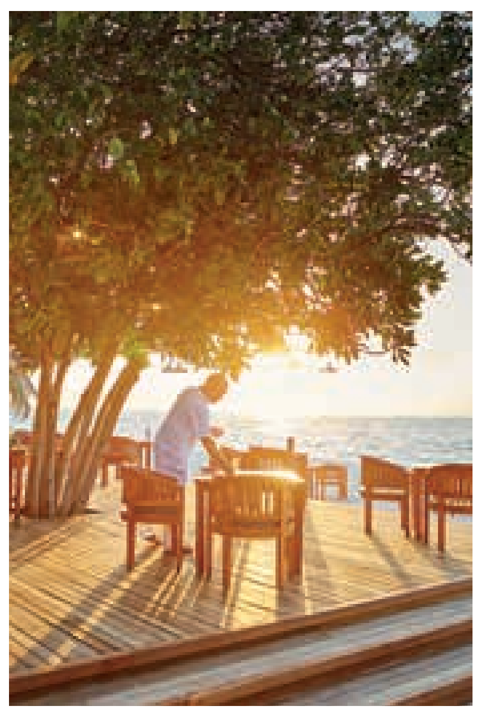
MAURITIUS REUNION MALDIVES
CHINA U.A.E VIETNAM TURKEY

LUXRESORTS.COM

A member of **IBL**

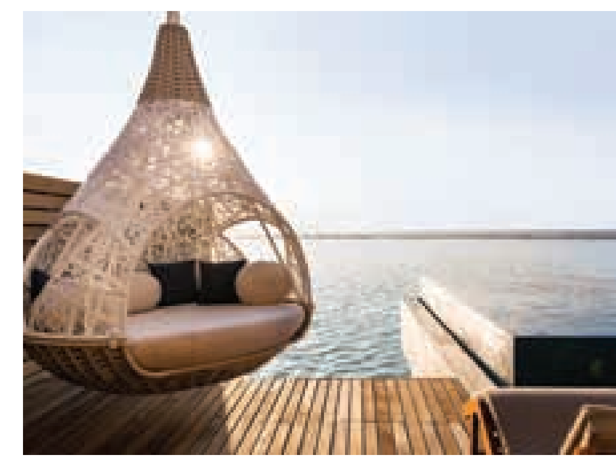
CONTENTS

LUX* South Ari Atoll, Beach Rouge Jetty



Escape to the mediterranean embrace of Allegria at LUX* South Ari Atoll

LUX* South Ari Atoll, Pathways



LUX* South Ari Atoll

" Thanking our team for producing the smile on our guests' faces"

GROUP STRUCTURE

AS AT 30TH JUNE 2016

LUX* RESORTS & HOTELS HELPS PEOPLE TO CELEBRATE LIFE BY DELIVERING CONSISTENTLY ON THE PROMISE OF A DIFFERENT KIND OF LUXURY; HOSPITALITY THAT IS LIGHTER. BRIGHTER.

LUX ISLAND RESORTS LTD

HOLDING

- 100% Lux Island Resorts Foundation — CSR
- 100% Naïade Holidays (Pty) Ltd — Dormant
- 96.2% LUX Hospitality Ltd — Management & Secretarial Company
  - 100% Lux Island Resorts (Seychelles) Ltd — Management Company
  - 100% LIRTA Ltd — Training Academy
  - 100% Ari Atoll Investments Ltd — Dormant
  - 100% Island Light Vacations Ltd — Online Tour Operator
  - 100% Lux Hotel Management (Shanghai) Co Ltd — Management Company
- 100% Holiday & Leisure Resorts Limited — Operator Merville Beach Hotel & LUX* Grand Gaube
  - 100% Merville Beach Hotel Ltd — Investment Company
    - 100% Merville Ltd — Property Owner - Merville Beach Hotel
- 100% Poséidon Limitée — Investment Company & 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% LUX Resorts Ltd — Dormant
- 100% Les Pavillons Resorts Ltd — Operator LUX* Le Morne
  - 100% LTK Ltd — Investment Company
    - 47% MSF Leisure Company Ltd — Nautical Centre Le Morne
  - 100% FMM Ltée — Investment Company
    - 53% MSF Leisure Company Ltd
  - 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
    - SNC Saint Paul — Property owner LUX* Saint Gilles
    - 33.26% SA Société Villages-Hôtel de l'Océan Indien
  - 66.43% SA Société Villages-Hôtel de l'Océan Indien — Dormant
- 100% Lux Island Resorts Maldives Ltd — Investment Company
  - 100% White Sands Resort & Spa Pvt Ltd — Operator - LUX* South Ari Atoll

G4-6, G4-7, G417

DIRECTORS' PROFILES

DIRECTORS' PROFILES

1. ARNAUD LAGESSE

Arnaud Lagesse was appointed as Non- Executive Chairman of the company on 29th October 2003. He holds a "Maitrise de Gestion" from the University of Aix-Marseille III, France and is a graduate of "Institut Supérieur de Gestion", France. He also completed an Executive Education Program at INSEAD, Fontainebleau, France, and an Advanced Management Program (AMP180) at Harvard Business School, Boston, USA.
Arnaud joined IBL Ltd – formerly known as GML – in 1993 as Finance and Administrative Director before becoming in August 2005 its Chief Executive Officer.
On 1st July 2016, following the amalgamation of GML Investissement Ltée and Ireland Blyth Limited, he was appointed as Group CEO of the newly formed entity, IBL Ltd.
He is a member of the Board of Directors of several of the country's major companies and is the Chairman of BlueLife Ltd, Lux Island Resorts Ltd, City Brokers Ltd, inter alia. Arnaud Lagesse is an ex-president of the Mauritius Chamber of Agriculture, the Mauritius Sugar Producers Association and the Sugar Industry Pension Fund, Ireland Blyth Limited, Alteo Ltd and AfrAsia Bank Ltd. Arnaud Lagesse is also the Chairman of GML Foundation Joseph Lagesse since July 2012. He has also recently been appointed as Chairman of the National Committee on Corporate Governance.

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

2. PAUL JONES

With more than 4 decades of international hotel management experience, Paul Jones joined LUX* in 2010, where he quickly established his mark as a charismatic leader with a unique and passionate approach to hospitality management, centered around People, Culture and Service.
Paul Jones' rich career cover various key leadership positions, having served for almost 20 years as Managing Director of the Sun Resorts Group, and later, as President of One&Only, where he was instrumental in successfully launching and growing the brand on a global basis.
Recognized as a leading figure in the establishment and development of the hotel and tourism industry in Mauritius, Paul Jones was conferred the Dignity of Companion of the Order of St Michael and St George by her Majesty Queen Elizabeth II. He was also awarded one of the highest honours by the President of the Comores, the Chevalier de L'Etoile d'Anjouan, for his significant contribution to the growth and development of the hotel and tourism sector in the Comores.
Paul Jones directly oversees the Company's overall strategic direction, spearheading the Group's global development plans. He holds an MBA with distinction from the University of Surrey & followed the Program for Management Development at The Harvard Business School. He is a Fellow of the Institute of Hospitality in the UK.
He was appointed as Chief Executive Officer of the Company on 1st October 2010 and as Director of the Board on 29th September 2011.

Directorships in the other listed companies:
None

3. JEAN-CLAUDE BÉGA

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 of IBL Ltd on 1st July 2016. He is the Non-Executive Chairman of Phoenix Beverages Limited and Anahita Estates Limited and serves as Director of a number of companies including Alteo Limited, AfrAsia Bank Limited, Abax Corporate Services Limited and Anahita Residences & Villas Limited.
He was appointed as Director and member of the Audit Committee of the Company in June 2004.

Directorship in the other listed companies:
Alteo Limited, Phoenix Beverages Limited (Non-Executive Chairman).

4. JEAN DE FONDAUMIÈRE

Born in 1953, Jean de Fondaumière is a chartered Accountant of Scotland. He worked in Australia for eleven years and subsequently in Mauritius for fifteen years until he retired as the CEO of the Swan Group at the end of 2006. He is a past Chairman of The Stock Exchange of Mauritius and his former directorships include companies operating in the African, Indian Ocean and Asia Pacific regions. Jean holds a portfolio of directorships in Mauritius for companies operating in commerce, finance, power generation, sugar and tourism.
He was first appointed director of the company in November 2003, resigned in December 2006 and appointed director in March 2008 at which time he became a member of the Remuneration Committee of the Company. He was also appointed as member of the Audit Committee in September 2012 and as Chairman of the said Committee in November 2015.

Directorships in other listed companies:
Alteo Limited, Constance La Gaité Company Limited, Hotelest Limited and Constance Hotel Services Limited

5. LAURENT DE LA HOGUE

Born in 1975, Laurent de la Hogue holds a Master degree in Management and Finance from the "Ecole Supérieure de Gestion et Finance" in Paris, France. He joined IBL Ltd – formely known as GML – in 2001 as Treasurer for the setting up of the central treasury unit and then occupied the position of Finance Executive - Corporate & Treasury in 2011 where he was involved in the development of projects. He has been nominated Head of Financial Services at IBL Ltd on the 1st July 2016. Laurent de la Hogue is currently the Chairman of IBL Treasury Ltd, AfrAsia Capital Management Ltd, LCF Securities Ltd and The Concreate Agency Ltd. He also serves as Director to a number of organisations in the financial, investment and commercial sectors.
He was appointed as Alternate Director in August 2009 and as Director on 15th February 2011.

Directorships in other listed companies :
The United Basalt Products Ltd, The Bee Equity Partners and Mauritian Eagle Insurance Ltd.

6. DÉSIRÉ ELLIAH

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

Directorship in other listed companies:
None

7. STÉPHANE LAGESSE

Born in 1959, Stéphane Lagesse holds a degree in Gestion des Entreprises Parix IX Dauphine and joined the Palmar Group in 1983 where he currently holds the position of Chief Executive Officer and Director. He participated in the setting up of two garment manufacturing companies in Mauritius.
He was appointed as Director of the Company in March 1999 and as a member of the Audit Committee in October 2003.

Directorships in other listed companies:
The United Basalt Products Ltd, IBL Ltd (Alternate Director)

8. THIERRY LAGESSE

Non-Executive Director - first appointed to the Board on 1st July 2016, Thierry Lagesse was born in 1953. He holds a 'Maîtrise des Sciences de Gestion' from the University of Paris Dauphine. He was the Non-Executive Chairman of IBL Ltd (previously known as GML Investissement Ltée), Alteo Limited, Phoenix Beverages Limited and The United Basalt Products Ltd up to 13th August 2013 and a Director of several other companies quoted on the Stock Exchange of Mauritius Ltd. He is also the Executive Chairman and founder of Palmar Group of Companies and Executive Chairman of Parabole Réunion SA.

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

9. MAXIME REY

Born in 1952, Maxime Rey started an accounting career in 1973 in Mauritius, first in Auditing, and then in the Sugar Industry. Immigrating to South Africa in 1981, he worked for Kuehne and Nagel (Pty) Ltd, the South African arm of a leading global provider of innovative and fully integrated supply chain solutions. He was appointed Group Financial Controller in 1989 and Director in 1992. Back in Mauritius in 1993, he worked for SWAN, one of the market leaders in the local Insurance sector, until he retired mid-2016 as Senior Manager - Group Finance, Loans & Legal.
He is a Director to a number of Companies in the commercial, investment, sugar and tourism sectors, and is a member of various Board Committees.
He was appointed as Director of the Company in September 2012, and is also a member of the Audit Committee since November 2015.

Directorships in other listed companies:
Belle Mare Holding Ltd, Constance La Gaieté Company Ltd, IBL Ltd, MFD Group Ltd.

ALTERNATE DIRECTORS' PROFILES

1. AMAURY LAGESSE

Born in 1961, Amaury Lagesse has studied Management in South Africa and started working in a clothing company in Durban for one year. He then specialized in textile management in England and Scotland before joining in 1987 the Palmar Group, where he currently holds the position of Production Manager.
He was appointed as Alternate Director to Stéphane Lagesse in December 2003.

Directorships in other listed companies:
None

2. DEODASS POOLOVADOO

Born in 1962, Deodass Poolovadoo was one of the first persons to join the company in 1990. He graduated in Accounting and Finance from the UK and is the Group Financial Controller responsible for the financial management of the Company and of its subsidiaries.
He was appointed as Alternate Director to Désiré Elliah in August 2009.

Directorships in other listed companies:
None

BOARD AND COMMITTEES

BOARD OF DIRECTORS

DIRECTORS	ALTERNATE DIRECTORS
Arnaud Lagesse (Chairman)	
Paul Jones (Chief Executive Officer)	
Jean-Claude Béga	
Laurent de la Hogue	
Jean de Fondaumière	
Désiré Elliah	Deodass Poolovadoo
Thierry Lagesse	
Stéphane Lagesse	Amaury Lagesse
Maxime Rey	

AUDIT COMMITTEE

Jean de Fondaumière (Chairman)
Jean-Claude Béga
Stéphane Lagesse
Maxime Rey

CORPORATE GOVERNANCE COMMITTEE

Arnaud Lagesse (Chairman)
Alexis Harel
Christof Zuber

REMUNERATION COMMITTEE

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

SECRETARY

LUX Hospitality Ltd
Désiré Elliah

MANAGEMENT AND ADMINISTRATION

EXECUTIVE COMMITTEE

Paul Jones – Chief Executive Officer
Désiré Elliah – Chief Financial Officer
Julian Hagger – Chief Sales and Marketing Officer
Dominik Ruhl- Chief Operating Officer
Marie-Laure Ah-You – Chief Strategy Officer
Nicolas Autrey – Chief Human Resources Officer
Guillaume Valet – Group Head of Legal, Secretarial and Corporate Affairs

CHIEF INTERNAL AUDITOR

Pritila Joynathsing-Gayan

SENIOR MANAGERS

Stephane Baras – Directeur Général – LUX* Saint Gilles & Hôtel Le Récif
Jeff Butterworth – Chief Spa & Wellness Officer
Mario de l'Estrac – Manager – Ile des Deux Cocos
Jérémie de Fombelle – General Manager – LUX* Le Morne
Josephine de Ravel – Retail Manager – LUX* Boutiques
Glenn Daniels – General Manager – LUX* South Ari Atoll
Tony Duval – General Manager – Merville Beach
Tobi Kuhlang – Head of Global Revenue Management
Walter Lanfranchi – Corporate Chef
Brice Lunot – General Manager – LUX* Grand Gaube
Gemma Marsh – Brand Guardianship Manager
Axelle Mazery – Group Press & Public Relations Manager
Ashish Modak – General Manager – LUX* Belle Mare
Smita Modak – Group Training Manager
Hakan Oral – General Manager – LUX* Bodrum
Nitesh Pandey – General Manager – Tamassa, Café LUX* & IDDC
Vishnee Payen – Group Sustainability & CSR Manager
Sydney Pierre – Head of Worldwide Sales
Deodass Poolovadoo – Group Financial Controller
Darnen Ramassami – Group IT Manager
Hurrydeo Ramlagun – Financial Reporting Manager
Ruben Thumiah – Regional Financial Controller
Joe Wu – Managing Director – Greater China

COMMUNICATION ADVISOR

Blast Communications Ltd

LEGAL ADVISORS

Clarel Benoit
André Robert
Hervé Duval

AUDITORS

Ernst & Young
Chartered Accountants

REGISTERED OFFICE

Pierre Simonet Street
Floréal
Mauritius

NOTARY

Jean Pierre Montocchio

REGISTRY AND TRANSFER OFFICE

LUX Hospitality Ltd
Pierre Simonet Street
Floréal
Mauritius

BANKERS

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

G4-5, G4-6

DIRECTORSHIP

AS AT 30 JUNE 2016

	Beau Rivage Co Ltd	Blue Bay Tokey Island Limited	FMM Ltée	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	Lux Island Resorts Ltd	Lux Island Resorts Maldives Ltd	Lux Island Resorts Seychelles Ltd	Lux Island Resorts UK Limited	LIRTA Ltd	LUX Hospitality 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	Néréide Limited	Océanide Limited	Poséidon Limitée	Société Villages-Hotels de L'Océan Indien SA	White Sands Resort & Spa Pvt Ltd
Autrey Nicolas															✓													
Ah-You Marie-Laure																✓												
Baras Stephane																		✓	✓								✓	
Bernadette Suzanne Julie (Alt to Peter Burian and Gemma Mein)												✓	✓															
Burian Peter												✓	✓															
Béga Jean-Claude											✓																	
De Fondaumière Jean											✓																	
De La Hogue Laurent											✓																	
Elliah Désiré	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓		✓	✓	✓	✓	✓ (1)	✓ (2)		✓	✓ (3)
Harel Alexis	✓	✓					✓	✓								✓										✓		
Hagger Julian																✓	✓											
Jones Paul	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Lagesse Arnaud	✓	✓	✓	✓			✓	✓	✓		✓	✓	✓	✓		✓				✓	✓	✓		✓	✓	✓		✓
Lagesse Cyril (resigned on 30.06.16)											✓																	
Lagesse Stéphane											✓																	
Lagesse Amaury (Alternate to Stéphane Lagesse)											✓																	
Lagesse Hugues (Alternate to Cyril Lagesse - resigned on 30.06.16)											✓																	
Marie Antoinette Gemma Mein												✓	✓															
Olbertz Hans																✓												
Poolovadoo Dev (Alternate to Désiré Elliah)											✓																	
Rey Maxime											✓																	
Ruhl Dominik (Alternate to Marie-Laure Ah-You)																✓												
Zuber Christof																✓												

(1, 2 & 3) Désiré Elliah - Alternate to Arnaud Lagesse

BUSINESS MODEL OF LUX* RESORTS & HOTELS

AN OVERVIEW OF OUR BUSINESS

OUR VISION: WE MAKE EACH MOMENT MATTER

OUR PURPOSE: HELPING PEOPLE CELEBRATE LIFE

OUR VALUE CHAIN

Elevating guests' experience
Team Member Engagement & Development
Stakeholder Inclusiveness

	FINANCIAL CAPITAL	HUMAN CAPITAL	NATURAL CAPITAL	PRODUCTS AND SERVICES	SOCIAL AND RELATIONSHIP CAPITAL
INPUTS	• Reinvested cash flow generated by our operations • Efficient systems, controls and processes • Equity	• Appropriate skills • Ethics and human rights • Balanced workforce	• Physical locations • Energy (fuel and electricity) consumption • Water consumption	• LUX* Shining Innovative Experiences, including accommodation, F&B, spa, fitness, yoga, meditation, nutrition or a unique combination tailored especially to customers' needs • Locally manufactured products (e.g Café LUX*, homemade waffle cones) • Reasons To Go	• Community relations – doorstep and extended communities • Team Member relations • Ethics and human rights • Stakeholder Inclusiveness
ACTIVITIES	• Appropriate and responsible allocation of financial capital to the various activities in the business • Effective Revenue Management • Financial accounting • Management accounting • Organic growth through project development and new investments • Drive operating efficiencies	• Training and development • Talent management • Performance management • Developed labor structures • Talent acquisition • Succession • Global Talent Pool rotation	• Identifying and mitigating the impact of our activities on the natural environment • Investment to optimise water and energy consumption • Waste optimisation programs and proper Environment Management System • Initiatives to optimise the carbon footprint & offsetting	• Running the hotel operations and proper maintenance of the different resorts • Dedicated team to provide exceptional client service and helping people celebrate life	• Investing in communities through CSR contribution • Meeting with communities and other relevant and key stakeholders to act in their best interests • Align with Sustainable Development Goals
OUTPUTS	• Cash flow generated through our operations • Revenue growth • Improved EBITDA and margins	• Talented leaders and Team Members who are fully engaged in the business • Increased productivity	• Properly disposed waste and conversion to compost • Carbon footprint reduction • Optimised water usage • Well contained costs and controlled savings	• High quality resorts • Outstanding quality of services • Delivery of superb experiences which are known as the Reasons to Go LUX*	• Contribution in socio-economic development through NGO's in health, social and environmental sectors • Community skills development
OUTCOMES	• Strong statement of financial position and the best brand • Organic and sustainable growth of our business • Shareholders returns through growth in earnings per share	• A workforce with the skills to maintain a profitable and sustainable business • Unique Guests Experiences • Committed workforce • Safe working environment	• Sustainable growth for our business • Reduced negative impact of our activities on the environment • Optimised Costs	• Increased guest satisfaction with increase in revenue • Enhanced brand name locally and internationally	• More sustainable communities • Better community relations • An ethical business that respects the rights of its Team Members and the communities in which it operates • Corporate Reputation • Inclusive Business

FINANCIAL HIGHLIGHTS AND RATIOS

INCOME STATEMENT	Year ended June 30, 2016 Rs'000	Year ended June 30, 2015 Rs'000 (Restated)	Year ended June 30, 2014 Rs'000	Year ended June 30, 2013 Rs'000	Year ended June 30, 2012 Rs'000
Total Revenue	5,158,256	4,655,096	3,970,747	3,771,263	3,714,030
EBITDA	1,123,926	1,054,019	893,424	774,320	667,049
Depreciation and amortisation	(427,472)	(372,813)	(308,575)	(313,552)	(309,913)
Operating Profit before finance charges	696,454	681,206	584,849	460,768	357,136
Finance charges	(215,524)	(234,940)	(250,044)	(303,443)	(331,489)
Share of results in associated companies	-	5,326	263	(12,095)	(11,391)
Profit before taxation	480,930	451,592	335,068	145,230	14,256
Taxation	(62,451)	(67,547)	(53,243)	(38,635)	20,731
Profit after taxation	418,479	384,045	281,825	106,595	34,987
Loss after tax from discontinued operations	-	(11,233)	3,124	3,487	(1,846)
Non-controlling interests	125	(7,064)	(13,687)	(6,935)	(6,245)
Profit attributable to the Group	418,604	365,748	271,262	103,147	26,896
	Rs	Rs	Rs	Rs	Rs
Earnings per share (EPS)	3.06	2.92	2.38	0.91	0.24
Dividends per share	1.15	1.0	0.50	-	-

BALANCE SHEETS	Rs'000	Re-stated Rs'000	Rs'000	Rs'000	Rs'000
Total assets	12,223,202	11,616,263	10,342,196	9,847,589	10,078,596
Interest bearing debt	4,635,786	4,205,140	4,606,325	4,997,687	5,403,286
Borrowing excluding overdraft	4,458,473	3,844,461	4,400,252	4,940,068	5,092,367
Total equity	6,010,852	5,714,536	4,436,734	3,707,444	3,596,254
Net Assets per share	43.90	41.86	39.01	32.59	31.62

FINANCIAL RATIOS					
EBITDA Margin	22%	23%	23%	21%	18%
Interest Cover (EBITDA/Interest)	5.21	4.49	3.57	2.55	2.01
Dividend Cover	2.66	2.92	4.77	N/a	N/a
Return on equity	7%	6%	6%	3%	1%
Return on assets	3.4%	3.1%	2.6%	1.0%	0.3%
Debt to equity	0.68	0.74	1.04	1.35	1.50

FINANCIAL STATUS AT A GLANCE

Consolidated Cash Flow Statement Year ended 30th June 2016		Rs 000
Net cash flows from operating activities		784,404
Net cash flows from investing activities	(1)	(811,778)
Net cash flows from financing activities	(2)	(4,004)
Net decrease in cash & cash equivalents		(31,378)
Cash and Cash equivalents on 30th June 2015		(262,503)
Cash and Cash equivalents on 30th June 2016		(293,881)

Statement of Financial Position As at 30th June 2015	Rs 000
Assets	
Cash and Cash Equivalents	-
Current Assets	875,677
Non Current assets held for sale	-
Investment & Other	1,519,821
Property Plant and Equipment	9,119,335
Total Assets	11,514,833
Liabilities & Equities	
Cash and Cash Equivalents	262,503
Current liabilities	1,683,990
Non Current liabilities	3,803,187
Share Capital. Premium & Reserves	4,577,803
Retained Earnings	1,185,583
Non Controlling Interest	1,767
	11,514,833

Consolidated Income Statement Year ended 30th June 2016	Rs 000
Revenue	5,158,256
Profit for the year	418,479
Non-controlling interest	125
Profit attributable to the group	418,604

Share Capital & Reserves As at 30th June 2016	Rs 000
Balance at 30th June 2015	4,577,803
Share Issue for bond conversion and distribution of treasury shares	24,074
Foreign exchange and other reserve	11,733
Balance at 30th June 2016	4,613,610

Retained Earnings As at 30th June 2016	Rs 000
Balance at 30th June 2015	1,185,583
Total Earnings for the year	418,604
Other movement	(53,014)
Dividend declared	(157,390)
Balance at 30th June 2016	1,393,783

Statement of Financial Position As at 30th June 2016		Rs 000
Assets		
Cash and Cash Equivalents		-
Current Assets	(3)	971,544
Non Current assets held for sale	(5)	1,037,045
Investment & Other		1,518,597
Property Plant and Equipment		8,518,723
Total Assets		12,045,909
Liabilities & Equities		
Cash and Cash Equivalents		293,881
Current liabilities	(4)	2,402,906
Non Current liabilities		3,338,270
Share Capital. Premium & Reserves		4,613,610
Retained Earnings		1,393,783
Non Controlling Interest		3,459
		12,045,909

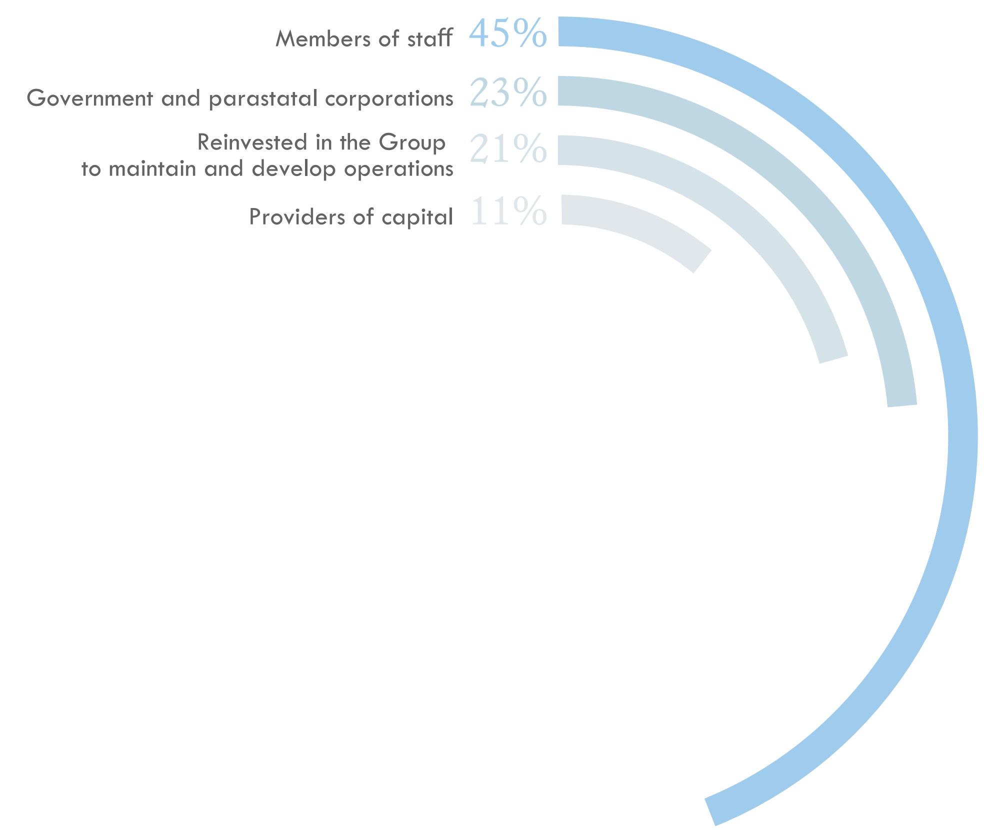
Notes
(1) Net cash used in investing activities is mainly in respect of capital expenditure incurred during the year with respect to the renovation of LUX* South Ari Atoll in Maldives (LSAA).
(2) Net cash used in financing activities is in respect of loan and finance lease repayment as well as dividend paid net of loan received for renovation of LSAA.
(3) Increase in current assets is mainly attributable to deposits on Capital expenditure of LSAA.
(4) Increase in current liabilities is mainly attributable to bridging loans and the Money Market Line contracted by Lux Island Resorts Ltd for financing the renovation of LSAA.
(5) Non current assets held for sale is in respect of Tamassa hotel building.

VALUE ADDED STATEMENTS

YEAR ENDED 30 JUNE 2016

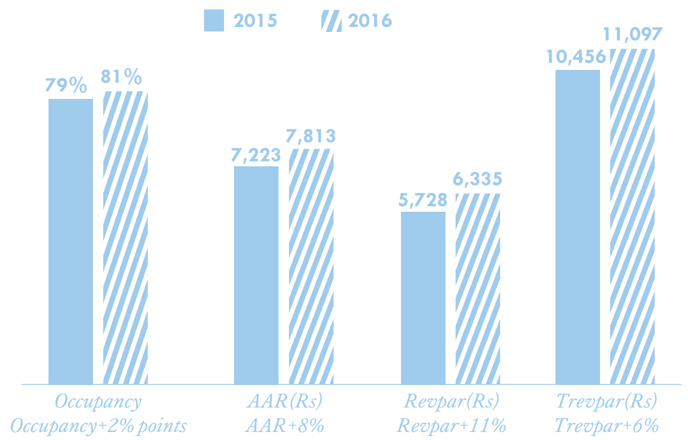
	YEAR ENDED 30 JUNE 2016 Rs000	YEAR ENDED 30 JUNE 2015 Rs000
Revenue	5,158,256	*4,655,096*
Value Added Tax	563,926	*437,685*
Total revenue	5,722,182	*5,092,781*
Paid to suppliers for materials and services	2,387,474	*2,148,721*
Value added	3,334,708	*2,944,060*
Share of results of associates	-	*5,326*
Discontinued operations	-	*(11,233)*
Total wealth created	3,334,708	*2,938,153*
Distributed as follows:		
Members of staff		
Salaries and other benefits	1,487,916	*1,294,858*
Providers of capital		
Dividends to ordinary shareholders	157,390	*136,787*
Interest paid on borrowings	215,524	*234,940*
(Loss)/ Profit attributable to non-controlling interests	(125)	*7,064*
	372,789	*378,791*
Government and parastatal corporations		
Value Added Tax	563,926	*437,685*
Income tax (Current and deferred)	62,451	*63,629*
Environmental Protection fee	27,885	*18,459*
Licences, permits and levies	3,498	*2,838*
Lease costs	127,557	*137,831*
	785,317	*660,442*
Reinvested in the Group to maintain and develop operations		
Depreciation and amortisation	427,472	*372,813*
Retained profit	261,214	*231,249*
	688,686	*604,062*
Total Wealth Distributed and Retained	3,334,708	*2,938,153*

VALUE ADDED STATEMENTS 2016

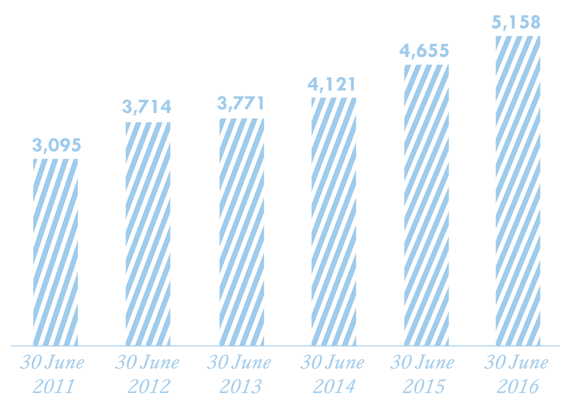


G4EC1

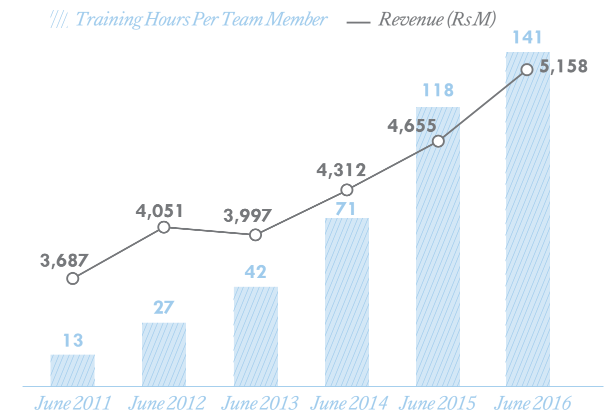
HIGHLIGHTS



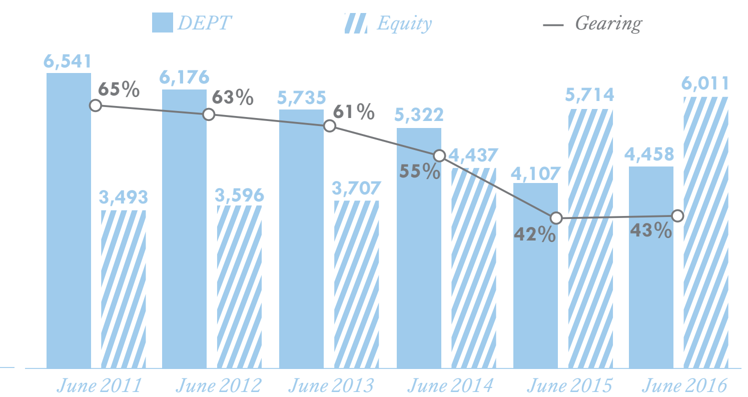
REVENUE PERFORMANCE



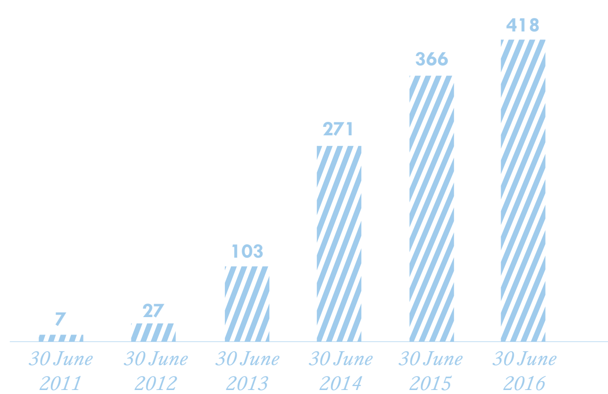
TURNOVER (Rs m)



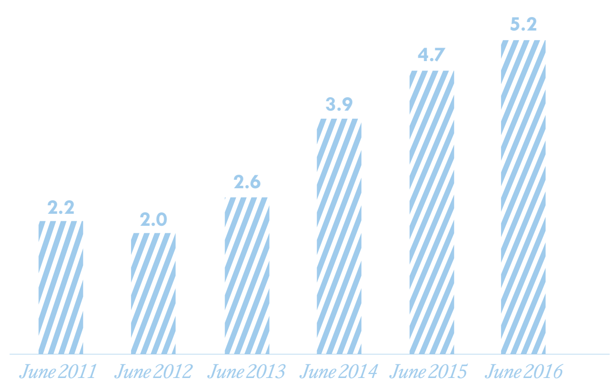
REVENUE AND TRAINING HOURS PER TEAM MEMBER



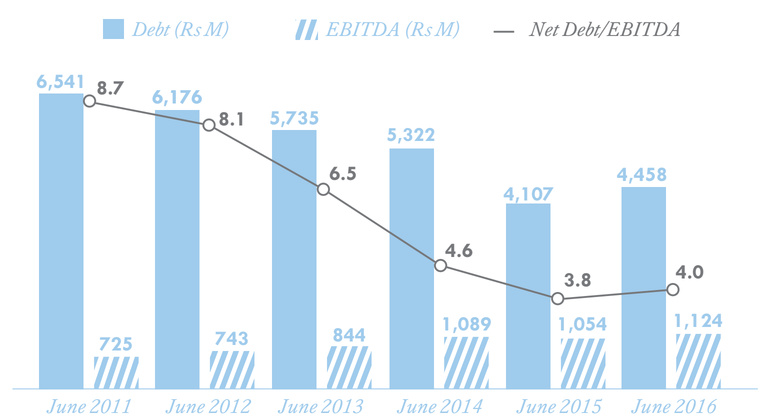
EVOLUTION OF EQUITY, DEBT AND GEARING



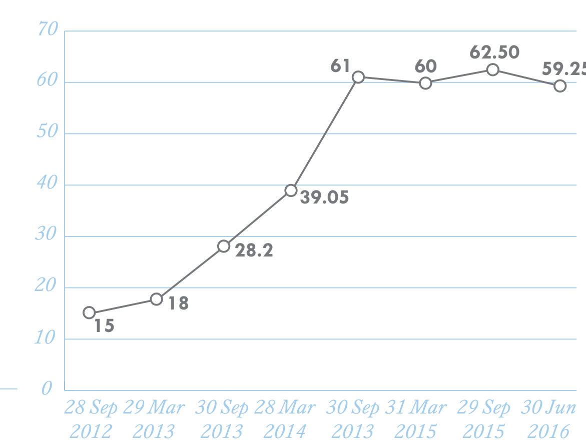
PROFIT FOR THE YEAR (Rs m)



INTEREST COVER



EVOLUTION DEBT TO EBITDA



SHARE PRICE (Rs)

MATERIAL MATTERS AND CONNECTIVITY TO STRATEGIC PLANS & OBJECTIVES

VALUE DRIVERS	OBJECTIVES	OUTCOMES
FINANCIAL SUSTAINABILITY	Grow revenues, optimise cost Project development	Profitable growth Capital and cost efficiencies
HUMAN CAPITAL	Elevate team member engagement	Effective Human resources Strong Company culture
PRODUCTS AND SERVICES	Brand strength and optimal distribution	'Best in class' hotel operators Sustained and enhanced well-established brand name
NATURAL CAPITAL	Environmental sustainability Responsible Business	Energy Optimisation Water Optimisation Waste and effluents Reduction Emissions Reduction & Offsetting Biodiversity Conservation
EXTERNAL RELATIONSHIPS	Value creation for key stakeholders involved Inclusive Business	Elevate Guest Experience Government and environmental bodies Tour operators' Trust Suppliers' Support Corporate social investment Shareholders Value Owners Investors Banks

MATERIAL ISSUES

SHORT TERM	MEDIUM TERM	LONG TERM
Manage exchange rate impact Optimal level of working capital	New markets and management contracts with third party owners Improved international competitiveness Strategic acquisitions into new territories Efficient capital structure Cost optimisation	Optimal funding sources
Employ highly talented and fully engaged people Continuous investment in management time to give the best education to our Team members	Core skills and talent management • Be the No.1 employer in our sector • Strengthen company culture & work environment	Continuous team member development; engage professional services firm committed to create value through leadership and talent as well as aligning organisation capability
Effective communication of values, mission and vision to Team Members and guests New, refreshed, reinvented properties with enhanced amenities with continuous focus on guest experience and the LUX* shining Hospitality Standards Be among the top performers on Trip Advisor	Effective communication strategy Win industry awards	Elevate guest experience continuously
Full implementation of energy management system to optimise energy consumed Optimise use of fresh water and ensure efficient consumption Optimise paper use (Online Management System) Continuous deployment of the "Tread Lightly" initiative Support Conservation Projects	Generate less waste by building awareness	Invest in technologies in renewable energy Invest in Water Optimisation Technology Invest in technologies aiming to reduce carbon footprint
Guest-centered solutions Consolidate relationships with tour operators Supplier consolidation and management Corporate Reputation		Environmental initiatives via enhancement in Environment Management System Community investment

CHAIRMAN'S REPORT

TOTAL REVENUE FOR THE YEAR UNDER REVIEW EXCEEDED THE RS 5 BILLION MARK.

Arnaud Lagesse
Chairman

Dear Stakeholders, I am delighted to present the Integrated Annual Report of Lux Island Resorts Ltd for the financial year ended 30 June 2016.

LUX* Belle Mare, tucked away in lush tropical gardens near the quaint, sleepy village of Belle Mare, this luxury hotel in Mauritius graces a glorious stretch of the island's eastern coast.

LUX* South Ari Atoll, Temptation Villa

I am delighted to present the Integrated Annual Report of Lux Island Resorts Ltd for the financial year ended 30 June 2016.

Our Integrated Annual Report has been prepared in accordance with the core option of the GRI (Global Reporting Initiative) G4 Guidelines, the IIRC (International Integrated Reporting Council) framework, the UN Global Compact criteria and the UN SDG (Sustainable Development Goals) Compass in order to ensure that the report aligns with all sustainability requirements and speaks to both local and global audiences and stakeholders. The report, which includes financial and non-financial performance, provides considerable information on the Group's wide-ranging efforts to secure sustainable growth and create value. The report also gives insight into future activities.

We believe that this approach will provide accessible and relevant information to our stakeholders as we continue to communicate our values and vision for society. To ensure transparency and integrity, all non-financial sustainability information has undergone an external assurance process. The auditor's assurance report can be found on pages 182 and 183.

Group results for the financial year under review were impacted by the renovation of LUX* South Ari Atoll in the Maldives. During the first phase of the redevelopment works, the hotel closed 49 water villas (25% of the total inventory) together with two restaurants and one bar for six months until December 2015. The whole hotel was closed for a period of three months as from 1 June 2016 in order to complete the second phase of the redevelopment, which consisted of the renovation of all remaining water villas, beach villas and public areas.

Despite the closure of LUX* South Ari Atoll and an uncertain operating environment, the Group delivered commendable results with turnover exceeding the Rs 5 billion mark for the first time and attributable profit reaching Rs 419 million, representing a progression of 14% on the previous year. This performance is the result of the dedication, passion and energy of all our people, our brand and our relentless focus on delivering on our strategy. The Group's number one core value is related to Our People and therefore the Board would like to express its heartfelt gratitude to the 3,023 team members for their dedication in ensuring the continued growth and success of LUX* Resorts and Hotels.

GROUP RESULTS

The statutory results for the year ended 30 June 2016 are not comparable with those of the previous financial year due to the consolidation of Oceanide Limited, the company which owns and operates Tamassa Hotel, as a subsidiary as from 1 January 2015. Therefore, last year's results consolidate 100% of the turnover and expenses of Tamassa for six months only.

Total revenue for the year under review reached almost Rs 5.2 billion, up by 11% on 2014-2015 (7% on a like-for-like basis) and EBITDA (earnings before interest, tax, depreciation and amortisation) amounted to Rs 1.12 billion, an improvement of 7% on the previous year (4% on a like-for-like basis). Finance costs fell by Rs 19 million and interest cover, which was already healthy at 4.7 times, last year, improved to 5.2 times. Attributable profit improved by 14% to Rs 419 million. Earnings per share (EPS) from continued and discontinued operations for the year increased by 5% to Rs 3.06, calculated on the weighted average number of shares in issue during the year, which increased by 9%.

Total interest-bearing debt at 30 June 2016, including the debt contracted for the renovation of LUX* South Ari Atoll (Rs 650 million as at 30 June 2016), amounted to Rs 4.5 billion compared to Rs 4.2 billion in the previous year, a net increase of Rs 300 million. The gearing of the Group at 30 June 2016 stood at 43% compared to 41% a year ago and continues to be well below the industry average.

Net assets per share as at 30 June 2016 were Rs 43.88 compared to Rs 41.85 at the beginning of the financial year. This increases to Rs 58.68 if the market value of the Group's leasehold land is taken into consideration.

In prior years, the Group used to calculate deferred tax for its Mauritian entities on the actual corporate tax rate prevailing in Mauritius of 15%. However, after consultation with our tax advisors, the Directors have been recommended to revise the treatment of the 2% corporate social responsibility (CSR) contribution since it is deemed to be a tax and therefore all timing differences in the computation of deferred tax should be based on a

G4-1, G413, G4-28, G4-30, G4EC2

CHAIRMAN'S REPORT

LUX* Bodrum is already a silver award winner in the architecture, building and structure design category at Milan's A' Design awards 2016.

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

LUX* South Ari Atoll, Relaxation pods

rate of 17% instead of 15%. As a consequence, the Group has recomputed its deferred tax at 17% and has restated the comparative figures for the 2014-2015 financial year. Adjustment prior to that period, amounting to Rs 48 million, has been accounted as a prior year adjustment.

We remain committed to delivering long-term shareholder value and at the same time providing a sustainable return to our shareholders in terms of dividends. For the financial year ended 30 June 2016, the Company paid a dividend of Rs 1.15 per share amounting to Rs 157 million, representing growth of 15% on the previous year. At the time of writing, the share price of LUX* is around Rs 60 compared to Rs 62.5 a year ago, representing a drop of 4% but still better than the SEMDEX which declined by 6% over the same period. I am confident that, subject to cash flow, providing there is no deterioration in the environment and the positive trend continues, the Company should be able to maintain and even increase the dividend payout in the coming years.

LUX* STRATEGY

As mentioned in our previous reports, our asset-light strategic model is focused on managing hotels rather than owning them, which will enable us to grow at an accelerated pace with limited capital investment. We take a disciplined approach to capital allocation by reallocating our limited cash resources to projects which will yield higher returns whilst focusing on building our brand. To that effect, and as mentioned in the cautionary announcement dated 22 August 2016, our fully-owned subsidiary, Néréide Ltd, has signed a Heads of Terms for the sale of the property of Tamassa Resort (US$ 40 million) and, subsequent to the sale, the property will be leased back to Néréide Ltd for an initial period of ten years, renewable at its option. The proceeds from the sale of the property, net of Néréide's debt (Rs 525 million), will be used to partly finance the redevelopment of the Merville Beach Hotel. The latter, located in Grand Bay and sitting on one of the best beaches in Mauritius, will be transformed into a five-star luxury resort and will be named LUX* Grand Baie.

The disposal of Tamassa's property whilst keeping management, together with the investment in LUX* Grand Bay, is consistent with the above strategy and should enhance Group results and add considerable value to the LUX* brand.

During the year, the Group has signed long-term management contracts with third-party owners for 600 rooms, 400 of which will open in mid/late 2017. The portfolio of rooms under LUX* management will be 2,456 of which 56% (including Tamassa) will be managed for third-party owners.

CAFÉ LUX*

After the success of our first Café LUX* at the Sir Seewoosagur Ramgoolam International Airport, we opened a second Café LUX* there on 22 August 2016 inside the airport's departures hall. Café LUX* has successfully opened four outlets in Mauritius and we anticipate that we will develop further sites in the short to medium term.

FUTURE OUTLOOK

Although the global economic environment remains uncertain following the Brexit announcement, we are confident that our strategy, to expand our footprint to become more of an international company through the acquisition of management contracts, will ensure our long-term growth.

In the short term, although advance bookings and the forecasts for our Mauritius hotels are very good, our results for the first quarter ending 30 September 2016 will continue to be impacted by the closure of LUX* South Ari Atoll in the Maldives. Meanwhile, the resort re-opened as scheduled on 1 September 2016 and was launched to our trade partners and press during the third week of September. It is anticipated that occupancy will grow steadily into the high season during the quarter ending December 2016.

The results for the second quarter, with LUX* South Ari Atoll fully operational during the whole quarter and assuming no deterioration in the general economic conditions, should improve over the corresponding quarter last year. We are therefore confident that we should be able to continue to maintain our performance throughout the financial year ending 30 June 2017.

APPRECIATION

On behalf of the Board of Directors, I would like to thank all our stakeholders for their continued support and offer my sincere appreciation to Paul Jones our Chief Executive Officer, Management and all team members for their dedicated work and commitment during the past year. I also express my gratitude to my Board colleagues for their valuable assistance and guidance.

On 30 June 2016, Cyril Lagesse retired from the Board of LUX* and I would like to thank him for his tremendous contribution to LUX* Resorts & Hotels over the past decade. On 1 July 2016, we were pleased to welcome Thierry Lagesse to the Board.

Arnaud Lagesse
Chairman

30th September 2016

CHIEF EXECUTIVE'S REPORT

Paul Jones
Chief Executive Officer

I am delighted to report another year of growth for LUX* Resorts & Hotels despite the partial closure of LUX* South Ari Atoll in Maldives for renovation (an average of 20% of its inventory during the year) and an environment that continued to be characterised by challenging macro-economic conditions around the world. Reported revenue and EBITDA (earnings before interest, tax, depreciation and amortisation) were Rs 5.2 billion and Rs 1.12 billion respectively, a growth of 11% and 7% on the previous year's turnover and EBITDA. I am very proud of our achievements in 2016, all of which are a result of the efforts of the 3,023 team members who work for LUX* Resorts & Hotels worldwide. 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 in Mauritius for the financial year ended 30 June 2016 increased by 11% to reach 1,204,005. Arrivals from Europe, our main market, increased by 16% to reach 652,277. Our three main markets in Europe – France, UK and Germany – grew by 6%, 9% and 32% respectively. Arrivals from Asia also increased by 16% from the previous year to 193,686, mainly due to an increase in arrivals from China and India of respectively 18% and 10%. The number of tourist arrivals in Maldives for the same period amounted to 1,245,092, a slight growth of 1.3% over the previous year. However, the Chinese market, which remains the number one source market for the Maldives with 27% of the total number of arrivals, saw an 8% fall to a total of 339,164.

With regard to Reunion Island, the arrival statistics are not available for the financial year but occupancy rates for the 2015 calendar year increased by two percentage points to an average of 61%.

LUX* South Ari Atoll Lobby

GROUP RESULTS

There are a number of widely recognised key industry metrics that are used to track performance in the hospitality sector. These include occupancy, ADR (average daily rate) and RevPAR (room revenue per available room) and are amongst the key performance measures actively monitored by LUX* Resorts & Hotels. I am pleased to report that, for the reporting year, all these key metrics improved for our Mauritius and Reunion hotels. For the Maldives, the metrics are not comparable with the previous year due to the renovation and closure of the hotel.

The Group occupancy rate was 81%, up by two percentage points on the previous year, whilst Group ADR improved by 8% over the same period. The increase in occupancy and ADR resulted in an increase in Group RevPAR of 11% to Rs 7,813 compared to Rs 7,223 a year ago. Attributable profit for the year increased by 14% to reach Rs 419 million, while the EBITDA margin was down by one percentage point. This was mainly due to the renovation of LUX* South Ari Atoll in the Maldives.

MAURITIUS RESULTS

Despite the challenges in some markets and unfavourable exchange rates (notably of sterling following the Brexit vote), our hotels in Mauritius delivered outstanding results, posting a record occupancy rate of 84%, up by three percentage points on the previous year, and ADR improved by 17% to Rs 6,933. The increase in occupancy and ADR resulted in an increase of 22% in RevPAR. The turnover of our Mauritius hotels improved by 27% to Rs 3.4 billion whilst operating profit reached Rs 653 million, representing growth of 57% . The operating margin improved by 3% to 19%.

MALDIVES RESULTS

The results for our Maldives resort are not comparable with the previous year due to the reduced number of rooms available in 2016 due to renovation works. Occupancy during the year, on the basis of the number of rooms available for sale, was 70%, down by eight percentage points on the previous year and, whilst ADR improved by 11%, RevPAR was down by 1%. Inevitably, turnover and operating profit both declined.

REUNION RESULTS

Our hotel in Reunion Island recorded an occupancy rate of 73%, up by three percentage points on the previous financial year, and a 4% improvement in ADR, resulting in an increase in RevPAR of 9%. Turnover increased by 2% to Rs 581 million and the operating loss was reduced by Rs 10 million, from Rs 14 million to Rs 4 million.

PROPERTY, PLANT AND EQUIPMENT

As a result of the Board's decision to dispose of the Group's ownership of Tamassa Hotel, the carrying amounts of Tamassa's property, plant and equipment have been classified as non-current assets held for sale, whilst the liabilities associated with the Tamassa buildings have been classified as liabilities associated with assets held for sale. Other significant movements for the financial year under review were in respect of capital expenditure of Rs 829 million, which included Rs 710 million for the renovation of LUX* South Ari Atoll in the Maldives, offset by a depreciation charge for the year of Rs 374 million.

LIQUIDITY AND CASHFLOW MANAGEMENT

For the full year ended 30 June 2016, net cash flow from operating activities decreased by Rs 21 million (2%) from Rs 805 million in 2014-2015, to Rs 784 million mainly due to the renovation works at LUX* South Ari Atoll. This, however, was mitigated by the strong performance of our Mauritius operations and a decrease in Group financial charges. Net cash flows used in investing activities were Rs 811 million, largely due to the renovation of LUX* South Ari Atoll in the Maldives (Rs 600 million) and ongoing purchases of furniture, fittings and equipment by our resorts for their operations.

The movements in financing activities are in respect of new loans contracted for the renovation of LUX* South Ari Atoll, offset by loan repayments, and dividend payments during the year.

Interest cover (EBITDA/finance charges), which was already at a healthy 4.5 cover ratio in 2014-2015, improved to 5.2 in 2015-2016. The ratio of net debt to EBITDA stands at 4 which is very healthy and is among the lowest in the industry.

Net assets per share as at 30 June 2016 were Rs 43.88 compared to Rs 42.22 at the beginning of the financial year. This ratio increases to Rs 58.68 if the market value of the Group's leasehold land is taken into consideration.

G4-8, G4-9, G4-12

CHIEF EXECUTIVE'S REPORT

SALES AND MARKETING

The LUX* Resorts & Hotels brand is driving sales and marketing, helping to increase direct and repeat business.

To meet the changes in sales distribution, which has been progressively moving from the standard travel agent model to digital channels, the Company has adjusted its sales and marketing organisation. The creation of a Pan-European Sales and Marketing office based in Paris, led by a European Marketing Manager position responsible for marketing LUX* to the whole of Europe, has helped achieve efficiency in our most important feeder market. The central office now drives demand from all distribution channels in Europe, not just from tour operators and travel agents.

To support the Pan-European Sales and Marketing office, LUX* strengthened its central client support services with the creation of a dedicated voice, on-line, multilingual chat service housed at our head office in Mauritius. This service is set up to proactively respond to on-line customer enquiries and direct reservations.

Embracing the latest technological developments remains at the forefront of the Group's business strategy. In the year under review, LUX* redesigned its entire website to be fully responsive to all devices, resulting in 80% growth in mobile and desktop bookings, which in turn has improved Group margins.

To improve the speed of access for Chinese nationals to the LUX* Chinese website, the site was relocated to a server in the people's Republic of China, improving traffic by 40% since launch and the time spend on our various Chinese web pages by 60%.

In response to growing demand from direct customers, LUX* introduced a new on-line booking system on luxresorts.com, which gives visitors to the website the ability to book their flights, transfers and accommodation directly with a LUX* resort. This dynamic packaging service is new to the region and is only starting to emerge internationally as a service offered by hospitality groups.

In order to hold visitor interest and convert it into a stay, significant investment was also made in enhancing website content, which now includes 360 videos, improved photography, drone videos and new Reasons to go LUX*. To complement this, we further strengthened our social media content, not least by working closely with internationally recognised social media bloggers and experts. This has not only expanded our reach significantly but also led to hotel reservations coming directly from social media channels.

HUMAN RESOURCES AND CONTINUOUS LEARNING

At LUX* Resorts & Hotels, we firmly believe that our brand is strongly underpinned by the hard work of our team members, who deliver our unique service culture in line with our vision, purpose and values. We continuously focus on initiatives in relation to engagement levels, knowledge

acquisition and continuous service improvement to support the achievement of our strategic objectives.

During the year under review, through our continued partnership with Ron Kaufman's Up! Your Service College, our internal team of certified course leaders successfully rolled out the next level of the service culture and education programme to team members. The theme was Customer Loyalty and is the essential next step as we actively work towards increasing our repeat guest percentage.

In April 2016, we also launched another internal contest, the Service Leadership Challenge. Our resort teams presented excellent initiatives focused around service improvement and enhancing team members' engagement. The best initiatives were rewarded during a special ceremony and we will continue the Challenge in 2016-2017.

In June 2016 we added another dimension to our service-culture enrichment initiative with the rollout of a Personal Energy Journey workshop with Learning to Lead, based in South Africa.

We continued our strategic focus on Talent Management which commenced in 2014-2015 in partnership with the RBL Group, reflecting our commitment to retaining our best talent through the allocation of appropriate resources to meet learning and development needs.

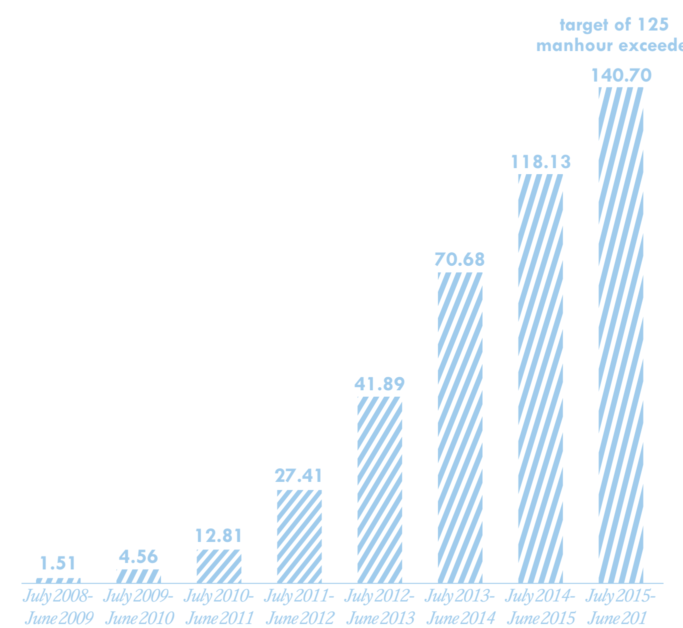
We successfully completed a pilot e-learning project with Lobster Ink, an online hospitality education system that provides training to 40 countries and 80 nationalities around the world. Course material includes Bar, Wine, Spirits, Service, Housekeeping, Guiding and International Standards. Our aim is to continue providing quality hospitality education through a long-term partnership with Lobster Ink.

Following the previous introduction of the LUX* Shining Hospitality Standards, their actualisation will continue throughout this year.

TRAINING HOURS

Our target for the financial year 2015-16 was an average of 125 training hours per team member and I am delighted to announce that we have once again exceeded our target, closing the financial year at 141 average training hours per team member. This represents an increase of 19% over last year. A large part of the training continues to be delivered through our in-house team of certified departmental trainers and is done on the job.

Training manhours per team member per year



CHIEF EXECUTIVE'S REPORT

LUX* INNOVATION CHALLENGE

We continue to explore our creative side and live our fifth value, Creativity, through the LUX* Innovation Challenge which was introduced in 2013.

The challenge has a theme each year and our teams are invited to implement their innovative ideas which are then presented to a distinguished panel of jury members. Previous themes have been Increasing Loyalty of Guests and Increasing Loyalty of Team Members.

The year 2015-2016 saw our teams coming together to compete under the theme of Innovate to Increase Revenues. Given the global outlook and several uncertainties which have an impact on our business, this was an opportune time for us to look ahead and come up with new streams of revenue enhancement and maintain our market leadership position.

The winning idea, Magic at your fingertips, was contributed by LUX* Belle Mare. In essence, the purpose of the idea is to make unique LUX* experiences easily accessible to our guests by simplifying the process and creating a friendly interface that is fun and practical, thereby enhancing revenue by creating unforgettable memories. Simple, Fresh and Sensory is the motto in each step of the project, offering customised itineraries through the use of technology for our Guests to Celebrate Life.

The next category for 2017 will be unveiled in November 2016 and we expect to receive some outstanding ideas.

LONG -TERM EXPANSION

We continued our international expansion and diversification strategy during the year with the signature of a number of management contracts. At the time of this report, we are operating 1487 rooms and we have a further 654 rooms in the pipeline scheduled to open within the next 3 years. The table below shows the number of hotel rooms in operation over the next three years on the basis of management agreements signed and expected opening dates.

		End of financial year			
	Country	2016	2017	2018	2019
Owned					
LUX* Belle Mare	Mauritius	*186*	*186*	*186*	*186*
LUX* Le Mome	Mauritius	*149*	*149*	*149*	*149*
LUX* Grand Gaube	Mauritius	*198*	*198*	*198*	*198*
LUX* Grand Baie	Mauritius	-	-	-	*140*
Tamassa	Mauritius	*214*	-	-	-
Merville Beach	Mauritius	*169*	-	-	-
LUX* South Ari Atoll	Maldives	*193*	*193*	*193*	*193*
LUX* Reunion	Reunion island	*174*	*174*	*174*	*174*
Total Owned		*1,283*	*900*	*900*	*1,040*
Managed					
LUX* Al Zorah	Ajman UAE	-	-	*193*	*193*
LUX* Bodrum	Turkey	-	*60*	*60*	*60*
Tamassa	Mauritius	-	*214*	*214*	*214*
Hotel Le Recif	Reunion island	*149*	*149*	*149*	*149*
LUX* Sud Sauvage	Reunion island	-	-	*52*	*52*
LUX* North Male Atoll	Maldives	-	*60*	*60*	*60*
LUX* Lijiang	China	*25*	*25*	*25*	*25*
LUX* Benzilan	China	*30*	*30*	*30*	*30*
LUX* Dianshan Lake	China	-	-	*60*	*60*
LUX* Organic Escapes	China	-	*60*	*60*	*60*
LUX* Phu Quoc	Vietnam	-	-	*169*	*169*
Total Managed		*204*	*598*	*1,072*	*1,072*
Hotel rooms operated by LUX*		*1,487*	*1,498*	*1,972*	*2,112*

Today, revenue from our operations outside Mauritius accounts for about 50% of our total revenue. As can be seen from the above table, this percentage will continue to grow in the future.

AWARDS AND ACCOLADES

We are very proud of the large number of industry awards our brand won during the last financial year and we focus 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 just in 2015-2016 is given on pages 36 to 37.

OUTLOOK

We remain confident in the long-term growth prospects for LUX* Resorts & Hotels. We are constantly looking for opportunities and we are working closely with a number of hotel owners and developers with a view to securing management contracts.

We are expecting robust international arrivals growth in Mauritius in the coming years. The growth is a result of the Government's strategy to diversify our source markets while at the same time continuing to develop our traditional European markets. The Maldives targets to increase tourist arrivals in 2016 to 1.5 million and has declared 2016 Visit Maldives Year with several promotional activities planned to achieve this goal. We will further strengthen our presence in the People's Republic of China market with a number of hotel openings in coming years. The increased visibility of the LUX* brand in China will not only serve inbound tourists but also encourage outbound Chinese travellers to stay at LUX* hotels in countries where we operate.

In the short term, with LUX* South Ari Atoll fully operational as from 1 September 2016 and on the basis of the estimated results for the first quarter ending on 30 September 2016, bookings in hand and assuming no deterioration in general economic conditions, we are confident that we will improve our performance throughout 2016-2017.

To conclude, on behalf of the Executive Management Team, I would like to express our gratitude to all who contributed to our success in the 2015-2016 financial year, including our customers, guests, shareholders, business partners, suppliers and the communities in which we operate. To our 3,000 team members across all the countries in which we are present, again a profound thank-you for your ongoing dedication, passion and support – without which we could not have achieved such good results.

I also 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

30th September 2016

AWARDS

2015

LUX* RESORTS & HOTELS

Awarded best innovation in wellness

by Worldwide Hospitality Award

LUX* BELLE MARE

2015 Traveler's choice Award

by TripAdvisor.

The 2015 Agoda.com gold circle trophy

by Agoda.com

Best Overseas hotel ,Best D.E.S.I.G.N hotels Awards

by the Bund Magazine (Shanghai)

LUX* LE MORNE

2015 Traveler's choice Award

by TripAdvisor

LUX* SAINT GILLES

Reunion Island's Leading Hotel

by World Travel Awards

The 2015 Agoda.com Gold Trophy Award

by Agoda.com

LUX* GRAND GAUBE

2015 Traveler's choice Award

by TripAdvisor

Best Wedding Hotel

by Travel & Leisure China

The 2015 Agoda.com Gold Trophy Award

by Agoda.com

LUX* SOUTH ARI ATOLL

Indian Ocean's Leading Beach Resort

by World Travel Award

2015 Traveler's choice Award

by TripAdvisor.

The 2015 Agoda.com gold circle trophy

by Agoda.com

LUX* TEA HORSE ROAD LIJIANG

Best New arrival for the best luxury Hotel in Lijiang

by Hurun Report China Best of the Best Awards

TAMASSA RESORT (2015)

Awarded the "Top Performer" recognition

by Saga Travel (UK) for its Enchanting Mauritius Tour

Awarded 2015 Travelife Gold certification

Awarded the "2015 Travellers' Choice Award"

by TripAdvisor

ILE DES DEUX COCOS

Awarded "Certificate of Excellence"

by TripAdvisor

MERVILLE BEACH

Awarded the "Certificate of Excellence"

by TripAdvisor

Awarded 2015 Travelife Gold certification

AWARDS

2016

LUX* RESORTS & HOTELS

Best Website 2016

by Travel D'or

Best Hotel in Africa

By International Hotel Award

Best Resort Hotel in Mauritius

By International Hotel Award

International 5 Star hotel 2016-2017 award

by International Hotel Award

Indian Ocean's Leading Boutique Hotel Brand 2016

by World Travel Award Africa & Indian Ocean

Best Resort Chain 2016

by the French Magazine Le Quotidien du Tourisme

2016 Certificate of Excellence

by Trip Advisor

2016 Travelife Gold Certification

Ranked among the Top 25 Small Luxury Hotel Brands in the World

by ReviewPro 2016 Report

Ranked among the Top 25 Small Luxury Hotel Brands in the World for its exemplary service standards

by ReviewPro 2016 Report

LUX* BELLE MARE

Ranked 1st Travelers' choice Award

by Trip Advisor Travelers Choice Award

Indian Ocean's Leading Culinary Hotel 2016

By World Travel Award Africa & Indian Ocean

Mauritius's Leading Family Resort 2016

by World Travel Award Africa & Indian Ocean

Loved by Guests Awards 2016

by Hotels.com

Ranked 2nd Top 25 Hotels in Africa

by Trip Advisor Traveler's Choice Award

Ranked 11th among the Top 25 Worldwide Individual Luxury Hotels

by ReviewPro 2016 Report

Ranked 12th among the Top 25 Worldwide Individual Luxury Hotels for value

by ReviewPro 2016 Report

LUX* GRAND GAUBE

Ranked 6th Traveler's Choice Award

By Trip Advisor Traveler's Choice Award

Ranked 18th among the Top 25 Worldwide Individual Luxury Hotels for value

by ReviewPro 2016 Report

LUX* LE MORNE

Ranked 8th Top 25 Hotels in Africa

by Trip Advisor Traveler's Choice Award

Awarded 2016 Travelife Gold Certificate

Awarded 2016 Certificate of Excellence

by Trip Advisor

East Restaurant at LUX* Le Morne award Best Thai Restaurant in Africa

by World Luxury Restaurant Award 2016

LUX* SAINT GILLES

Reunion Island's Leading Hotel 2016

by World Travel Award Africa & Indian Ocean

Awarded 2016 Certificate of Excellence

by Trip Advisor

LUX* SOUTH ARI ATOLL

Awarded 2016 Travelife Gold Certificate

by Trip Advisor

Ranked 16th among the Top 25 Worldwide Individual Luxury Hotels

by ReviewPro 2016 Report

LUX* TEA HORSE ROAD LIJIANG

Best Boutique Hotel

by Travel & Leisure Magazine Hotel Award 2016 China

Awarded best new opening Hotel

by Travel & Leisure Magazine Hotel Award 2016 China

TAMASSA RESORT

Tamassa ranked 3rd among the Top 25 Worldwide Individual Luxury Hotels for Value,

by ReviewPro 2016 LUX Tea Horse Road Lijiang*

Ranked No. 4 for Trip Advisor Travelers' Choice Awards 2016 - Top 10 Hotels in Mauritius

Ranked No. 11 for Trip Advisor Travelers' Choice Awards 2016 - Top 25 Hotels in Africa

Awarded " 2016 Certificate of Excellence"

by TripAdvisor

ILE DES DEUX COCOS

Awarded "2016 Certificate of Excellence"

by TripAdvisor

MERVILLE BEACH

Awarded " 2016 Certificate of Excellence"

by TripAdvisor

" Taking Café LUX* to Mauritius "

WHAT'S NEW AT LUX*

NEW REASONS TO GO LUX*

THE RE-OPENING OF LUX* SOUTH ARI ATOLL MALDIVES WAS THE PERFECT OPPORTUNITY FOR THE BRAND TO PRESENT A SERIES OF MORE REASONS TO GO LUX*. STAY AT A CONVENTIONAL RESORT, AND BEFORE LONG, YOU KNOW WHERE EVERYTHING IS. THAT DOESN'T HAPPEN AT LUX*. SPONTANEITY AND SURPRISES ARE IN OUR DNA WITH THE NEW REASONS TO GO LUX*.

LUX* PHOTO FANATICS

LUX* means light, and so it is also in spirit. So, it should come as little surprise that LUX* is a brand that loves the art of photography. Introducing Photo Fanatics, a unique image-capturing experience that will help guests to capture moments that matter with creative flair, with any camera, from DSLR to mirrorless to smartphone.

JUNKART STUDIO & GALLERY

Many regret the lack of time during their everyday lives to learn a new skill or revive a forgotten hobby. LUX* believes that a vacation can be the perfect time to explore something new or revisit old skills and passions. Guests at LUX* are invited to have fun making one-off artworks and sustainable souvenirs from upcycled materials.

WANDERLUST LIBRARY

Make up for that last-minute pre-holiday book buy at the airport or magazine selection limited by how much your hand luggage can take. LUX* understands the desire to try new things, especially on holiday. To encourage this, LUX* has curated the ultimate collection of books and magazines, to be enjoyed in a cocooned air-conditioned place which will stimulate your travel senses and expand your horizons.

MASTER CHEF

The joy of cooking and the fun of the whole family getting involved is unrivalled. Cook with a professional chef and take home some new tricks.

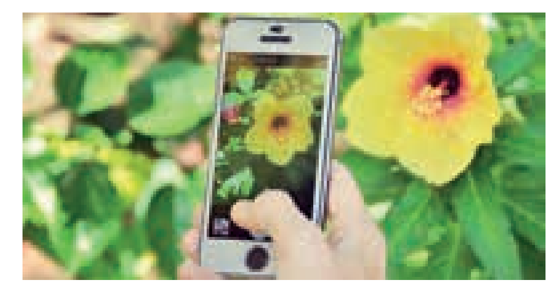
APERITIVO

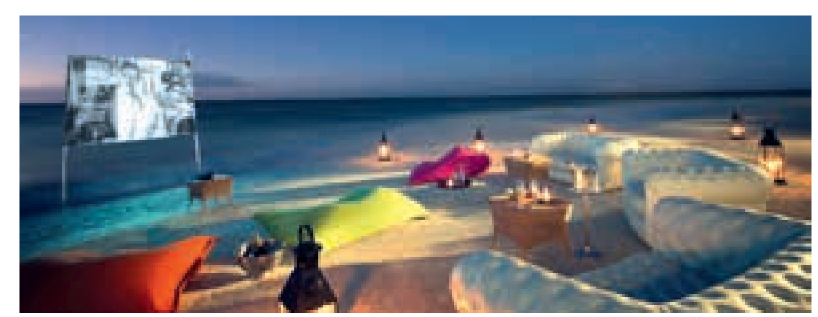
Aperitifs are often the most delicious and exciting part of a dinner party. Based on this, LUX* introduced a new concept, Aperitivo Bar. An ideal spot for socialising and packed full of tasty tapas-style snacks, designed to tantalize taste buds before dinner, signature cocktails designed by LUX*'s expert mixologists. Of course this is no ordinary Aperitivo Bar, the typical LUX* twist is that guests might not always find this bar in the same place...

PANAMA HAT

LUX* is on a never-ending quest to deliver a lighter, brighter holiday exeperience and now that includes the stylish headgear that can be worn at its resorts. LUX* has sourced the finest sustainable Ecuadorian manufacturers for the finest quality of Panamas that can be tailored to your taste.

G4-4











EXPERT-LED WORKSHOPS

LUX* RESORTS HOST SHORT EXPERT-LED WORKSHOPS THROUGHOUT THE YEAR, WITH LEADING PRACTITIONERS FROM DIVERSE, CREATIVE AND INSPIRING WALKS OF LIFE. IT'S ALWAYS A PRIVILEGE TO SPEND TIME WITH INSPIRING INDIVIDUALS WHO ARE HAPPY TO SHARE THEIR UNIQUE WISDOM AND SKILLS.

The brand vision is to offer our guests different luxury hospitality experiences; helping people celebrate life, by making each moment matter. In this context, guests will have the opportunity to enjoy a series of workshops which could reveal innate talents, hidden talents.

The workshops are as varied as they are numerous. There are painting lessons with Jeannine Platz, a motivation workshop with Ron Kaufman, food art with Samantha Lee and photography with world-renowned travel photographer Michael Freeman. For the ones looking for some healthy and fitness options, this has also been taken care of with masterclasses from fitness guru Anna Victoria, and also the opportunity to explore underwater with the freediving world record holder William Winram.

Visit our website www.luxresorts.com for more insight.

SPREADING THE LIGHT

NEW OPENINGS

CHINA

UNLOCK THE MYSTERIES OF CHINA

MARVEL AT EXTRAORDINARY SITES THAT SHOWCASE THEIR TRADITIONS, NATURAL WONDERS AND CULTURAL EVENTS INCLUDING THE GREAT WALL, THE FORBIDDEN CITY, THE TEMPLE OF HEAVEN AND TIANANMEN SQUARE. DISCOVER HOW CHINA HAS MAINTAINED ITS CULTURAL IDENTITY FOR THOUSANDS OF YEARS WHILE BECOMING A FORCE IN THE MODERN WORLD.

NEW OPENINGS

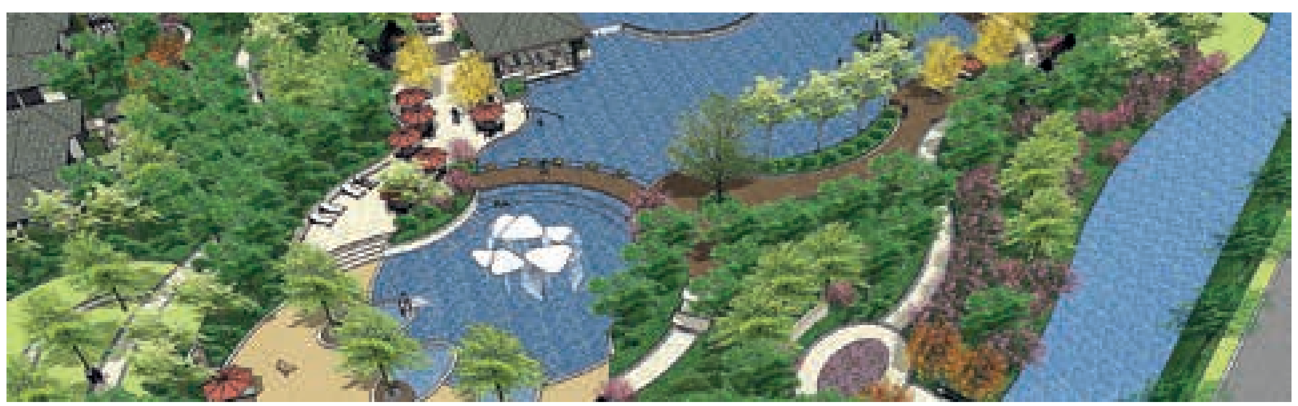
LUX* DIANSHAN LAKE (2019)

LUX* ORGANIC ESCAPE, CHENGDU (2017)

LUX* DIANSHAN LAKE, CHINA

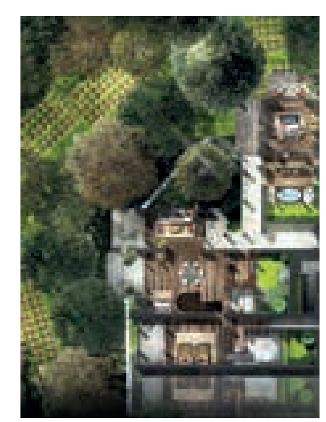
A tranquil waterfront stay
on the outskirts of Shanghai

A tranquil waterfront stay due to be completed in 2019, LUX* Dianshan Lake extends over crystal-clear waters on the outskirts of Shanghai. A vision of slanted roofs and low-lying pavilions, the new resort is just a stone's throw away from the province's most scenic spots and intriguing cultural sites.



LUX* ORGANIC ESCAPE, CHENGDU CHINA

The ultimate in well-being: a luxury resort in an exotic setting
on a farm that produces its own organic produce.



The ultimate in well-being: a luxury resort in an exotic setting on a farm that produces its own organic produce. LUX* Organic Escape is expected to open in early 2017, featuring the LUX* Me Wellness Concept, focusing on detox, relaxation, wellness, organic food and healthy living

G4-4

LUX* TEA HORSE ROAD CHINA

THE FORGOTTEN ROAD

THE ANCIENT TEA HORSE ROAD WAS A TRADE ROUTE MAINLY THROUGH YUNNAN, SICHUAN AND TIBET. IN ANCIENT TIMES, PEOPLE IN SICHUAN AND YUNNAN PROVINCES EXCHANGED TEA FOR HORSES, SALT AND MEDICINES WITH PEOPLE IN TIBET. THE TEA, THE MEDICINE AND THE OTHER MATERIALS WERE TRANSPORTED BY MABANG (CARAVANS), AND THUS THE PATHWAY WAS CALLED THE TEA HORSE ROAD.

LUX* TEA HORSE ROAD LIJIANG • CHINA

LUX* TEA HORSE ROAD BENZILAN • CHINA

REUNION ISLAND

TAKE A WALK ON THE WILD SIDE

REUNION ISLAND IS KNOWN FOR ITS STUNNING WHITE SAND BEACHES AND THE LAGOON IN SAINT-GILLES, BUT WHAT MANY PEOPLE DO NOT KNOW IS THAT IT OFFERS TOURISTS AND LOCALS ALMOST 1,000KM OF HIKING TRAILS THROUGH THEIR LUSH FORESTS, ROCKY VOLCANIC MOUNTAINS AND DUSTY PLAINS.

THE ISLAND IS PREDOMINANTLY FRENCH, SO YOU'LL FIND A LOT OF SIMILAR FOODS FOUND IN FRANCE ITSELF, BUT MOSTLY WITH A CREOLE TWIST.

LUX* SAINT GILLES • REUNION ISLAND

NEW OPENING
LUX* SUD SAUVAGE (2017)

LUX* SUD SAUVAGE REUNION

Soul-stirring panoramas of architectural wonders, living traditions, colourful cultures...

Due to open in 2017, eco-resort LUX* Sud Sauvage graces the wild southern coast of Reunion Island. Nestled in acres of lush gardens, its luxurious pool villas open to sweeping views of the Indian Ocean, within easy reach of the otherworldly landscape of the Piton de la Fournaise, white-sand beaches and dramatic waterfalls. Explore nature reserves and dramatic lava flows, or simply give in to the gentle rhythm of island life with a dip in your private pool or a breeze-kissed massage in your tropical garden.

MALDIVES

THE DEFINITION OF PARADISE

WELCOME TO THE MALDIVES, WHERE SANDS ARE WHITE AS THE SMILES OF THE LOCALS, WHERE FISH SWIM HAPPILY IN THE WARM WATERS OF THE INDIAN OCEAN, WHERE THE WEATHER IS A DREAM, AND THE DEEP RAYS OF THE SUN WAIT TO ENGULF YOU IN THEIR ARMS

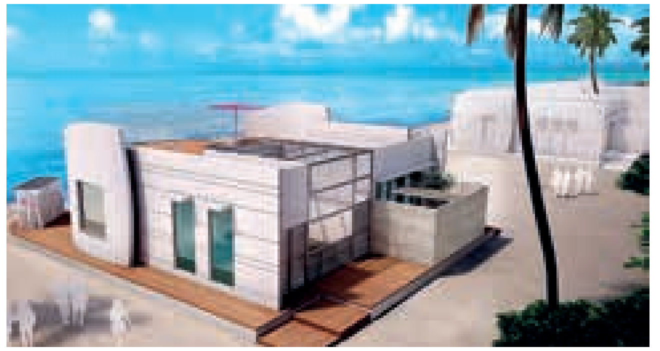
LUX* SOUTH ARI ATOLL • MALDIVES

NEW OPENING

LUX* NORTH MALE ATOLL • MALDIVES (2017)

LUX* NORTH MALE ATOLL MALDIVES

Unparalleled modern luxury, unspoilt island beauty



Blessed with a pristine reef teeming with sea life, LUX* North Malé Atoll is set to redefine island hospitality when it opens in 2017. With 60 idyllic villas, sweeping ocean views and a fleet of luxury yachts, this is a one-of-a-kind escape for confirmed epicureans.

TURKEY

THE DELIGHT

DISCOVER A BEAUTIFUL COUNTRY, WITH A FASCINATING HISTORY, SANDY BEACHES WITH TURQUOISE WATER, AND CAPTIVATING ARCHAEOLOGICAL SITES. GET TO KNOW THE BREATHTAKING SCENERY OF THE TURKISH RIVIERA; THE SPARKLING WATERS, BEACHES AND RELAXING ATMOSPHERE OF THE MEDITERRANEAN COASTAL TOWN OF BODRUM MAKE IT A HIGHLY POPULAR GETAWAY SPOT. BODRUM, ONCE CALLED HALICARNASSUS OF CARIA IN ANCIENT TIMES IS FAMOUS FOR HOUSING THE MAUSOLEUM OF MAUSOLUS, ONE OF THE SEVEN WONDERS OF THE ANCIENT WORLD.

NEW OPENING

LUX* BODRUM • TURKEY (2017)

LUX* BODRUM TURKEY

The place to be on Turkey's Riviera

Spring 2017 will see a brand new five-star LUX* boutique hotel opening on a private peninsula on the north coast of Turkey's most glamorous holiday destination. An intimate resort with award-winning architecture in an area of pine-clad hills dotted with cute sugar-cube homes and exotic landscaped gardens, LUX* Bodrum is surrounded by radiant blue Aegean waters, and all of the 66 rooms and 19 chic residences have panoramic sea views in high definition.

U.A.E

DIVINE INSPIRATION

CAREFULLY DEVELOPED TO PROTECT ITS RICH NATURAL HERITAGE, THIS DESTINATION IS A CANVAS FOR A LIFE IN VIBRANT COLORS WHERE EVERY MOMENT COUNTS. PEACEFUL SANTUARY OF UMBLEMISHED SHORELINE AND NATURAL BEAUTY, LUX* AL ZORAH UNVEILS TO A NEW WAY OF LIVING.

NEW OPENING

LUX* AL ZORAH • U.A.E (2018)

LUX* AL ZORAH U.A.E

The place to experience
the country's outstanding wildlife and nature

Minutes away from Dubai's urban landscape, LUX* Al Zorah masters the LocaleLight concept of the group through the biodiversity of the peninsula and its distinctive cultural traits. The proximity to natural mangroves home to an impressive resident population of pale-pink flamingos, as well as its leading position at the core of 12km of waterfront, offers an infinite variety of thrilling outdoor activities for those seeking more than just a holiday by the pool.

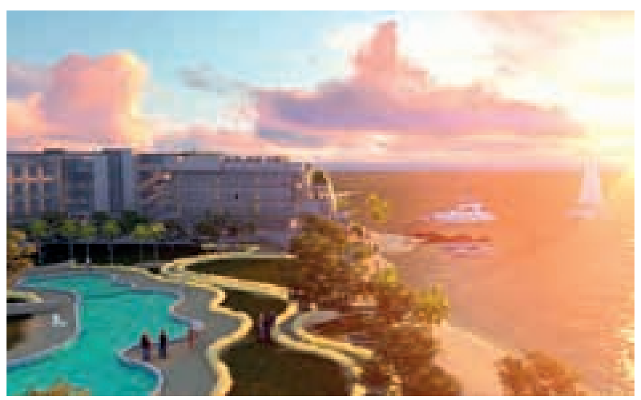
MAURITIUS

MOUNTAINOUS ISLAND

WHICH BURSTS DRAMATICALLY FROM THE INDIAN OCEAN. THE UNIQUE COLORS OF THE WATERS THAT SURROUND MAURITIUS WOULD LEAVE ANY VISITORS SPEECHLESS. THE ISLAND'S WILDLIFE STORY LONG AGO CAPTURES IMAGINATION... STUNNING BEACHES, DIVERSE CULTURE AND RICH CUISINE – MUCH IS MADE OF THIS NATION'S SEDATE ATTRACTIONS.

LUX* BELLE MARE • MAURITIUS
LUX* LE MORNE • MAURITIUS
LUX* GRAND GAUBE • MAURITIUS

NEW OPENING
LUX* GRAND BAIE • MAURITIUS (2019)



LUX* GRAND BAIE MAURITIUS

Lazy days and lively nights on the serene sands of northern Mauritius

A short stroll from the bustle of Grand Baie seaside village, the coconut-palm-shaded resort of LUX* Grand Baie fuses daytime adventures with nocturnal thrills, rewarding seekers of tranquillity and nightlife lovers in equal measure. Spend days lounging poolside or basking in the sun-warmed lagoon, or try your skills against the ocean by waterskiing, windsurfing or kayaking the coast. On dry land, perfect your backhand on the tennis courts; play volleyball and pétanque on the beach, and give yourself over to a body-beautifying LUX* Me Fitness programme, tailored to you. As far as dining goes, you're in charge. Saunter straight into the kitchens and take your pick from the pans at MIXE, or take a seat at the tapas bar for classic Spanish bites and more than 40 wines from the barrel. Enjoy the variety of cuisines from Beach Rouge and the unique Roof Top Experience. Not forgetting the omnipresent Café LUX*.

G4-4

VIETNAM

AN ENTICING HIDEAWAY

PHU QUOC IS A GEM OF A DESTINATION, THE BIGGEST ISLAND IN VIETNAM AND OFTEN REFERRED TO AS PEARL ISLAND, ALTHOUGH ITS PEARL INDUSTRY IS ONLY ONE OF ITS MANY ATTRACTIONS. IT NOT ONLY HAS IDYLLIC BEACHES BUT FANTASTIC COUNTRYSIDE.

NEW OPENING

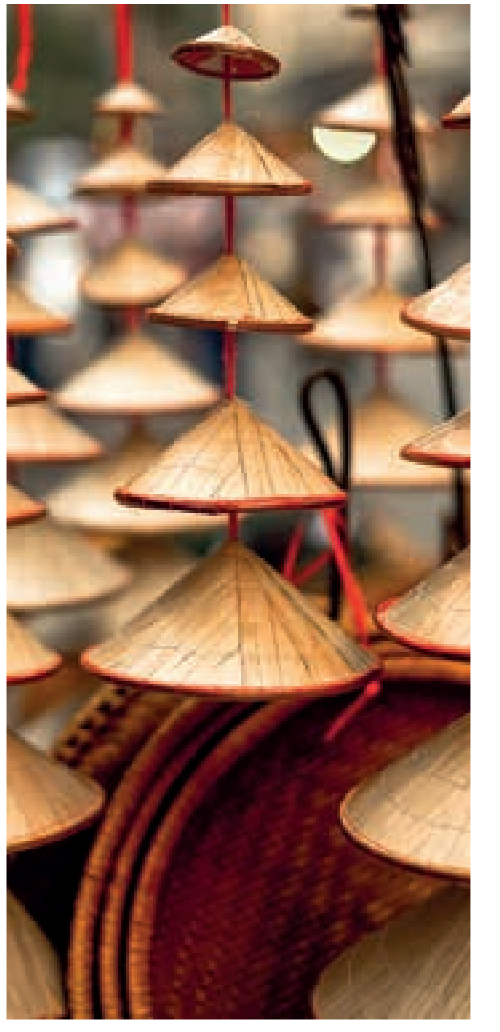
LUX* PHU QUOC • VIETNAM (2018)

LUX* PHU QUOC VIETNAM

An adventurous escape… in a country of breathtaking natural beauty

Located on the north coast of Phu Quoc Island, on the water edge offshore from the Kiên Giang Biosphere Conservation Area, part of UNESCO Heritage site as a World Biosphere Reserve, LUX* Phu Quoc is set to open in 2018. This whole overwater resort and villas will be perched on stilts above the emerald lagoon of Phu Quoc; offering the luxury of escaping to a spacious hideaway completely over the water. An enticing hideaway, where island life, serenity and exploration harmoniously blends together for the perfect escapade.

G4-4



CORPORATE GOVERNANCE REPORT

STATEMENT OF CORPORATE GOVERNANCE

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

COMPANY CONSTITUTION

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

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

SHAREHOLDING

At 30th June 2016, the Company's share capital was Rs 1,369,094,030 (136,909,403 shares) and there were 5,288 shareholders (30.06.15: 3,471) on the registry.

The directors regard IBL LTD (formely known as GML Investissement Ltée) as the ultimate holding company and as at 30th June 2016, two directors were common to the Company and IBL LTD, namely Messrs Arnaud Lagesse and J. Cyril Lagesse.

Shareholding of more than 5% of the Company at 30th June 2016 were:

GML Investissement Ltée (Now IBL LTD)	39.33%
MCB Group	10.02%
Swan Life Ltd	6.36%
Other shareholders	44.29%
Total	100.00%

The Company's shareholding profile as at 30th June 2016 was as follows:

DEFINED BRACKETS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES OWNED	PERCENTAGE %
1-500	2,538	347,146	0.254
501-1,000	545	423,397	0.309
1,001-5,000	1,103	2,736,329	1.999
5,001-10,000	372	2,752,128	2.010
10,001-50,000	514	10,791,573	7.882
50,001-100,000	100	7,223,154	5.276
100,001-250,000	65	10,090,512	7.370
250,001-1,000,000	44	19,348,968	14.133
1,000,001-1,500,000	1	1,346,164	0.983
Over 1,500,000	6	81,850,032	59.784
	5,288	136,909,403	100.00

G4-34, G4-56

SUMMARY OF SHAREHOLDER CATEGORY

CATEGORY OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES OWNED	% OF TOTAL ISSUED SHARES
Individuals	4,795	32,310,116	23.600
Insurance and assurance companies	15	9,496,663	6.936
Pension and provident funds	132	18,256,274	13.335
Investment and trust companies	43	56,497,611	41.266
Other corporate bodies	302	20,346,739	14.861
PLc Groups	1	2,000	0.001
	5,288	136,909,403	100.00

SHARE PRICE INFORMATION

At the time of reporting, the share price of the company is around Rs 59.25/- compared to Rs 63/- at the same period for the previous financial year.

SHAREHOLDERS' AGREEMENT

The Company is aware of the existence of a shareholders' agreement, signed in September 2007 between IBL Ltd (formerly GMLIL) and the Swan Life Ltd (previously known as "The Anglo-Mauritius Assurance Society Ltd"), which together hold 45.69% of the share capital of the Company.

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

MANAGEMENT AGREEMENT

LUX Hospitality Ltd, a subsidiary of Lux Island Resorts Ltd, was incorporated for the purpose of securing management contracts from third party owners. As from the 1st February 2013, all existing management contracts between Poseidon Limitee and the hotels within the Group have been transferred to LUX Hospitality Ltd.

DIVIDEND POLICY

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

The Board declared a final dividend of Rs 1.15 per share with respect to the year ended 30th June 2016 (2015 : Rs 1.00 per share).

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

PERIOD	INTERIM	FINAL	TOTAL
Year ended 30th June 2012	nil	nil	nil
Year ended 30th June 2013	nil	nil	nil
Year ended 30th June 2014	nil	0.50	0.50
Year ended 30th June 2015	nil	1.00	1.00
Year ended 30th June 2016	nil	1.15	1.15

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

In order to be more efficient and dedicated, the Directors have decided to separate the Operations from the Management and thus split the actual board into 2 different boards as follows :

- The Board of Lux Island Resorts Ltd to focus on the development of the hotel properties owned by the Company.

- The Board of LUX Hospitality Ltd to focus on all hotel operations including hotel owned by third parties.

Therefore, the Board of Lux Island Resorts Ltd is now composed of Messrs Arnaud Lagesse as Chairman, Paul Jones, Jean-Claude Béga, Laurent de la Hogue, Jean de Fondaumière, Désiré Elliah, Stéphane Lagesse, Thierry Lagesse and Maxime Rey.

Mr J. Cyril Lagesse resigned on 30th June 2016 and was replaced by Mr Thierry Lagesse who was appointed on the Board on 1st July 2016.

Messrs Alexis Harel, Julian Hagger and Christof Zuber resigned from the Board of Lux Island Resorts Ltd in November 2015 and were nominated on the Board of LUX Hospitality Ltd.

The nomination of Mr Thierry Lagesse together with the re-appointment as directors of Messrs Paul Jones and Laurent de la Hogue who retired by rotation shall be submitted to the approval of the shareholders at the forthcoming Annual Meeting of Shareholders, in line with the recommendations of the Corporate Governance Committee, which also serves as Nomination Committee.

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

The table below sets out the directors' respective category, direct and indirect interests and number of other directorships in listed companies as at 30th June 2016:

		DIRECT INTEREST		INDIRECT INTEREST	NUMBER OF OTHER DIRECTORSHIPS
DIRECTORS	CATEGORY	SHARES	%	%	IN LISTED COMPANIES
Jean-Claude Béga	NED	239,253	0.17	-	2
Jean de Fondaumière	INED	37,932	0.03	-	4
Laurent de la Hogue	NED	25,000	0.01	-	3
Désiré Elliah	ED	749,977	0.54	-	-
Paul Jones	ED	287,000	0.21	-	-
Arnaud Lagesse	NICB	38,425	0.03	0.57	7
J. Cyril Lagesse (resigned on 30.06.16)	NED	165,080	0.12	-	3
Stéphane Lagesse	NED	118,276	0.08	-	2
Maxime Rey	NED	4,000	0.00	-	4
ALTERNATE DIRECTORS					
Amaury Lagesse (Alt to S. Lagesse)	-	20,933	0.01	-	-
Hugues Lagesse (resigned as Alt to J. C. Lagesse on 30.06.16)	-	-	-	0.10	-
Dev Poolovadoo (Alt to D. Elliah)	-	429,071	0.31	-	-

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

Following implementation of the share scheme, the following directors have direct holding in the subsidiary, LUX Hospitality Ltd.

	% HOLDING IN LUX HOSPITALITY LTD
Paul Jones	2.0%
Julian Hagger	0.8%
Désiré Elliah	0.7%

Apart from the above holding 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/(SOLD) INDIRECTLY
Jean de Fondaumière	(10,000)	-
Paul Jones	287,000	-
Arnaud Lagesse	(14,891)	-
Maxime Rey	4,000	-
Hugues Lagesse	(11,642)	-
Dev Poolovadoo	(50,000)	-

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

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

COMMUNICATION

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

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

BOARD APPRAISAL

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

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

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

CORPORATE GOVERNANCE REPORT

BOARD ACTIVITY DURING THE YEAR

The Board met five times between 1st July 2015 and 30th June 2016 - the individual attendance by directors is detailed below - for the purpose of considering and approving, amongst other things:

The audited financial statements for the year ended 30th June 2015 and relevant publications

- Update on various projects
- Approval of Q1 results
- Approval of Q2 results
- Approval of Q3 results
- Budget for the financial year ending 30th June 2017

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

Attendance Report (Period ended 30th June 2016)

		COMMITTEES		
	BOARD	AUDIT	REMUNERATION	CORPORATE GOVERNANCE
NUMBER OF MEETINGS HELD	5	5	4	2
Jean-Claude Béga	5	5		
Laurent de la Hogue	5			
Jean de Fondaumière	5	5	4	
Désiré Elliah	5			
Julian Hagger	1 on 2			
Alexis Harel	2 on 2	2 on 2	4	2
Paul Jones	5			
Arnaud Lagesse	5		4	2
J. Cyril Lagesse	4			
Hugues Lagesse (as Alt to J. C. Lagesse)	1			
Stéphane Lagesse	3	4		
Maxime Rey	5	3 on 3		
Christof Zuber	2 on 2		4	2
IN ATTENDANCE				
Chief Executive Officer		4	4	2
Chief Financial Officer		5		
Chief Internal Auditor		5		
External auditors		1		

(1) Julian Hagger – resigned as Director to the Board on 25.11.2015
(2) Alexis Harel – resigned as Director to the Board on 25.11.2015
(3) Christof Zuber – resigned as Director to the Board on 25.11.2015
(4) Alexis Harel – resigned as Chairman and member of the Audit Committee on 25.11.2015
(5) Maxime Rey – appointed as member of the Audit Committee on 25.11.2015

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

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

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

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

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

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

- Approval of the financial statements as at 30th June 2016
- Review of the budget for 2016/17
- Audit Plan for 2016/2017
- Taken cognizance of the internal and external audit reports issued.

The members of the Audit Committee are as follows:
Jean de Fondaumière (appointed as Chairman on 25.11.2015)
Jean-Claude Béga
Stéphane Lagesse
Maxime Rey (appointed on 25.11.2015)
Alexis Harel (resigned as Chairman and Member on 25.11.2015)

G4-16

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

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

The Remuneration Committee met two times during the year and its members comprised of:
Christof Zuber (appointed as Chairman on 25.11.2015)
Arnaud Lagesse (resigned as Chairman on 25.11.2015)
Jean de Fondaumière
Alexis Harel

CORPORATE GOVERNANCE COMMITTEE

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

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

The members of the Committee are :
Arnaud Lagesse (appointed as Chairman on 25.11.2015)
Alexis Harel (resigned as Chairman on 25.11.2015)
Christof Zuber

COMPANY SECRETARY

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

INDEPENDENT PROFESSIONAL ADVICE

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

STATEMENT OF REMUNERATION PHILOSOPHY

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

For the year ended 30th June 2016, there was no change to the fee structure of directors, which was as follows:

BOARD	
Annual director's fees	Rs100,000
Attendance fee	Rs10,000
AUDIT COMMITTEE	
Chairman's Attendance fee	Rs75,000
Member's Attendance fee	Rs50,000
CORPORATE GOVERNANCE COMMITTEE	
Attendance fee	Rs25,000

Remuneration paid to each executive director has not been disclosed individually as the Board considers this information as very sensitive in this very competitive environment. However, remuneration is set by the Remuneration Committee based on prevailing market rates. See page 89.

RELATED PARTY TRANSACTIONS

Please refer to page 162, Note 39 to the Financial Statements.

EXECUTIVE SHARE SCHEME

The Group has implemented an employee share scheme for its executives and senior employees of the company and its subsidiaries. Executives and senior employees are granted shares in the subsidiary, LUX Hospitality Ltd.

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

DONATIONS

The Company has a policy of channeling all requests for donations (excluding political donations, which are dealt with directly by the Board) and other forms of social assistance through its Corporate Social Responsibility function, duly incorporated under Lux Island Resorts Foundation since December 2009 Please refer to page 89, in Other Statutory Disclosures, for information regarding political and other donations.

CALENDAR OF IMPORTANT EVENTS

Publication of 1st quarter results	October 2016
Annual Meeting of Shareholders	December 2016
Declaration/payment of interim dividend (if applicable)	November/December 2016
Publication of half-yearly results	January 2017
Publication of 3rd-quarter results	April 2017
Declaration/payment of final dividend (if applicable)	June 2017
Financial year-end	June 2017
Publication of abridged end-of-year results	September 2017

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL AND RISK MANAGEMENT

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

INTERNAL AUDIT

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

RISK MANAGEMENT

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

The main risks faced by the Group are listed below.

- **INDUSTRY OR SECTOR RISK**

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

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

- **POLITICAL RISK**

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

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

- **MARKET RISK**

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

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

- **INFORMATION SYSTEM RISK**

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

- **HUMAN RESOURCE RISK**

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

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

- **HEALTH, SAFETY AND ENVIRONMENTAL RISKS**

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

- **INSURABLE RISK REVIEW**

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

- **FINANCIAL RISKS**

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

  Credit risk

  The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment. The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The Group has policies in place to ensure that sales of products and services are made to clients with an appropriate credit history. Adequate insurance cover has also been taken against this risk.

  Interest rate risk

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

  Foreign Exchange risk

  It is the practice in the hospitality industry to fix tariffs yearly in advance. In order to achieve stability of tariffs in the overseas markets, 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. The Group is therefore exposed to a fall in revenue should the Rupee appreciate against one or more of the international currencies.

  Liquidity risk

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

ETHICS

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

CORPORATE SOCIAL RESPONSIBILITY

Please refer to Sustainability Initiatives on pages 92-103.

GREEN INITIATIVES

Please refer to pages 92-103.

Désiré Elliah
LUX Hospitality Ltd
Secretary

30th September 2016

OTHER STATUTORY DISCLOSURES

(PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

The directors have pleasure in submitting the Annual Report of Lux Island Resorts Ltd and its subsidiaries for the year ended 30th June 2016.

MAIN ACTIVITIES

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

RESULTS FOR THE YEAR

The statement of profit or loss for the year ended 30th June 2016 are shown on page 111. Revenue of the Group and the Company was Rs 5,158 million and Rs 115 million respectively (2015: Group Rs 4,655 million and the Company Rs 255 million). The Group's profit for the year amounted to Rs 418 million (2015: profit of Rs 373 million) while the Company made a profit of Rs 59 million compared to a profit of Rs 132 million for the year ended 30 June 2015.

DIVIDENDS

A dividend of Rs 1.15 per share, totalling Rs 157 million, has been declared in respect of the financial year ended 30th June 2016 (2015: Rs 1.00 per share, totalling Rs 137 million).

DIRECTORS SERVICE CONTRACT

The Chief Executive Officer and the Chief Sales and Marketing Officer have service contracts which expire on 30th June 2019. The executive director of White Sand Resorts & Spa Pvt Ltd has a service contract which expires on 30th July 2019. The other executive directors of the Group have no service contract. Their employment is only subject to the Employment Rights Act and has no expiry date.

INDEMNITY INSURANCE

During the current year, the directors of Lux Island Resorts Ltd and its subsidiaries have renewed the indemnity insurance cover for directors'/ officers' liability.

CONTRACT OF SIGNIFICANCE

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

DIRECTORS' SHARE INTEREST

The interests of the directors in the securities of the company, as at 30th June 2016, are disclosed on pages 80 and 81.

DIRECTORS' EMOLUMENTS

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

	Year ended 30th June 2016		Year ended 30th June 2015	
	Executive	Non- Executive	Executive	Non- Executive
	Rs	Rs	Rs	Rs
The Company	-	1,525,000	-	*2,155,000*
Subsidiary (note a and b)	94,621,000	-	*57,958,000*	-

(a) includes alternate directors.

(b) In view of the eventual separation of the property and management company, a separate board was set up for the management company (LUX Hospitality Ltd) during the year with additional executives appointed on the board.

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

DONATIONS

Donations were as follows:

	Year ended 30th June 2016		Year ended 30th June 2015	
	Political	Others	Political	Others
	Rs	Rs	Rs	Rs
The Company	-	-	*400,000*	-
The Subsidiaries				
Holiday & Leisure Resorts Limited	-	162,000	*400,000*	*78,857*
Beau Rivage Co Ltd	-	181,000	*400,000*	*69,172*
Les Pavillons Resorts Ltd	-	83,000	*400,000*	*71,706*
LUX Hospitality Ltd	-	118,000	*400,000*	*47,622*
Néréide Ltd	-	12,000	-	-

AUDITORS

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

	THE GROUP		THE COMPANY	
	Year ended 30th June 2016	Year ended 30th June 2015	Year ended 30th June 2016	Year ended 30th June 2015
	Rs	Rs	Rs	Rs
(a) Ernst & Young				
Audit services	2,887,500	*2,750,000*	535,000	*510,000*
Other services	255,000	*235,000*	95,000	*75,000*
	3,142,500	*2,985,000*	630,000	*575,000*
(b) Other Auditors				
Audit services	1,945,000	*1,832,500*	-	-
Other services	-	-	-	-
	1,945,000	*1,832,500*	-	-
TOTAL	5,087,500	*4,767,500*	630,000	*575,000*

OTHER STATUTORY DISCLOSURES

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 and comply with International Financial Reporting Standards;
- the financial statements have been prepared on the going concern basis;
- they are responsible for safeguarding the assets of the Group and of the Company;
- they have taken reasonable steps for the prevention and detection of fraud and other irregularities; and

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

By Order of the Board

Arnaud Lagesse	**Jean de Fondaumière**
Chairman	**Chairman of the Audit Committee**

This 30th September 2016

SUSTAINABILITY INITIATIVES

FRAMEWORKS AND SUSTAINABILITY STRATEGY

LUX* has now a well-established corporate reputation as a responsible business and this is its third integrated report, demonstrating firm commitment to sustainability. As mentioned at the beginning of the Integrated Annual Report, the report has been prepared in accordance with international frameworks such as the GRI G4 (Global Reporting Initiative), the IIRC framework (International Integrated Reporting Council), the UN Global Compact and the Sustainable Development Goals (SDGs) Compass. Other guidelines being used are the Montreal Greenhouse Gas Protocol, DEFRA UK (Department of Environment, Food & Rural Affairs) and the HCMI (Hotel Carbon Management Initiative). These guidelines help ensure that the information which the report contains is aligned with all the Sustainability requirements of both local and global stakeholders with whom LUX* is collaborating in the value creation chain. LUX* is part of GRI Gold Community. Gold Community members are GRI's core supporters. LUX* is at the heart of the community shaping the future of sustainability and reporting, and empowering decision making towards a more sustainable economy and world. LUX* is mapping the UN SDGs (Sustainable development Goals) with its GRI G4 KPIs.

Information is also aligned with the Stock Exchange of Mauritius Sustainability Index (SEMSI), which is based on the GRI G4 Sustainability guidelines and the four pillars are: Corporate Governance, Economy, Environment and Social. To optimise on resources, focus has been on issues which are material to LUX*. To fulfil the requirement for all the destinations, the report reflects efforts to support the implementation of the Maldives National Strategy for Sustainable Development (NSSD), which defines the vision for sustainable development as "development achieved through progress in the three pillars of sustainable development - economic growth, environmental conservation, social integration and good governance."

For Reunion Island, the policy for sustainable development rests on the 'Green Energy Revolution – Reunion Island' or GERRI[1], which englobes the implementation of several sectoral strategies including Energy Production, Energy Storage, Transportation, Urbanism, Tourism as well as urban development. The national objective of Reunion Island is to become completely autonomous in energy production by 2030. LUX* hence intends to invest in energy efficiency and renewable energies, which directly supports the GERRI initiative. The strategy is also aligned with Paragraph 47 of the Rio+20 Outcome Document – The Future We Want[2]. LUX* being present in four island destinations, part of Small Island Developing States (SIDS), its sustainable development initiatives fully support the implementation of the SAMOA Pathway[3] by 'taking into account the importance of transparency, accountability and corporate social responsibility'. For the Yunnan Province in China, LUX* aligns itself with the commitment of the authority to keep the level of clean air. Since LUX* is serving international markets, it ensures that it participates in international objectives, like for example, the Climate Change Paris Agreement.

The report ensures covering the requirements in terms of Completeness, Balance, Comparability, Accuracy, Timeliness, Clarity, Reliability, Stakeholder Inclusiveness and Materiality. The material aspects were identified through GRI Methodology[4], including dialogues with LUX* key stakeholders and which had been validated by the Chairman, the CEO, the Executive Secretary and the Board of Directors[5]. To ensure implementation, there are clear policies, communication and feedback.

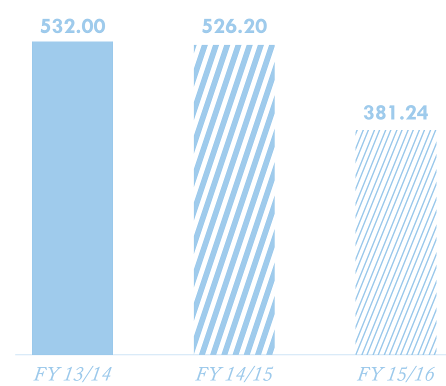
1 http://www.regionreunion.com/fr/spip/-Highlights-of-the-Climate-Energy-.html – accessed 28 September 2016.
2 http://www.uncsd2012.org/content/documents/727The%20Future%20We%20Want%2019%20June%201230pm.pdf – accessed 28 September 2016.
3 United Nations (2015). SAMOA Pathway. A/CONF.223/3. (http://www.sids2014.org/content/documents/336SAMOA%20Pathway.pdf – accessed 22 September 2015)
4 https://www.globalreporting.org/resourcelibrary/GRIG4-Part2-Implementation-Manual.pdf - accessed 8 September 2014.
5 http://www.luxresorts.com/media/2911202/GRIAnnualReport2015_25May2015.pdf - accessed 22 September 2015.

G4-18, G4-19, G4-20, G4-21, G4-24, G4-25, G4-26, G4-27

REPORT BOUNDARY

With the concept of Stakeholder Inclusiveness at the core of its business strategy, the report contains key performance indicators on the resorts operating in the destinations: Mauritius, Reunion, the Maldives and China. To ensure transparency and integrity, non-financial sustainability information has undergone an external assurance process by independent external auditors. As previous sections have shown, the report has also followed the mandatory International Financial Reporting Standards (IFRS) for financial information, and the Code of Corporate Governance of Mauritius. Special attention is given to Principle No.6 and Principle No.8 of the Code[6] when it comes to integrated reporting and transparency. The report contains Social, Environmental and Economic information and actions taken to enhance positive impacts and mitigate or avoid negative impacts of operations on the Planet and People while increasing Profit. The report also shows the mapping of the UN Sustainable Development Goals (SDGs) with GRI G4.

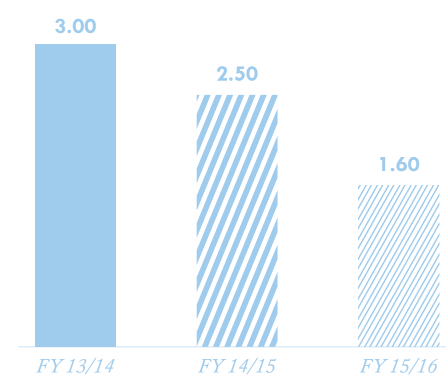
KEY PERFORMANCE INDICATORS



ENERGY (MJ/RNS)

REDUCTIONS
- **-28% against baseline**
- **-28% against Last Year, showing a decrease in energy intensity.**

PROJECTS
- **Low Energy Consumption Lighting**
- **Key Cards Control**
- **Energy Management System**
- **In the Pipeline – Renewable Energy Solutions**



WATER (m3/RNS)

REDUCTIONS
- **-47% against baseline**
- **-36% against Last Year, showing a decrease in water intensity.**

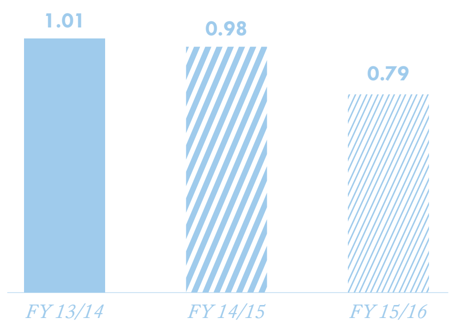
PROJECTS
- **Laundry Asterix**
- **In the Pipeline – Water Optimisation Devices**

Note: RNS = Room Nights Sold

6 http://www.nccg.mu/sites/default/files/files/the_corporate_governance_code_for_mauritius_2016.pdf

G4-18, G4-19, G4-20, G4-21, G4-24, G4-25, G4-26, G4-27, G4EN3, G4EN5, G4EN6, G4EN7, G4EN8, G4EN9, G4EN10

SUSTAINABILITY INITIATIVES

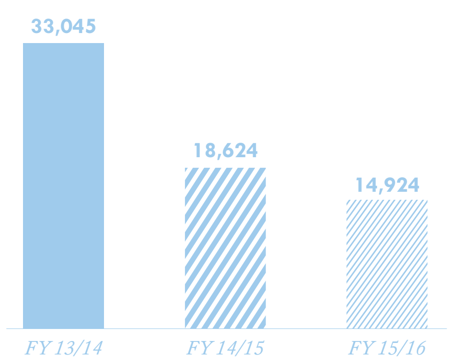


WASTEWATER (m3/RNS)

REDUCTIONS

- -22% against baseline
- -19% against Last Year

CARBON FOOTPRINT



SCOPE 1 & 2 (tCO2e/RNS)

TREAD LIGHTLY

SCOPE 1& SCOPE 2 REDUCTIONS

- -56% against baseline
- -21% against Last Year

SCOPE 3 & TOTAL EMISSIONS:

- Total emissions are 58,652 tCO2,e , while Scope 3 emissions amounted to 18,728 tCO2,e (calculations have been restated, hence no comparison).

OFFSETS

- 25,303tCO2e (16,692.2 tCO2e Last Year)
- +52% in offsets

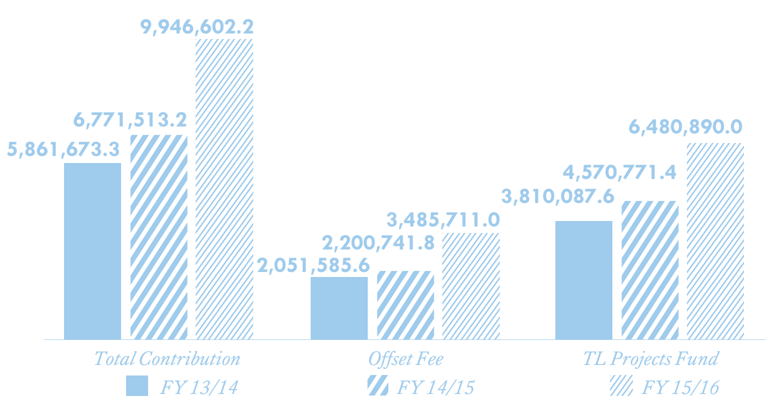
OFFSETTING PROJECTS

The Sarako Photovoltaic Power Plant
the first ever Solar Farm in Mauritius. The 15.2 MW Sarako Photovoltaic Power Plant, in Eau Bonne, Bambous, offsets over 22,000 tons of CO2/annum and supplies 35,000 people with green electricity. This is a truly innovative project for Mauritius and it is an honor for LUX* to be part of such an endeavor.

The Yunnan Mangli Hydropower Project
represents a CO2 offset of 113,000 tons/annum. The project offers direct support to the local economy and society by providing electricity and through job creation. Around 40,000 people now benefit from green electricity.

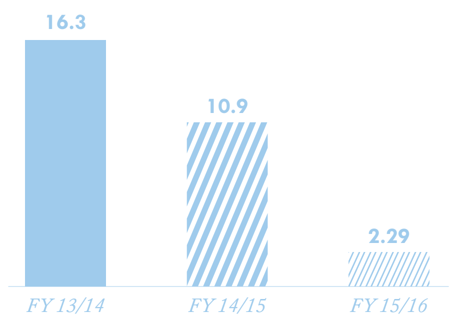
The Appayyapeta Biomass Project in India
uses rice husk, ground nut shell, bagasse, juliflora and other agricultural waste to produce energy. This endeavor abates a total of 33,000 tons of CO2 per annum and contributes to closing the power-deficit of the region, with an estimated 60,000 people being supplied with electricity.

Other projects are:
Uganda Nile Basin Reforestation
Humbo Ethiopia Assisted Natural Regeneration
Bundled wind power project, Bangalore



TREAD LIGHTLY FUND (MUR)

G4-14, G4-15, G4EN16, G4EN17, G4EN18, G4EN19, G4EN22, G4EN23



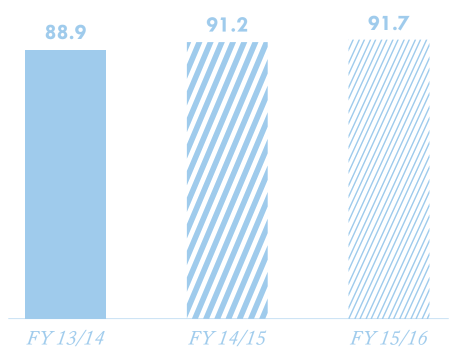
WASTE (kg/RNS)

REDUCTIONS

- -86% against baseline
- -79% against Last Year

PROJECTS

- Oil recycling
- In House Water Bottling to reduce plastic bottles
- Composting



GUEST SATISFACTION INDEX

REDUCTIONS

- +2.8% against baseline
- +0.5 % against Last Year

PROJECTS

- Up Your Service by Ron Kaufman
- LUX* Innovation Challenge
- Continuous Growth & Development of Team
- Leadership Training
- Product Responsibility

G4PR5, G4EN23

SUSTAINABILITY INITIATIVES

BIODIVERSITY

THE MAURITIAN WILDLIFE FOUNDATION (MWF)

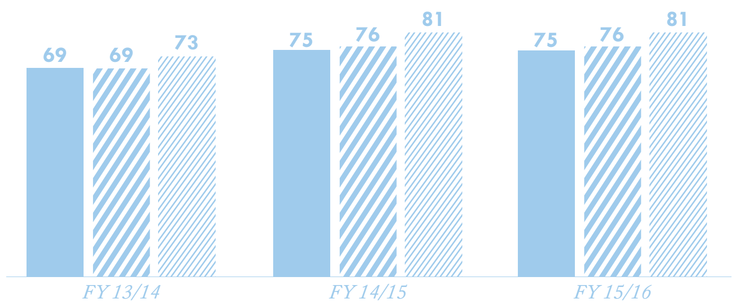
ILE AUX AIGRETTES PROJECT

LUX* continues to focus its efforts in supporting the MWF on project Ile Aux Aigrettes which is home to the last remnants of an ecosystem once abundant in the coastal regions of Mauritius, but almost lost to us today. This coastal forest, rich in ebonies and other endemic species of plants, birds and reptiles and once home of the Dodo, is facing a similar fate. By bringing its share of help, LUX* participates in the protection of the species in danger.

THE WHALESHARK PROJECT

LUX* South Ari Atoll's Marine Biology Centre is providing its continuous support to protect the whale sharks in the South Ari Atoll Marine Protected Area.

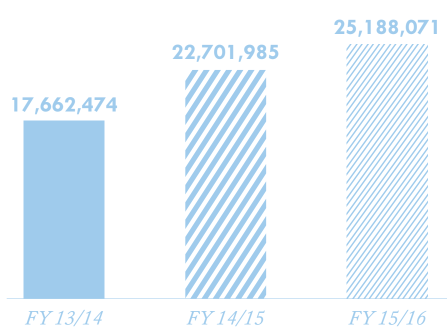
OUR PEOPLE



TEAM MEMBERS ENGAGEMENT SURVEY

EMPLOYMENT

There were 3,023 Team Members during 2015-2016. Continuous emphasis is put on diversity & equal opportunity. Five of the properties also work with recognised Trade Unions for collective bargaining. The Team Member Survey also showed progress compared to previous financial year. The ratio of remuneration remains 1:1 for Male and Female Team Members. The numbers of lost days due to injury has gone down by -15%. (1,959 against 2,310 last year).



INVESTMENT IN TRAINING & DEVELOPMENT (in MUR)

TALENT MANAGEMENT

+11% INVESTMENT AGAINST LAST YEAR

Team Members went through various Training and Development workshops during the year. It was ensured that there was equality in terms of gender and level of employment when training was given, with an average of 141 hours per Team Member (+19% compared to last year).

HUMAN RIGHTS

+ 119% HRS OF TRAINING ON HUMAN RIGHTS

With its constant commitment to ensuring respect for human rights, the company has increased given training to 1,574 hours as compared to 718 hours last year. The management believes that leadership is about empowering the Team Members.

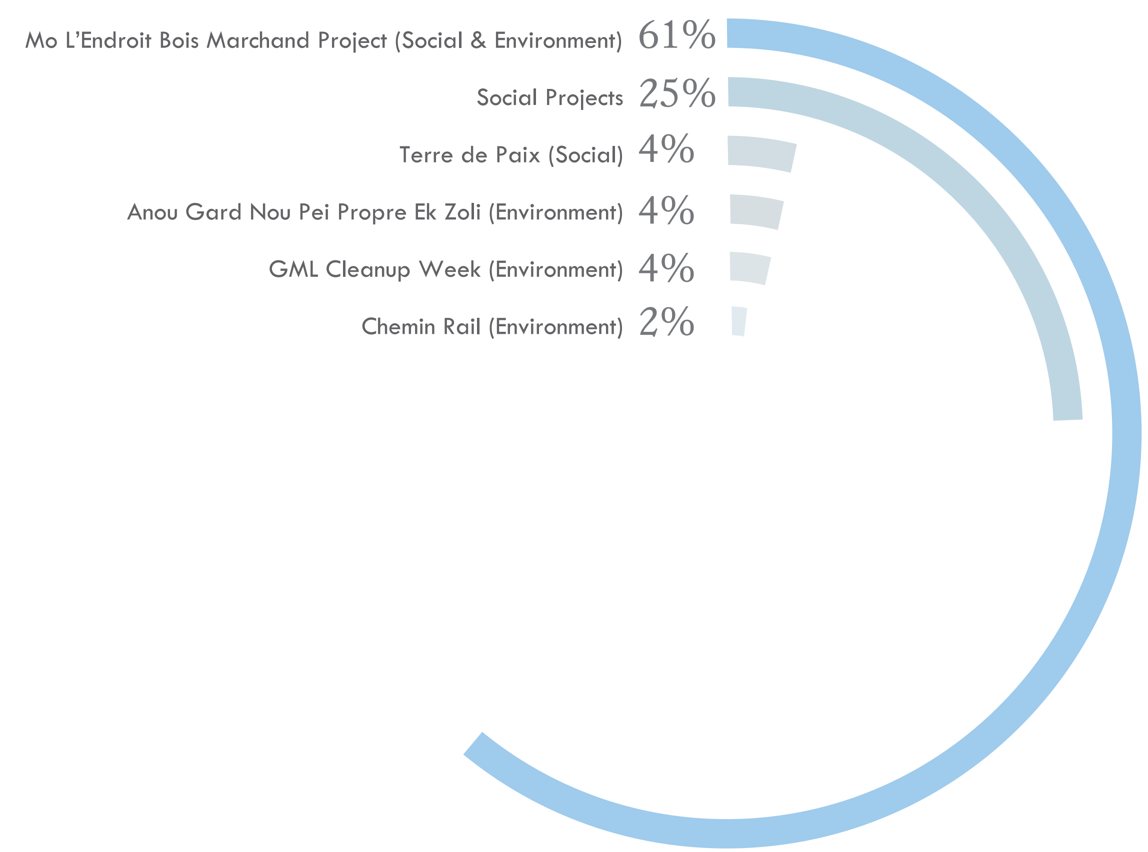
HELPING PEOPLE CELEBRATE LIFE

In line with its purpose Helping People Celebrate Life, various activities and events have been organised during the year to enhance a positive momentum. There were many team building activities and reward and recognitions. Games Tournaments and Competitions were also organised. Other events include Team Members kids party. To ensure well-being, a Professional Psychologist has also been appointed to support Team Members in their personal life.

SOCIETY

A total of MUR 2,447,919 was directed towards varied social and environmental projects. Fifty percent of the total CSR Fund was channeled to the Joseph Lagesse Foundation (JLF) for social and environmental projects. LUX* also supports the platform "Small Step Matters", a crowdfunding initiative by JLF.

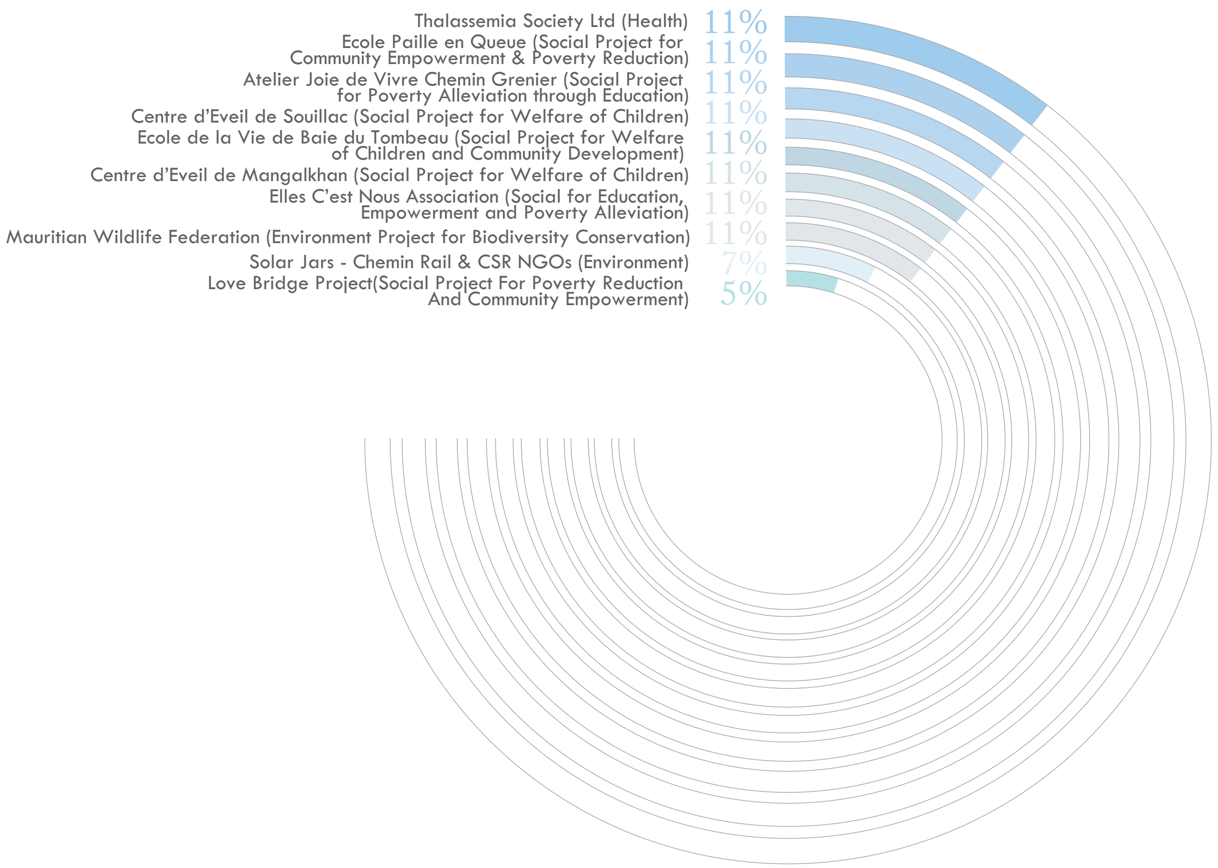
JOSEPH LAGESSE FOUNDATION - LUX* CSR VEHICLE



SUSTAINABILITY INITIATIVES

The other Fifty percent of the fund was used to support the following CSR NGOs and projects, through the properties and Head Office:

CSR PARTNERS AND PROJECTS



RAY OF LIGHT

During the year a Charity Gala was organised through the collaboration of various partners to support Gender Links in the project for Women Empowerment. Gender Links supports the empowerment of Mauritian women from underprivileged backgrounds by giving them the right tools to achieve social, emotional and economical independence. LUX* South Ari Atoll and the Maldivian Blood Services signed an agreement with the aim of generating ways to foster cooperation among medical institutions thus improving services provided to patients suffering from the hematological disorder, thalassemia. LUX* South Ari Atoll also announced its support through donations which will enable the Maldivian Blood Services to cater for more patients and to promote blood donation throughout the country. The Reunion resorts work with NGO 1000 Sourires and sponsor children from very poor backgrounds as well as children suffering from handicaps and illnesses. The team in Lijiang and Benzilan work with the locals on social and environmental projects. LUX* has also been supporting various initiatives during the year as per below:

- AfrAsia Movember-Plage initiative in Cancer
- Christmas celebrations with LUX* sponsored NGOs in all its destinations
- Tournaments, Competitions, Activities for Team Members
- Miss 2015 Beauty Pageant for a Cause was held at LUX* South Ari Atoll
- High tea at LUX* Belle Mare to congratulate Team Members' children
- World Kidney day in collaboration with Apollo Bramwell
- Activities in collaboration with JLF - Cleanup Week & Demain Le Film
- Youth Foundation Movement of Dhigurah and Dhigurah School Maldives

INTERNATIONAL TRAVELIFE GOLD SUSTAINABILITY CERTIFICATION

The prestigious International Travelife Gold Sustainability Certification was awarded to LUX* Belle Mare, LUX* Grand Gaube, LUX* Le Morne, Merville Beach Hotel, Tamassa and LUX* South Ari Atoll, LUX* Saint Gilles and Hotel Le Recif. Travelife is an international system which aims at promoting sustainability practices within the travel and tourism sector, rewarding hotels and accommodations that show progress in their environmental, social and economic impacts in an effective and cost effective manner based on a defined set of assessment of 163 Sustainability criteria. This helps to optimise on resources in value creation, improving performance and the brand. The results of the Key Performance Indicators (KPIs) which follow were also based on these criteria.

G4SO1

SUSTAINABILITY INITIATIVES

Goal 11: Sustainable Places and Communities

Goal 12: Responsible Consumption and Production

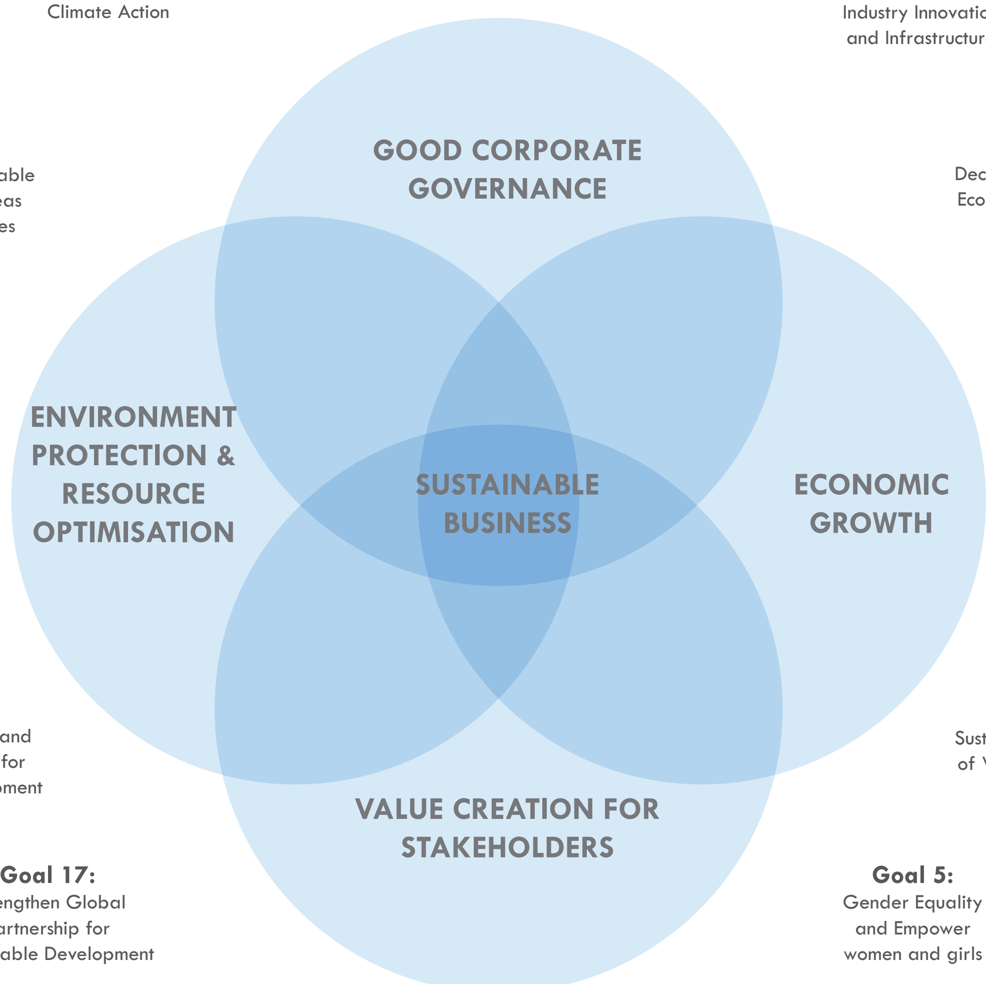
Goal 10: Reduced Inequalities

Goal 13: Climate Action

Goal 9: Industry Innovation and Infrastructure

Goal 14: Conserve and Sustainable use of the oceans, seas and marine resources

Goal 8: Decent Work and Economic Growth



Goal 15: Protect and Sustainable use of terrestrial ecosystems and halt biodiversity loss

Goal 7: Affordable, Reliable, Sustainable and Modern Energy

Goal 16: Promote Peaceful and Inclusive societies for sustainable development

Goal 6: Sustainable Management of Water and Sanitation

Goal 17: Strengthen Global Partnership for Sustainable Development

Goal 5: Gender Equality and Empower women and girls

Goal 1: No Poverty

Goal 4: Inclusive and Equitable Quality Education

Goal 2: No Hunger

Goal 3: Healthy Lives and Well-being

STAKEHOLDER INCLUSIVENESS

An overview of our key stakeholders, how we engage with them and the general nature of their expectations, is provided in the table below:

STAKEHOLDER GROUP	HOW WE ENGAGE WITH OUR STAKEHOLDERS	THEIR CONTRIBUTION TO VALUE CREATION	WHAT OUR STAKEHOLDERS EXPECT FROM US AND WHAT ARE THEIR CONCERNS	IMPACT ON STRATEGY AND OBJECTIVES
TEAM MEMBERS AND MANAGEMENT	• 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	Team members are the most important asset and form the foundation of our business by being productive and elevating guest experience to LUX* Shining level.	**Expectation:** Providing a safe, stimulating and rewarding work environment which 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	Elevate Team Member Engagement
SHAREHOLDERS AND INVESTORS	• 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	Investors provide the financial capital necessary to sustain growth, development and innovation.	**Expectation:** Providing sustained returns on investment through sound risk management, strategic growth opportunities and good governance practices. Brand reputation (responsible business) **Concern:** • Delivering sustainable growth and returns • Dividends • Leadership and strategic direction • Corporate governance and ethics • Progress of projects • Capital expenditure plans for current and future periods (risks and opportunities of expansion) • Liquidity and gearing	• Revenue Growth • Optimise cost • Project development

SUSTAINABILITY INITIATIVES

STAKEHOLDER GROUP

STAKEHOLDER GROUP	HOW WE ENGAGE WITH OUR STAKEHOLDERS	THEIR CONTRIBUTION TO VALUE CREATION	WHAT OUR STAKEHOLDERS EXPECT FROM US AND WHAT ARE THEIR CONCERNS	IMPACT ON STRATEGY AND OBJECTIVES
GUESTS	• Online satisfaction surveys (e.g TripAdvisor) • Reward programmes • Dedicated customer relationship managers and call centres • Active website, Twitter and Facebook engagement • Personal, one-to-one interaction • Live Chat	Understanding the needs of our guests, their perceptions and behaviours helps us to deliver experiences relevant to them and leads to brand enhancement and driving of revenue.	**Expectation:** Providing consistent quality experience which responds to 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	Brand strength and optimal distribution
TOUR OPERATORS & TRAVEL AGENTS, BUSINESS SOURCES	• Regular meetings • Participate in forums • Establish and maintain constructive relationships	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.	**Expectation:** Provide exceptional service to guests and engage in favourable business deals **Concern:** Guest Satisfaction Favourable terms Timely payment	Elevate the experience
LOCAL COMMUNITY	• Events and sponsorships • Corporate social responsibility programmes • Donations • Media channels	Constant focus on the empowerment of the local community contributes to the long-term viability of our business.	**Expectation:** Helping to 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	Environmental sustainability and Inclusive Business
ACCREDITED ORGANISATIONS, LEGISLATIONS, POLICIES & AUTHORITIES	• 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)	Government and other regulatory bodies provide us with our licence to trade and the regulatory framework within which we operate.	**Expectation:** Providing incentive 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	Elevate the experience & Stakeholder Relationship
SUPPLIERS	• One-to-one meetings • Tender and procurement processes • Supplier forums	Suppliers are vital to the success of our business by enabling us to deliver consistent guest experience.	**Expectation:** Providing a framework for transparent supplier selection and effecting payments in a timeous manner. **Concern:** Timely payment and favourable terms Fair treatment	Stakeholder Relationship

In addition to providing exceptional experiences to our customers, the group generates direct and indirect financial benefits for our stakeholders including:

- returns for our shareholders and funding institutions;
- substantial income tax, dividends taxes and Team Members' tax
- corporate social investment within the communities we serve;
- employment within the communities we serve;
- sustainable business for our national and local business partners and suppliers which creates wealth and additional employment; and
- Continuous investment to maintain and expand our portfolio of properties and win new management contracts.

FINANCIAL STATEMENTS 2016

STATEMENT OF COMPLIANCE

Name of PIE: Lux Island Resorts Ltd

Reporting Period: 30 June 2016

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

SIGNED BY:

Arnaud Lagesse
Chairman

Jean de Fondaumière
Chairman of Audit Committee

30th September 2016

SECRETARY'S CERTIFICATE

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

Désiré Elliah
LUX Hospitality Ltd
Secretary

30th September 2016

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LUX ISLAND RESORT LTD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Lux Island Resorts Ltd (the "Company") and its subsidiaries (the "Group") on pages 110 to 172 which comprise the statement of financial position as at 30 June 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements on pages 110 to 172 give a true and fair view of the financial position of the Group and the Company as at 30 June 2016 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, comply with the Companies Act 2001 and the Financial Reporting Act 2004.

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Other matter

This report has been prepared solely for 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 auditors' 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 Group and the Company other than in our capacities as auditors, tax advisors, and dealings in the ordinary course of business.

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

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

Financial Reporting Act 2004

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

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

ERNST & YOUNG
Ebène, Mauritius

30th September 2016

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	THE GROUP			THE COMPANY		
		2016	2015	2014	**2016**	2015	2014
		Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
ASSETS			(Restated)	(Restated)		(Restated)	(Restated)
Non-current assets							
Property, plant and equipment	4	8,518,723	*9,119,335*	*7,925,902*	91,624	*93,195*	*94,717*
Intangible assets	5	1,466,251	*1,475,084*	*1,073,758*	-	-	-
Investment in subsidiary companies	6	-	-	-	3,523,585	*3,523,585*	*2,839,384*
Investment in associated company	7	-	-	*232,449*	-	-	-
Other financial assets	8	5	*5*	*5*	-	-	-
Deferred tax assets	9	52,341	*47,986*	*21,282*	-	-	-
Employee defined benefit asset	10	-	-	*42*	-	-	-
		10,037,320	*10,642,410*	*9,253,438*	3,615,209	*3,616,780*	*2,934,101*
Current assets							
Inventories	11	163,568	*141,530*	*87,065*	-	-	-
Trade and other receivables	12	807,976	*734,147*	*893,397*	2,119,921	*1,917,067*	*1,852,135*
Cash and short term deposits	32 (a)	177,293	*98,176*	*108,296*	99,434	*15,562*	*20,859*
		1,148,837	*973,853*	*1,088,758*	2,219,355	*1,932,629*	*1,872,994*
Non-current assets held for sale	13	1,037,045	-	-	-	-	-
TOTAL ASSETS		12,223,202	*11,616,263*	*10,342,196*	5,834,564	*5,549,409*	*4,807,095*
EQUITY AND LIABILITIES							
Equity							
Issued capital	14	1,369,094	*1,367,865*	*1,140,346*	1,369,094	*1,367,865*	*1,140,346*
Share premium	14	1,313,217	*1,308,453*	*391,819*	1,313,217	*1,308,453*	*391,819*
Treasury shares	14	-	*(18,081)*	*(18,081)*	-	*(18,081)*	*(18,081)*
Other reserves	16	1,931,299	*1,919,566*	*1,831,456*	39,523	*39,934*	*48,271*
Retained earnings		1,393,783	*1,134,966*	*919,443*	936,694	*1,034,702*	*1,039,877*
Equity attributable to the owners of the parent		6,007,393	*5,712,769*	*4,264,983*	3,658,528	*3,732,873*	*2,602,232*
Non-controlling interests	17	3,459	*1,767*	*123,472*	-	-	-
Total equity		6,010,852	*5,714,536*	*4,388,455*	3,658,528	*3,732,873*	*2,602,232*
Non-current liabilities							
Interest-bearing loans and borrowings	18	2,746,583	*3,313,722*	*3,775,476*	204,375	*92,143*	*593,130*
Deferred tax liabilities	9	521,919	*483,441*	*464,682*	6,326	*6,631*	*6,889*
Employee defined benefit liabilities	10	60,527	*49,192*	*37,951*	-	-	-
Government grants	19	9,241	*10,703*	*13,215*	-	-	-
		3,338,270	*3,857,058*	*4,291,324*	210,701	*98,774*	*600,019*
Current liabilities							
Interest-bearing loans and borrowings	18	1,363,610	*891,418*	*830,850*	481,792	*63,375*	*24,424*
Trade and other payables	20	968,198	*971,914*	*801,581*	1,483,543	*1,517,600*	*1,580,420*
Current tax liabilities	21 (d)	16,679	*44,550*	*29,986*	-	-	-
Dividend payable	15	-	*136,787*	-	-	*136,787*	-
		2,348,487	*2,044,669*	*1,662,417*	1,965,335	*1,717,762*	*1,604,844*
Liabilities associated with assets held for sale	13	525,593	-	-	-	-	-
Total liabilities		6,212,350	*5,901,727*	*5,953,741*	2,176,036	*1,816,536*	*2,204,863*
TOTAL EQUITY AND LIABILITIES		12,223,202	*11,616,263*	*10,342,196*	5,834,564	*5,549,409*	*4,807,095*

These financial statements have been approved for issue by the Board of directors on 30 September 2016 and signed on its behalf by:
Name of directors

(1) Arnaud Lagesse (2) Jean de Fondaumière

The notes set out on pages 116 to 172 form an integral part of these financial statements.
Independent Auditors' report on pages 108 to 109.

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
Continuing operations		**Rs'000**	Rs'000	**Rs'000**	Rs'000
			(Restated)		(Restated)
Sale of goods and services	22	5,075,987	*4,515,913*	-	-
Finance revenue	23	474	*350*	44,117	*46,142*
Other operating income	24	81,795	*138,833*	70,494	*208,557*
Total revenue		5,158,256	*4,655,096*	114,611	*254,699*
Cost of inventories	25	1,026,256	*926,361*	-	-
Employee benefit expenses	26	1,487,916	*1,294,858*	-	-
Other operating expenses	27	1,520,158	*1,379,858*	12,088	*12,467*
		4,034,330	*3,601,077*	12,088	*12,467*
Earnings before interest, tax, depreciation and amortisation		1,123,926	*1,054,019*	102,523	*242,232*
Depreciation and amortisation	28	(427,472)	*(372,813)*	(1,801)	*(1,522)*
Operating profit	29	696,454	*681,206*	100,722	*240,710*
Finance costs	30	(215,524)	*(234,940)*	(41,645)	*(109,356)*
Share of results in associated company	7	-	*5,326*	-	-
Profit before tax		480,930	*451,592*	59,077	*131,354*
Income tax (expense)/credit	21	(62,451)	*(67,547)*	305	*258*
Profit from continuing operations		418,479	*384,045*	59,382	*131,612*
Discontinued operations					
Result for the year attributable to discontinued operations	13	-	*(11,233)*	-	-
Profit for the year		418,479	*372,812*	59,382	*131,612*
Profit for the year attributable to:					
- Owners of the parent		418,604	*365,748*	59,382	*131,612*
- Non-controlling interests		(125)	*7,064*	-	-
		418,479	*372,812*	59,382	*131,612*
Earnings per share attributable to equity holders of the parent:					
From Continuing operations					
Basic (Rs)	31	3.06	*3.01*		
Fully diluted (Rs)	31	3.06	*3.01*		
From continuing and discontinued operations					
Basic (Rs)	31	3.06	*2.92*		
Fully diluted (Rs)	31	3.06	*2.92*		

The notes set out on pages 116 to 172 form an integral part of these financial statements.
Independent Auditors' report on pages 108 to 109.

STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
		Rs'000	Rs'000 (Restated)	**Rs'000**	Rs'000 (Restated)
Profit for the year		418,479	*372,812*	59,382	*131,612*
Other comprehensive loss that may not be reclassified to profit or loss subsequently					
Actuarial losses	*10(f)*	(3,210)	*(2,340)*	-	-
Deferred tax relating to components of other comprehensive income	*9*	146	*(422)*	-	-
		(3,064)	*(2,762)*	-	-
Other comprehensive income/(loss) that may be reclassified to profit or loss subsequently					
Exchange difference on translation of foreign operations		14,510	*205,673*	-	-
Cash flow hedge movement	*16*	(9,256)	*(23,943)*	(486)	*2,834*
Release to profit or loss on repayment of borrowings	*16*	3,353	*(6,961)*	75	*(11,171)*
Recycling of reserves to statement of profit or loss		-	*(40,850)*	-	-
Share of reserves in associated company	*7*	-	*33,215*	-	-
Deferred tax relating to components of other comprehensive income		-	*5,855*	-	-
		8,607	*172,989*	(411)	*(8,337)*
Total other comprehensive income/(loss), net of tax		5,543	*170,227*	(411)	*(8,337)*
Total comprehensive income for the year, net of tax		424,022	*543,039*	58,971	*123,275*
Other comprehensive income/(loss) attributable to:					
- Owners of the parent		5,493	*164,771*	(411)	*(8,337)*
- Non-controlling interests		50	*5,456*	-	-
		5,543	*170,227*	(411)	*(8,337)*
Total comprehensive income attributable to:					
- Owners of the parent		424,097	*530,519*	58,971	*123,275*
- Non-controlling interests		(75)	*12,520*	-	-
		424,022	*543,039*	58,971	*123,275*

The notes set out on pages 116 to 172 form an integral part of these financial statements.
Independent Auditors' report on pages 108 to 109.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

THE GROUP	Notes	Attributable to the equity holders of the parent							
		Issued capital (Note 14)	Share premium (Note 14)	Treasury shares (Note 14)	Other reserves (Note 16)	Retained earnings	Total	Non-controlling interests	Total equity
		Rs'000	Rs'000	Rs'000	Rs'000 (Restated)	Rs'000 (Restated)	Rs'000	Rs'000	Rs'000
At 01 July 2014									
- As previously reported		*1,140,346*	*391,819*	*(18,081)*	*1,831,456*	*967,722*	*4,313,262*	*123,472*	*4,436,734*
- Prior year adjustment related to deferred tax rate	*42*	-	-	-	-	*(48,279)*	*(48,279)*	-	*(48,279)*
- As restated		*1,140,346*	*391,819*	*(18,081)*	*1,831,456*	*919,443*	*4,264,983*	*123,472*	*4,388,455*
Other comprehensive income for the year		-	-	-	*167,533*	*(2,762)*	*164,771*	*5,456*	*170,227*
Profit for the year - restated		-	-	-	-	*365,748*	*365,748*	*7,064*	*372,812*
Total comprehensive income for the year, net of tax		-	-	-	*167,533*	*362,986*	*530,519*	*12,520*	*543,039*
Net movement in share-based payments	*33*	-	-	-	*2,716*	-	*2,716*	-	*2,716*
Acquisition of non-controlling interest in a subsidiary		-	-	-	-	*(93,313)*	*(93,313)*	*(135,992)*	*(229,305)*
Part disposal of a subsidiary		-	-	-	*(188)*	*686*	*498*	*1,767*	*2,265*
Recycling of revaluation reserve of associated company		-	-	-	*(81,951)*	*81,951*	-	-	-
Issue of shares	*14*	*227,519*	*918,436*	-	-	-	*1,145,955*	-	*1,145,955*
Share issue expenses	*14*	-	*(1,802)*	-	-	-	*(1,802)*	-	*(1,802)*
Dividend to equity holders of the parent	*15*	-	-	-	-	*(136,787)*	*(136,787)*	-	*(136,787)*
At 30 June 2015 (as restated)		*1,367,865*	*1,308,453*	*(18,081)*	*1,919,566*	*1,134,966*	*5,712,769*	*1,767*	*5,714,536*
At 01 July 2015 (as restated)		1,367,865	1,308,453	(18,081)	1,919,566	1,134,966	5,712,769	1,767	5,714,536
Other comprehensive income for the year		-	-	-	8,607	(3,114)	5,493	50	5,543
Profit for the year		-	-	-	-	418,604	418,604	(125)	418,479
Total comprehensive income for the year, net of tax		-	-	-	8,607	415,490	424,097	(75)	424,022
Net movement in share-based payments	*33*	-	-	-	3,346	-	3,346	-	3,346
Part disposal of a subsidiary		-	-	-	(220)	717	497	1,767	2,264
Distribution of treasury shares	*14*	-	-	18,081	-	-	18,081	-	18,081
Issue of shares	*14*	1,229	4,764	-	-	-	5,993	-	5,993
Dividend to equity holders of the parent	*15*	-	-	-	-	(157,390)	(157,390)	-	(157,390)
At 30 June 2016		1,369,094	1,313,217	-	1,931,299	1,393,783	6,007,393	3,459	6,010,852

The notes set out on pages 116 to 172 form an integral part of these financial statements.

Independent Auditors' report on pages 108 to 109.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

THE COMPANY	*Notes*	Issued capital (Note 14) Rs'000	Share premium (Note 14) Rs'000	Treasury shares (Note 14) Rs'000	Other reserves (Note 16) Rs'000	Retained earnings Rs'000 (Restated)	Total Rs'000
At 01 July 2014							
- As previously reported		*1,140,346*	*391,819*	*(18,081)*	*48,271*	*1,040,687*	*2,603,042*
- Prior year adjustment related to deferred tax rate	*42*	*-*	*-*	*-*	*-*	*(810)*	*(810)*
- As restated		*1,140,346*	*391,819*	*(18,081)*	*48,271*	*1,039,877*	*2,602,232*
Other comprehensive income for the year		*-*	*-*	*-*	*(8,337)*	*-*	*(8,337)*
Profit for the year		*-*	*-*	*-*	*-*	*131,612*	*131,612*
Total comprehensive income for the year, net of tax		*-*	*-*	*-*	*(8,337)*	*131,612*	*123,275*
Issue of shares	*14*	*227,519*	*918,436*	*-*	*-*	*-*	*1,145,955*
Share issue expenses	*14*	*-*	*(1,802)*	*-*	*-*	*-*	*(1,802)*
Dividend to equity holders of the Company	*15*	*-*	*-*	*-*	*-*	*(136,787)*	*(136,787)*
At 30 June 2015 (as restated)		*1,367,865*	*1,308,453*	*(18,081)*	*39,934*	*1,034,702*	*3,732,873*
At 01 July 2015 (as restated)		1,367,865	1,308,453	(18,081)	39,934	1,034,702	3,732,873
Other comprehensive income for the year		-	-	-	(411)	-	(411)
Profit for the year		-	-	-	-	59,382	59,382
Total comprehensive income for the year, net of tax		-	-	-	(411)	59,382	58,971
Issue of shares	*14*	1,229	4,764	-	-	-	5,993
Distribution of treasury shares	*14*	-	-	18,081	-	-	18,081
Dividend to equity holders of the Company	*15*	-	-	-	-	(157,390)	(157,390)
At 30 June 2016		1,369,094	1,313,217	-	39,523	936,694	3,658,528

The notes set out on pages 116 to 172 form an integral part of these financial statements.
Independent Auditors' report on pages 108 to 109.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	THE GROUP		THE COMPANY	
		2016 Rs'000	2015 Rs'000 (Restated)	**2016** Rs'000	2015 Rs'000
OPERATING ACTIVITIES					
Profit before tax from continuing operations		480,930	*451,592*	59,077	*131,354*
- Result attributable to discontinued operations	*13*	-	*(11,233)*	-	*-*
Adjustments for:					
- Share based payment	*33*	7,088	*6,428*	-	*-*
- Share of results of associated company	*7*	-	*(5,326)*	-	*-*
- Foreign exchange differences		5,651	*(8,950)*	74	*(11,171)*
- Depreciation and amortisation	*28*	427,472	*388,697*	1,801	*1,522*
- Profit on disposal of property, plant and equipment	*24*	(99)	*(2,548)*	-	*-*
- Loss on disposal of investment	*13 (a)*	-	*10,886*	-	*-*
- Dilution effect following shares issued by a subsidiary		(1,447)	*(2,432)*	-	*-*
- Fair value gain on remeasurement of existing holding in associated company		-	*(687)*	-	*-*
- Recycling of reserve of associated company		-	*(40,850)*		
- Employee defined benefit obligations		8,108	*7,206*	-	*-*
- Interest income	*23*	(474)	*(350)*	(44,117)	*(46,142)*
- Interest expense	*30*	215,524	*234,940*	41,645	*109,356*
- Dividend income	*24*	-	*-*	(35,250)	*(178,750)*
		1,142,753	*1,027,373*	23,230	*6,169*
Changes in working capital:					
- Inventories		(21,543)	*(33,040)*	-	*-*
- Trade and other receivables		(84,825)	*66,772*	(184,774)	*(64,932)*
- Trade and other payables		19,216	*13,979*	(34,057)	*(62,820)*
Cash generated from/(used in) operations		1,055,601	*1,075,084*	(195,601)	*(121,583)*
Interest received		474	*350*	44,117	*46,142*
Income tax paid	*21(d)*	(56,436)	*(36,960)*	-	*-*
Interest paid		(215,524)	*(234,940)*	(41,645)	*(109,356)*
Net cash flows from/(used in) operating activities		784,115	*803,534*	(193,129)	*(184,797)*
INVESTING ACTIVITIES					
Acquisition of shares in subsidiary		-	*(74,639)*	-	*(15,458)*
Acquisition of property, plant and equipment	*32(b)*	(811,156)	*(468,288)*	(231)	*-*
Purchase of intangible assets	*5*	(2,596)	*(2,917)*	-	*-*
Proceeds on disposal of subsidiary net of cash acquired		-	*48,385*	-	*-*
Proceeds from sale of property, plant and equipment		1,974	*3,743*	-	*-*
Proceeds from sale of villas		-	*148,274*	-	*-*
Dividend received		-	*-*	35,250	*178,750*
Net cash flows (used in)/from investing activities		(811,778)	*(345,442)*	35,019	*163,292*
FINANCING ACTIVITIES					
Long term loan received		832,375	*-*	536,275	*-*
Payments of long term borrowings		(523,058)	*(580,998)*	(30,023)	*(21,637)*
Repayment of obligation under finance leases		(12,094)	*(7,295)*	-	*-*
Payment of debentures and other loans		(7,050)	*(44,097)*	-	*-*
Dividend paid		(294,177)	*-*	(294,177)	*-*
Net cash flows (used in)/from financing activities		(4,004)	*(632,390)*	212,075	*(21,637)*
Net (decrease)/increase in cash and cash equivalents		(31,667)	*(174,298)*	53,966	*(43,142)*
Cash and cash equivalents at 01 July		(262,503)	*(97,777)*	(26,030)	*17,112*
Net foreign exchange difference		289	*9,572*	-	*-*
Cash and cash equivalents at 30 June	*32(a)*	(293,881)	*(262,503)*	27,936	*(26,030)*

The notes set out on pages 116 to 172 form an integral part of these financial statements.
Independent Auditors' report on pages 108 to 109.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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, 2016.

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.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. There were no new standards and interpretations which were effective for this financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2.4 ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

	Effective for accounting period beginning on or after
- IFRS 9 Financial Instruments – Classification and measurement of financial assets, Accounting for financial liabilities and derecognition	1 January 2018
- 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
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	1 January 2016
- IFRS 14 Regulatory Deferral Accounts	1 January 2016
- IFRS 15 Revenue from Contracts with Customers	1 January 2018
- IFRS 16 Leases	1 January 2019
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January 2016
- Amendments to IAS 27: Equity Method in Separate Financial Statement	1 January 2016
- Annual improvements 2012 – 2014 Cycle	1 January 2016
- Disclosure initiative – Amendments to IAS 1	1 January 2016
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)	1 January 2017
- Disclosure initiative (Amendments to IAS 7)	1 January 2017
- Clarification to IFRS 15 'Revenue from contracts with customers'	1 January 2018
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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

- Where the standards and interpretations may have an impact at a future date, they have been discussed 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:

Classification and measurement of financial assets

All financial assets are measured at fair value on initial recognition, adjusted for transaction costs if the instrument is not accounted for at fair value through profit or loss (FVTPL). Debt instruments are subsequently measured at FVTPL, amortised cost or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) (without subsequent reclassification to profit or loss).

Classification and measurement of financial liabilities

For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other IAS 39 Financial Instruments: Recognition and Measurement classification and measurement requirements for financial liabilities have been carried forward into IFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

Impairment

The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to: debt instruments accounted for at amortised cost or at FVOCI; most loan commitments; financial guarantee contracts; contract assets under IFRS 15; and lease receivables under IAS 17 Leases. Entities are generally required to recognise either 12-months' or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition (or when the commitment or guarantee was entered into). For some trade receivables, the simplified approach may be applied whereby the lifetime expected credit losses are always recognised.

Hedge accounting

Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, can be qualitative. A risk component of a financial or non-financial instrument may be designated as the hedged item if the risk component is separately identifiable and reliably measureable. The time value of an option, any forward element of a forward contract and any foreign currency basis spread, can be excluded from the designation as the hedging instrument and accounted for as costs of hedging. More designations of groups of items as the hedged item are possible, including layer designations and some net positions.

The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.

The impact of the new standard is currently being assessed.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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

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

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

The five steps in the model are as follows:

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

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

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

IFRS 16 Leases - effective 1 January 2019

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The Group is still assessing the impact of this new standard which may have an impact on its leased assets.

Amendments to IAS 27: Equity Method in Separate Financial Statements - effective 1 January 2016

- The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively.
- For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.
- The Group is still assessing whether to adopt this change in IAS 27.

Annual improvements 2012 – 2014 Cycle - effective 1 July 2016

The annual improvements 2012-2014 Cycle make amendments to the following standards:

- IFRS 5 - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued;
- IFRS 7 - Additional guidance given to clarify whether a servicing contract is continuing involvement in a transferred assets, and clarification made on offsetting disclosures in condensed interim financial statements;
- IAS 19 - Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid; and
- IAS 34 - Clarifies the meaning of "elsewhere in the interim report" and require a cross reference.

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

Disclosure Initiative (Amendments to IAS 1) - effective 1 January 2016

Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss; and
- additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12) - effective 1 January 2017

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

Disclosure Initiative (amendments to IAS 7) – effective 1 January 2017

Amendments to IAS 7 Statement of Cash Flows were made to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Clarifications to IFRS 15 'Revenue from Contracts with Customers' - effective 1 January 2018

IASB amended IFRS 15 'Revenue from Contracts with Customers' to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

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

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

(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. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairments.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

The annual rate of depreciation is as follows:

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

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

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

(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. Business combinations are accounted for using the purchase method of accounting.

(d) Investment in associates

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

Financial statements of the Company

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

Consolidated financial statements

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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 2016

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) Derivative financial instruments

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

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

(h) 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.

(i) 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.

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Financial liabilities (Cont'd)

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

Loans and borrowings

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

(k) 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.

(l) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment of financial assets (Cont'd)

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.

(m) 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.

(n) Fair value of financial instruments

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

(o) Equity instruments

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

Treasury shares

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

(p) Hedge accounting

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Hedge accounting (Cont'd)

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.

(q) 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.

(r) 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.

(s) 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.

(t) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Retirement benefit obligations (Cont'd)

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 the consolidated statement of profit or loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements

Net interest expense or income

Defined contributions schemes

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

Other retirement benefits

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

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

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.

(u) Taxes

Current tax

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

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

Deferred tax

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) 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.

(v) Non-current assets held for sale and discontinued operations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Lease

Group as lessee

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

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

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

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

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

Group as a lessor

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

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

(x) 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.

(y) 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.

(z) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(aa) 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Scope of Consolidation

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

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

The Directors of the Company believe that the entity is a structured Entity (SE) since:

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

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

Determination of functional and reporting currency

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

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

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

Estimates and assumptions

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

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

Estimates and assumptions (Cont'd)

Deferred tax assets (Cont'd)

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. At 30 June 2016, the status of unused tax losses of the Group was as follows:

	Recognised (Rs 000)	Unrecognised (Rs 000)	Total (Rs 000)
Tax losses	*507,284*	*87,546*	*594,830*

Useful life and residual value of buildings

The depreciation of buildings is dependent on the estimation of the useful lives and residual values of the buildings, which have been made by the Group based on the report of independent valuers. The carrying amount of buildings included under Property, Plant and Equipment amounted to Rs. 6,638M (2015: Rs. 7,816M).

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 2016 amounted to Rs. 1,075M (2015: Rs. 1,071M). Further details are given in Note 5.

Retirement benefits obligations

The cost of defined benefit pension plans and related provision, as disclosed in Note 10 to the financial statements requires the use of actuarial valuations. The actuarial valuation involves the use of significant 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 2016 is Rs. 60.5M (2015: Rs. 49.2M). Further details are set out in Note 10.

Impairment of non-financial assets other than goodwill

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

4. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Freehold Land and Buildings	Buildings on Leasehold Land	Plant and Equipment	Furniture and Fittings	Motor Vehicles	Computer Equipment	Construction in Progress	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST AND VALUATION								
At 01 July 2014	590,202	6,700,729	1,056,654	612,015	80,976	121,242	7,194	9,169,012
Transfers	-	1,635	(1,498)	1,498	-	-	(1,635)	-
Acquisition of subsidiary	-	1,047,650	38,460	35,609	2,532	2,048	2,928	1,129,227
Disposal of subsidiary	-	(404,214)	(77,968)	(9,726)	(145)	(14,579)	(59)	(506,691)
Additions	-	249,793	152,504	71,918	5,453	16,925	38,883	535,476
Disposal adjustments	-	(457)	(1,760)	(11,481)	(14,560)	(2,696)	-	(30,954)
Exchange difference	-	201,642	34,988	12,967	3,352	2,322	3,025	258,296
At 30 June 2015	590,202	7,796,778	1,201,380	712,800	77,608	125,262	50,336	10,554,366
Transfer to assets held for sale (Note 13)	-	(1,069,872)	-	-	-	-	-	(1,069,872)
Additions	231	42,069	68,896	24,568	5,119	19,365	668,270	828,518
Disposal adjustments	-	-	(13,010)	(84,249)	(10,811)	(10,209)	-	(118,279)
Exchange difference	-	21,913	3,480	693	189	235	310	26,820
At 30 June 2016	590,433	6,790,888	1,260,746	653,812	72,105	134,653	718,916	10,221,553
DEPRECIATION								
At 01 July 2014	-	-	685,252	402,046	63,343	92,469	-	1,243,110
Disposal of subsidiary	-	(61,482)	(91,339)	(7,429)	(70)	(12,734)	-	(173,054)
Charge for the year	1,929	197,959	104,146	52,804	4,497	12,788	-	374,123
Disposal adjustments	-	(321)	(1,214)	(11,217)	(14,460)	(2,547)	-	(29,759)
Exchange difference	-	(11,204)	19,296	8,391	2,020	2,108	-	20,611
At 30 June 2015	1,929	124,952	716,141	444,595	55,330	92,084	-	1,435,031
Transfer to assets held for sale (Note 13)	-	(32,826)	-	-	-	-	-	(32,826)
Charge for the year	2,390	210,650	118,926	60,218	5,810	13,497	-	411,491
Disposal adjustments	-	-	(12,402)	(84,132)	(9,856)	(10,014)	-	(116,404)
Exchange difference	-	2,389	2,362	479	116	192	-	5,538
At 30 June 2016	4,319	305,165	825,027	421,160	51,400	95,759	-	1,702,830
NET BOOK VALUE								
At 30 June 2016	586,114	6,485,723	435,719	232,652	20,705	38,894	718,916	8,518,723
At 30 June 2015	588,273	7,671,826	485,239	268,205	22,278	33,178	50,336	9,119,335

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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 2014 & 2015	90,750	6,409	7,304	104,463
Additions	230	-	-	230
At 30 June 2016	90,980	6,409	7,304	104,693
DEPRECIATION				
At 01 July 2014	-	3,610	6,136	9,746
Charge for the year	597	545	380	1,522
At 30 June 2015	597	4,155	6,516	11,268
Charge for the year	970	458	373	1,801
At 30 June 2016	1,567	4,613	6,889	13,069
NET BOOK VALUE				
At 30 June 2016	89,413	1,796	415	91,624
At 30 June 2015	90,153	2,254	788	93,195

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

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

The book values were adjusted to the revalued amount at 30 June 2014 and the revaluation surpluses net of deferred taxation were credited to the asset revaluation reserves.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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

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

	Valuation technique(s) and key input(s)	Fair value 2016 Rs'000	Fair value 2015 Rs'000	Fair Value Hierarchy	Significant unobservable input(s)
Land	Sales comparison approach	435,550	*435,550*	Level 2	N/A
Buildings	Sales comparison approach	6,577,617	*7,572,593*	Level 2	N/A

The directors have reassessed the fair value of the land and buildings at 30 June 2016 and consider the carrying value of the land and buildings approximates their fair values.

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

	THE GROUP 2016 Rs'000	THE GROUP 2015 Rs'000	THE COMPANY 2016 Rs'000	THE COMPANY 2015 Rs'000
<u>*Buildings on leasehold land*</u>				
Cost	5,190,996	*5,148,927*	-	-
Accumulated depreciation	(1,193,142)	*(1,088,562)*	-	-
Net book value	3,997,854	*4,060,365*	-	-
<u>*Freehold land and buildings*</u>				
Cost	320,964	*320,733*	57,078	*56,848*
Accumulated depreciation	(29,887)	*(23,470)*	(9,626)	*(8,487)*
Net book value	291,077	*297,263*	47,452	*48,361*

(b) Property, plant and equipment of the Group include leased assets as follows:

	Computer 2016 Rs'000	Computer 2015 Rs'000	Motor Vehicles 2016 Rs'000	Motor Vehicles 2015 Rs'000	Plant and equipment 2016 Rs'000	Plant and equipment 2015 Rs'000
Cost	11,718	*9,926*	19,252	*16,988*	31,810	*24,176*
Accumulated depreciation	(5,450)	*(3,017)*	(7,638)	*(7,236)*	(7,893)	*(4,729)*
Net book value	6,268	*6,909*	11,614	*9,752*	23,917	*19,447*

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

(d) Borrowing costs capitalised during the year with respect to the renovation of Lux Maldives amounted to Rs 17.3 mllion (2015: Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

5. INTANGIBLE ASSETS

THE GROUP

	Leasehold Rights Rs'000	Goodwill Rs'000	Computer Software & Licences Rs'000	Total Rs'000
COST				
At 01 July 2014	*625,730*	*679,600*	*61,287*	*1,366,617*
Acquisition of subsidiary	*-*	*314,256*	*2,356*	*316,612*
Disposal of subsidiary	*(20,525)*	*-*	*(1,517)*	*(22,042)*
Additions	*-*	*-*	*2,917*	*2,917*
Disposal adjustment	*-*	*-*	*(151)*	*(151)*
Exchange difference	*70,695*	*77,242*	*458*	*148,395*
At 30 June 2015	*675,900*	*1,071,098*	*65,350*	*1,812,348*
Additions	-	-	2,596	2,596
Write offs	-	-	(1,961)	(1,961)
Exchange difference	3,723	4,023	55	7,801
At 30 June 2016	679,623	1,075,121	66,040	1,820,784
AMORTISATION				
At 01 July 2014	*240,533*	-	*52,326*	*292,859*
Disposal of subsidiary	*(3,511)*	-	*(339)*	*(3,850)*
Charge for the year	*13,686*	-	*2,690*	*16,376*
Write offs	*-*	-	*(151)*	*(151)*
Exchange difference	*31,468*	-	*562*	*32,030*
At 30 June 2015	*282,176*	-	*55,088*	*337,264*
Charge for the year	13,987	-	3,525	17,512
Write offs	-	-	(1,961)	(1,961)
Exchange difference	1,687	-	31	1,718
At 30 June 2016	297,850	-	56,683	354,533
NET BOOK VALUE				
At 30 June 2016	381,773	1,075,121	9,357	1,466,251
At 30 June 2015	*393,724*	*1,071,098*	*10,262*	*1,475,084*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

5. INTANGIBLE ASSETS (CONT'D)

(a) 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.

	THE GROUP	
	2016	2015
	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	567,244	*563,221*
Oceanide Ltd	314,256	*314,256*
Other subsidiaries	39,963	*39,963*
	1,075,121	*1,071,098*

The recoverable amount of each cash generating unit 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). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service.

A yearly growth rate of 4% and a yearly 3% inflation rate have 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.

A fall in the growth rate to 2% would result in an impairment.

6. INVESTMENT IN SUBSIDIARY COMPANIES

THE COMPANY	**2016**	2015
	Rs'000	Rs'000
At 01 July	3,523,585	*2,839,384*
Addition	-	*684,201*
At 30 June	3,523,585	*3,523,585*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

6. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) The subsidiary companies are as follows:

Name of Companies	Country of incorporation	Effective Shareholding 2016		Effective Shareholding 2015	
		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*	-
Poseidon Limitée	Mauritius	100	-	*100*	-
Holiday & Leisure Resorts Limited	Mauritius	100	-	*100*	-
Lux Resorts Ltd	Mauritius	-	100	-	*100*
Merville Beach Hotel Limited	Mauritius	-	100	-	*100*
Merville Limited	Mauritius	-	100	-	*100*
MSF Leisure Co Ltd	Mauritius	-	100	-	*100*
LTK Ltd	Mauritius	-	100	-	*100*
FMM Ltee	Mauritius	-	100	-	*100*
Lux Island Resorts UK Limited	England	100	-	*100*	-
Lux Island Resorts Seychelles Ltd	Seychelles	-	96	-	*98*
LIRTA Ltd	Mauritius	-	96	-	*98*
Naiade Holidays (Pty) Ltd	South Africa	100	-	*100*	-
SAS Hôtel Prestige Réunion (note (b))	France	100	-	*100*	-
SA Les Villas Du Lagon	Réunion Island	-	100	-	*100*
Ari Atoll Investment Ltd	Seychelles	-	96	-	*98*
Island Light Vacations Ltd	Mauritius	-	96	-	*98*
Lux Island Resort Foundation	Mauritius	100	-	*100*	-
Lux Island Resorts Maldives Ltd	Seychelles	100	-	*100*	-
White Sand Resorts & Spa Pvt Ltd	Maldives	-	100	-	*100*
Lux Hospitality Ltd	Mauritius	96	-	*98*	-
Oceanide Ltd	Mauritius	100	-	*100*	-
Nereide Ltd	Mauritius	-	100	-	*100*
Lux Hotel Management (Shanghai) Co Ltd	China	-	96	-	*98*

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

(c) 4% Non-controlling interest of the subsidiary company Lux Hospitality Ltd is not material and accordingly summarised financial information has not been disclosed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

7. INVESTMENT IN ASSOCIATED COMPANY

	THE GROUP	
	2016 Rs'000	2015 Rs'000
At 01 July	-	*232,449*
Share of reserves	-	*33,215*
Share of results	-	*5,326*
Change in status of associated company to subsidiary company	-	*(270,990)*
At 30 June	-	-

During the year ended 30 June 2015, the Company acquired all the shares held by other shareholders of Oceanide Ltd and now considers Oceanide Ltd as a wholly owned subsidiary of the group.

8. OTHER FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
Available-for-sale investments	2016 Rs'000	2015 Rs'000	2016 Rs'000	2015 Rs'000
At 01 July	5	*5*	-	-
Movement in fair value	-	-	-	-
At 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 40(d)) is determined by reference to published price quotations in an active market at the reporting date.

9. DEFERRED TAX

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

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

	THE GROUP		THE COMPANY	
	2016 Rs'000	2015 Rs'000 (Restated)	2016 Rs'000	2015 Rs'000 (Restated)
Deferred tax assets	(52,341)	*(47,986)*	-	-
Deferred tax liabilities	521,919	*483,441*	6,326	*6,631*
	469,578	*435,455*	6,326	*6,631*
The movement in the deferred income tax account is as follows:				
At 01 July				
- As previously reported	435,455	*395,121*	6,631	*6,079*
- Prior year adjustment (Note i)	-	*48,279*	-	*810*
- As re-stated	435,455	*443,400*	6,631	*6,889*
Acquisition of subsidiary	-	*(28,686)*	-	-
Recognised in profit or loss (note 21)	34,105	*20,041*	(305)	*(258)*
Recognised in other comprehensive income	(146)	*(5,433)*	-	-
Exchange difference	164	*6,133*	-	-
At 30 June	469,578	*435,455*	6,326	*6,631*

(i) The prior year adjustment is in respect of a change in tax rate used for the calculation of deferred tax from 15% to 17%. See Note 42.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

9. DEFERRED TAX (CONT'D)

Deferred income tax at 30 June relates to the following:

THE GROUP

	Balance		Movement	
	2016 Rs'000	2015 Rs'000 (Restated)	2016 Rs'000	2015 Rs'000 (Restated)
Deferred tax liabilities				
Accelerated depreciation	266,314	*195,101*	71,213	*(54,395)*
Revaluation of property, plant and equipment	322,937	*327,133*	(4,196)	*31,686*
	589,251	*522,234*	67,017	*(22,709)*
Deferred tax assets				
Employee defined benefit liabilities	(9,512)	*(7,425)*	(2,087)	*(280)*
Tax losses	(92,822)	*(63,475)*	(29,347)	*18,035*
Provision for bad debts and others	(17,339)	*(15,879)*	(1,460)	*(5,329)*
	(119,673)	*(86,779)*	(32,894)	*12,426*
Net deferred tax liabilities	469,578	*435,455*		
Total movement for the year			34,123	*(10,283)*
Recognised as follows:				
In profit or loss (Note 21)			34,105	*20,041*
Consolidation adjustment following acquisition of subsidiary			-	*(28,686)*
In other comprehensive income			(146)	*(5,433)*
Exchange difference			164	*6,133*
			34,123	*(10,283)*

THE COMPANY

	Balance		Movement	
	2016 Rs'000	2015 Rs'000 (Restated)	2016 Rs'000	2015 Rs'000 (Restated)
Deferred tax liabilities				
Accelerated depreciation	259	*484*	(225)	*(179)*
Revaluation of property, plant and equipment	6,067	*6,147*	(80)	*(79)*
	6,326	*6,631*	(305)	*(258)*
Net deferred tax liabilities	6,326	*6,631*		
Total movement for the year			(305)	*(258)*
Recognised as follows:				
In profit or loss (Note 21)			(305)	*(228)*
In other comprehensive income			-	-
			(305)	*(228)*

Deferred tax assets have not been recognised on tax losses amounting to Rs. 440 million (2015: Rs. 842 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

10. EMPLOYEE DEFINED BENEFIT LIABILITIES/(ASSETS)

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

(i) A defined benefit scheme which is funded. The plan assets are held independently by 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	
	2016	2015
	Rs'000	Rs'000
Funded obligation - Obligation/(Asset) (note (c - o))	2,701	5,493
Unfunded obligation (note (p - u))	57,826	43,699
	60,527	49,192

FUNDED OBLIGATION

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

	THE GROUP	
	2016	2015
	Rs'000	Rs'000
Present value of funded obligation	44,706	50,102
Fair value of plan assets	(42,005)	(44,609)
Liability in the Statement of Financial Position	2,701	5,493
(d) Movement in the statement of financial position:		
At 01 July	5,493	(42)
Total expenses (note (e))	2,254	1,342
Actuarial losses/(gains) recognised in Other Comprehensive Income	(4,370)	4,389
Contributions paid	(676)	(196)
At 30 June	2,701	5,493
(e) The amounts recognised in the statement of profit or loss are as follows:		
Current service cost	1,783	1,082
Interest cost	471	140
Scheme expenses	-	30
Cost of insuring risk benefits	-	90
Total included in staff costs	2,254	1,342
(f) **The total actuarial losses/(gains) recognised in Other Comprehensive Income are as follows:**		
Funded obligation (Note (j))	(4,370)	4,389
Unfunded obligation (Note (s))	7,580	(2,049)
	3,210	2,340

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

10. EMPLOYEE DEFINED BENEFIT LIABILITIES/(ASSETS) (CONT'D)

FUNDED OBLIGATION (CONT'D)

	THE GROUP	
	2016	2015
	Rs'000	Rs'000
(g) Changes in the fair value of plan assets are as follows:		
At 01 July	44,609	46,094
Interest on plan assets	2,934	3,220
Employer's contribution	676	196
Scheme expenses	-	(30)
Cost of insuring risk benefits	-	(90)
Return on plan assets excluding interest income	(172)	-
Actuarial losses	(3,497)	(163)
Benefits paid	(2,545)	(4,618)
At 30 June	42,005	44,609
(h) Changes in defined benefit obligation are as follows:		
At 01 July	50,102	46,052
Current service cost	1,611	1,082
Interest cost	3,405	3,360
Actuarial (losses)/gains	(7,867)	4,226
Benefits paid	(2,545)	(4,618)
At 30 June	44,706	50,102
(i) The main categories of plan assets are as follows:		
Local equities	16,083	19,895
Overseas equities	10,161	14,141
Fixed interest	15,332	10,082
Properties	429	491
Total market value of assets	42,005	44,609
(j) Analysis of amount recognised in Other Comprehensive Income:		
Losses on pension scheme assets	3,498	163
Experience (gains)/losses on the liabilities	(2,861)	1,819
Changes in assumptions underlying the present value of the scheme	(5,007)	2,407
Actuarial (gains)/losses recognised in Other Comprehensive Income	(4,370)	4,389
(k) **Sensivity analysis**		
Decrease in Defined benefit Obligation due to 1% increase in discount rate	4,966	5,851
Increase in Defined Benefit Obligation due to 1% increase in future long-term salary assumption	1,401	1,897

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

10. EMPLOYEE DEFINED BENEFIT LIABILITIES/(ASSETS) (CONT'D)

FUNDED OBLIGATION (CONT'D)

(k) **Sensivity analysis (Cont'd)**

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 GML Pension Fund which includes a diversified portfolio of asset classes. In view of exposure to Equities, some volatility in the return from one year to the other is expected.

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

(iii) The fixed interest portfolio includes government bonds, debentures, mortgages and cash. The expected return for this asset class has been based on yields of government bonds at 30 June 2016.

(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 12 years.
- Employer's contributions to be paid in the next reporting period is estimated at Rs. 1.7m (2015: Rs. 1.6m).

(n) Risk Associated with the Plans

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

Longevity risk

Longevity risk is any potential risk attached to the increasing life expectancy of pensioners. Should there be an increase in the life expectancy of pensioners, the payout ratios will be higher.

Interest rate risk

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

Investment risk

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

Salary risk

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

10. EMPLOYEE DEFINED BENEFIT LIABILITIES/(ASSETS) (CONT'D)

UNFUNDED OBLIGATION

(o) The principal actuarial assumptions with respect to the defined benefit Scheme used for accounting purposes were:

	THE GROUP	
	2016	2015
	%	%
Discount rate	6.5	*6.8*
Future NPS ceiling increase	6.0	*6.0*
Future expected pension scheme	0.0	*0.0*
Future long term salary increase	5.0	*9.3*
Post retirement mortality tables	a(92)	*a(92)*

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

	THE GROUP	
	2016	2015
	Rs'000	Rs'000
Present value of unfunded obligation	57,826	*43,699*
(q) Movement in the liability recognised in the statement of financial position:		
At 01 July	43,699	*37,951*
Acquisition of subsidiary	-	*1,883*
Total expenses (note (r))	8,668	*6,205*
Actuarial losses/(gains)	7,580	*(2,049)*
Benefits paid	(2,138)	*(144)*
Exchange difference	17	*(147)*
At 30 June	57,826	*43,699*

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

	THE GROUP	
	2016	2015
	Rs'000	Rs'000
Current service cost	5,738	*3,180*
Interest cost	2,930	*3,025*
Total included in staff costs	8,668	*6,205*

(s) Amount recognised in Other Comprehensive Income

	2016	2015
	Rs'000	Rs'000
Experience losses/(gains)	7,580	*(2,049)*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

10. EMPLOYEE DEFINED BENEFIT LIABILITIES/(ASSETS) (CONT'D)

UNFUNDED OBLIGATION (CONT'D)

(t) Sensivity analysis

	THE GROUP	
	2016	2015
	Rs'000	Rs'000
Decrease in Defined benefit Obligation due to 1% increase in discount rate	9,479	7,450
Increase in Defined Benefit Obligation due to 1% increase in future long-term salary assumption	12,087	9,857

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

	THE GROUP	
	2016	2015
	%	%
Discount rate	6.50	6.75
Future salary increases	4.50	4.75

11. INVENTORIES

	THE GROUP	
	2016	2015
	Rs'000	Rs'000
Food and beverages	56,650	56,976
Spare parts and maintenance	40,652	39,363
Others	66,266	45,191
	163,568	141,530

Inventories have been pledged as securities for bank borrowings of the Group. All inventories are at cost and there were no write downs of inventories during the year (2015: Nil).

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Trade receivables	556,775	516,230	-	-
Receivable from subsidiaries (note (39))	-	-	2,111,415	1,915,477
Other receivables and prepayments	271,911	234,120	8,506	1,590
	828,686	750,350	2,119,921	1,917,067
Less allowances for impairment of receivables	(20,710)	(16,203)	-	-
	807,976	734,147	2,119,921	1,917,067

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(ii) At 30 June 2016, the ageing analysis of trade receivables is as follows:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Not past due	184,357	183,703	-	-
Due less than 30 days	88,960	144,044	-	-
More than 30 and less than 60 days	60,367	67,268	-	-
More than 60 and less than 90 days	112,622	37,338	-	-
More than 90 days	110,469	83,877	-	-
	556,775	516,230	-	-

None of the balances have been impaired.

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

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July	16,203	38,120	-	1,095
Acquisition and disposal of subsidiary	-	(7,051)	-	-
Charge for the year	5,230	2,555	-	-
Utilised	(820)	(19,956)	-	(1,095)
Exchange difference	97	2,535	-	-
At 30 June	20,710	16,203	-	-

13. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

	THE GROUP	
	2016	2015
	Rs'000	Rs'000
Non-current assets held for sale:		
Transfer from property, plant and equipment (Note 4)	1,037,045	-
Liabilities associated with assets held for sale		
Long term bank borrowings of Nereide Ltd	525,593	-

On 22 August 2016, the subsidiary, Nereide Ltd has signed a Head of terms with Mara Delta Property Ltd, a company listed on the Stock Exchange of Mauritius, for the sale of the hotel building of Nereide Ltd for a gross consideration amounting to US$ 40 million. Subsequent to the sale the property will be leased back to Nereide Ltd for a period of 10 years renewable at the latter's option. Consequently the net book value of the building of Nereide Ltd has been transferred to non-current assets held for sale.

Mara Delta Property Ltd is also considering the acquisition of the loans associated with Nereide Ltd and is currently in negotiation with the financial institutions. Accordingly, the long term loan which is secured by fixed charges over the property has also been reclassified as liabilities associated with assets held for sale.

Should the loan not be acquired by Mara Delta Property Ltd, the property must be free of all charges prior to the sale therefore implying that Nereide Ltd should first settle the totality of the loans.

Refer to note 18 for terms and conditions of the loans associated with Nereide Ltd.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

13. NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (CONT'D)

Discontinued operations in financial year 2015:

On 1 April 2015, the Group disposed of its wholly owned subsidiary SAS Le Recif (the Company); a company incorporated and operating in Reunion Island. The results of SAS Le Recif for the period from 1 July 2014 to 31 March 2015 are presented below:

	Period from 1 July 2014 to 31 March 2015
	Rs'000
Revenue	190,832
Direct costs	(36,651)
Employee benefits	(77,801)
Operating expenses	(54,938)
Depreciation	(15,884)
Operating profit from a discontinued operation	5,558
Finance costs	(5,905)
Loss before tax from discontinued operation	(347)
Income tax expense	-
Loss for the period/year from discontinued operation	(347)
Loss on disposal of SAS Le Recif	(10,886)
Result for the year attributable to discontinued operation	(11,233)

The major classes of assets and liabilities of SAS Le Recif as at 31 March 2015 were as follows:

	31 March 2015
	Rs'000
Assets	
Property, plant and equipment	327,133
Intangible assets	18,048
Inventories	1,601
Receivables and prepayments	25,811
Cash in hand and at bank	15,562
	388,155
Liabilities	
Borrowings (including bank overdraft)	(183,859)
Trade and other payables	(60,813)
	(244,672)
Net assets directly associated with the disposal group	143,483

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

14. ISSUED CAPITAL

(a) Stated capital

	THE GROUP AND THE COMPANY			
	2016	2015	2016	2015
Ordinary shares of Rs 10 each.	Number of shares	Number of shares	Rs'000	Rs'000
At 01 July	136,786,535	114,034,651	1,367,865	1,140,346
Issued during the year	122,868	22,751,884	1,229	227,519
At 30 June	136,909,403	136,786,535	1,369,094	1,367,865

Some bond holders of the Company, who had options to convert their bond into share capital on 31 December 2015, have exercised their option (see note 18 (c)) as per below. The exercise price determined through the mechanism was Rs. 48.80 .

	Number of Shares	Bond converted	Cash consideration	Share Capital	Share Premium
		Rs'000	Rs'000	Rs'000	Rs'000
Conversion of Bonds	122,868	5,995	2	1,229	4,764

(b) Share premium

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
At 01 July	1,308,453	391,819
Arising on issue of shares	4,764	918,436
Share issue expenses	-	(1,802)
At 30 June	1,313,217	1,308,453

(c) Treasury shares

	THE GROUP AND THE COMPANY	
	2016	2015
Number of shares	-	287,000
Value	-	18,081

During the financial year 2016, the Board has decided to grant the treasury shares to the Chief Executive Officer as part of his renumeration.

15. DIVIDEND

On 4 May 2016, the Board of directors have declared a dividend of Rs.1.15 (2015: Rs. 1.00) per each ordinary share held with respect to the year ended 30 June 2016. The dividend was paid on 23 June 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

16. OTHER RESERVES

(a) THE GROUP

	Reserve in associated company	Cash Flow Hedge Reserve	Asset Revaluation Reserve	Share based payment Reserve	Foreign Currency Translation Reserve	Total
						(Restated)
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At 01 July 2014	*89,586*	*(46,182)*	*1,766,830*	*8,705*	*12,517*	*1,831,456*
Cash flow hedge on loan in foreign currency	*33,215*	*(23,943)*	-	-	-	*9,272*
Cash flow hedge reserve released on repayment of loan	-	*(6,961)*	-	-	-	*(6,961)*
Currency translation difference	-	-	-	-	*205,673*	*205,673*
Share based payment expense (note 26)	-	-	-	*6,428*	-	*6,428*
Share based payment issued	-	-	-	*(3,712)*	-	*(3,712)*
Recycled to profit or loss (note 24)	*(40,850)*	-	-	-	-	*(40,850)*
Recycled to retained earnings	*(81,951)*	-	-	-	-	*(81,951)*
Transfer to non-controlling interests	-	-	-	*(188)*	*(5,456)*	*(5,644)*
Deferred tax changes	-	*5,855*	-	-	-	*5,855*
At 30 June 2015	-	(71,231)	1,766,830	11,233	212,734	1,919,566
Cash flow hedge on loan in foreign currency	-	(9,256)	-	-	-	(9,256)
Cash flow hedge reserve released on repayment of loan	-	3,353	-	-	-	3,353
Currency translation difference	-	-	-	-	14,510	14,510
Share based payment expense (note 26)	-	-	-	7,058	-	7,058
Share based payment issued	-	-	-	(3,712)	-	(3,712)
Transfer to non-controlling interests	-	-	-	(220)	-	(220)
At 30 June 2016	-	(77,134)	1,766,830	14,359	227,244	1,931,299

Nature and purpose of other reserves

Reserve in associated company

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

Cash flow hedging reserve

The hedge reserve is used to record the exchange differences arising on the Euro 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 US$ and EURO at year end rate. Upon annual repayment of long term borrowings the portion of hedge realised is released to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

16. OTHER RESERVES (CONT'D)

(a) THE GROUP (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.

Foreign currency translation reserve

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

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.

(b) THE COMPANY

	Asset Revaluation Reserve	Cash Flow Hedge Reserve	Total
	Rs'000	Rs'000	Rs'000
At 01 July 2014	*38,015*	*10,256*	*48,271*
Cash flow hedge on loan in foreign currency	-	*2,834*	*2,834*
Release on repayment of loan	-	*(11,171)*	*(11,171)*
At 30 June 2015	38,015	1,919	39,934
Cash flow hedging on loan in foreign currency	-	*(486)*	*(486)*
Release on repayment of loan	-	*75*	*75*
At 30 June 2016	38,015	1,508	39,523

17. NON-CONTROLLING INTERESTS

	THE GROUP	
	2016	2015
	Rs'000	Rs'000
At 01 July	1,767	*123,472*
Share of result for the year	(125)	*7,064*
Share of reserve for the year	50	*5,456*
Acquisition of non-controlling-interest by the Company	-	*(135,992)*
Arising on part disposal of subsidiary	1,767	*1,767*
At 30 June	3,459	*1,767*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

17. NON-CONTROLLING INTERESTS (CONT'D)

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 98.1% to 96.2% resulting in a non-controlling-interest of 3.8% (2015: 1.9%) being recorded this year.

18. INTEREST-BEARING LOANS AND BORROWINGS

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Current				
Bank loans (note (a))	873,043	*509,605*	410,294	*21,783*
Finance leases (note (b))	12,343	*10,634*	-	-
Other loans (note (d))	7,050	*10,500*	-	-
Bank overdrafts (note 32(a))	471,174	*360,679*	71,498	*41,592*
	1,363,610	*891,418*	481,792	*63,375*
Non-current				
Bank loans (note (a))	2,667,749	*3,229,030*	185,800	*67,573*
Finance leases (note (b))	25,009	*21,623*	-	-
Convertible bonds (note (c))	18,575	*24,570*	18,575	*24,570*
Other loans (note (d))	35,250	*38,499*	-	-
	2,746,583	*3,313,722*	204,375	*92,143*
Total interest-bearing loans and borrowings	4,110,193	*4,205,140*	686,167	*155,518*

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Bank loans can be analysed as follows:-				
Within one year	873,043	*509,605*	410,294	*21,783*
After one year and before two years	540,919	*517,208*	16,003	*17,924*
After two years and before five years	1,376,821	*1,621,853*	86,079	*49,649*
After five years	750,009	*1,089,969*	83,718	-
	3,540,792	*3,738,635*	596,094	*89,356*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

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

			THE GROUP		THE COMPANY	
			2016	2015	2016	2015
			Rs'000	Rs'000	Rs'000	Rs'000
Denomination		**Maturity**				
EURO	LIBOR + 4%	June 2019	35,080	*47,982*	-	-
MUR	6.90% - 7.50%	June 2023	919,710	*868,649*	90,550	-
EURO	EURIBOR + 3%	June 2023	125,444	*142,549*	-	-
EURO	5.76%	Dec 2017	34,848	*47,142*	-	-
EURO	5.68%	Oct 2017	9,760	*14,127*	-	-
EURO	EURIBOR + 1.60%	Dec 2017	-	*8,782*	-	-
EURO	EURIBOR + 1.40%	Dec 2015	-	*25,664*	-	-
EURO	EURIBOR + 1.30%	Dec 2019	164,547	*191,521*	-	-
US$	LIBOR + 1.25% - 1.5%	June 2023	173,973	*197,460*	-	-
US$	LIBOR + 5%	June 2016	2,915	*13,395*	1,935	*8,222*
US$	LIBOR + 2.5%	Dec 2019	177,518	*222,880*	-	-
US$	LIBOR + 2.5% - 3.25%	Dec 2019	226,565	*284,602*	-	-
US$	LIBOR + 2.5%	Dec 2019	413,490	*519,519*	-	-
US$	LIBOR+2.25%	June 2020	44,904	*51,324*	-	-
US$	LIBOR+2.75%	June 2019	15,281	*17,693*	-	-
EURO	LIBOR+4%	June 2017	36,980	*45,031*	-	-
EURO	LIBOR+4.%	June 2023	178,748	*185,796*	-	-
EURO	LIBOR+3%	June 2023	231,942	*288,125*	67,334	*81,134*
EURO	LIBOR+4%	June 2019	-	*547,114**	-	-
US$	LIBOR +5%	Mar 2024	465,300	-	169,200	-
US$	LIBOR +4%	June 2024	133,950	-	133,950	-
US$	LIBOR +3% to 4%	Dec-16	133,125	-	133,125	-
MUR	PLR	June 2019	16,712	*19,280*	-	-
			3,540,792	*3,191,521*	596,094	*89,356*

* During the year, this loan has been transferred to liabilities associated with assets held for sale under note 13.

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
(b) Finance lease liabilities - minimum lease payments:				
Within one year	14,203	*11,834*	-	-
After one year and before two years	10,979	*10,217*	-	-
After two years and before five years	16,425	*12,986*	-	-
	41,607	*35,037*	-	-
Future finance charges on finance leases	(4,255)	*(2,780)*	-	-
Present value of finance lease liabilities	37,352	*32,257*	-	-
The present value of finance lease liabilities may be analysed as follows:				
Within one year	12,343	*10,634*	-	-
After one year and before two years	9,730	*9,448*	-	-
After two years and before five years	15,279	*12,175*	-	-
	37,352	*32,257*	-	-

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

18. 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:

31 December 2014

31 December 2015

31 December 2016

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

P/(Ax0.80)

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

P is equal to the principal amount.

Exercise of options of conversion of bonds

2015:

The first exercise date was on 31 December 2014 and 721 bond holders owning a total amount of 47,542,960 bonds had exercised their options to convert their bonds into shares. The exercise share price determined through the above mechanism was Rs. 44.14 .

2016:

The second exercise for the conversion was on 31 December 2015 and 101 bond holders owning a total amount of 122,868 bonds have exercised their options to convert their bonds into shares. The exercise share price determined through the above mechanism was Rs. 48.80.

The movement in the bond account is as follows:

	THE GROUP AND THE COMPANY	
	2016	2015
	Rs'000	Rs'000
At 01 July	24,570	*500,000*
Rights of conversion exercised during the year	(5,993)	*(475,409)*
Fraction amount paid cash	(2)	*(21)*
At 30 June	18,575	*24,570*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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

(d) Other loans

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

	THE GROUP	
	2016	2015
	Rs'000	Rs'000
Within one year	7,050	*10,500*
After one year and before two years	8,813	*12,500*
After two years and before five years	26,436	*25,999*
	42,299	*48,999*

19. GOVERNMENT GRANTS

	THE GROUP	
	2016	2015
	Rs'000	Rs'000
At 01 July	10,703	*13,215*
Release against depreciation charge (note 28)	(1,531)	*(1,802)*
Exchange difference	69	*(710)*
At 30 June	9,241	*10,703*

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.

20. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables	366,730	*354,256*	60	*704*
Amount payable to fellow subsidiaries (note 39)	-	-	1,466,982	*1,475,194*
Accrued expenses	228,215	*277,278*	1,266	*18,403*
Other payables	373,253	*340,380*	15,235	*23,299*
	968,198	*971,914*	1,483,543	*1,517,600*

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

For amount payable to fellow subsidiaries refer to Note 39.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

21. TAXATION

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000 (Restated)	**Rs'000**	Rs'000 (Restated)
(a) **Charge for the year**				
Current tax on taxable profit for the year (note (d))	25,337	*45,869*	-	-
Under provision in previous year	591	*7*	-	-
Deferred taxation movement (note 9) - restated	34,105	*20,041*	(305)	*(258)*
Corporate Social Responsibility - reclassified from other operating expense (note (d))	2,418	*1,630*	-	-
Income tax expense/(credit)	62,451	*67,547*	(305)	*(258)*

(b) **Reconciliation between income tax expense and accounting profit is as follows:**

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before tax	480,930	*440,359*	59,077	*131,354*
Tax calculated at a rate of 15% (2015: 15%)	72,140	*66,054*	8,862	*19,703*
Effect of different tax rates	(8,018)	*(22,267)*	-	-
Expenses not deductible for tax purposes	1,067	*3,892*	-	-
Tax Incentives and allowances	(124)	-	-	-
Under/ (Over) provision of income tax in previous year	591	*7*	-	-
Tax losses not recognised	-	*3,419*	-	-
Utilisation of unused tax losses	-	*(14,895)*	-	-
Alternative minimum tax	(159)	-	-	-
Foreign tax credit	(5,464)	*(5,036)*	(8,862)	*(19,703)*
Tax effect of share of results from associates	-	*(799)*	-	-
Other adjustments - Derecognition of deferred tax	-	*37,172*	(305)	*(258)*
Corporate Social Responsibility	2,418	-	-	-
	62,451	*67,547*	(305)	*(258)*

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

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

(d) **Statements of financial position**

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
At 01 July	44,550	*29,986*	-	-
Provision for the year (note (a))	25,337	*45,869*	-	-
Corporate Social Responsibility	2,418	*1,630*		
Under provision in prior years	591	*7*	-	-
Paid during the year	(56,436)	*(36,960)*	-	-
Exchange difference	219	*4,018*	-	-
At 30 June	16,679	*44,550*	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

22. SALE OF GOODS AND SERVICES

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Room revenue	2,892,578	*2,451,667*	-	-
Food and beverages	1,666,644	*1,573,521*	-	-
Others	516,765	*490,725*	-	-
	5,075,987	*4,515,913*	-	-

23. FINANCE REVENUE

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest income	474	*350*	44,117	*46,142*

24. OTHER OPERATING INCOME

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Rental income	6,235	*7,150*	7,800	*7,800*
Management fees	6,190	*17,976*	-	-
Foreign exchange gains	15,123	*40,004*	21,473	*22,007*
Profit on disposal of property, plant and equipment	99	*2,548*	-	-
Dividend income	-	-	35,250	*178,750*
Recycling of reserve of associated company (note 16)	-	*40,850*	-	-
Re-measurement of consideration on disposal of subsidiary	19,500	-	-	-
Commission and package revenue	11,690	*9,435*	-	-
Others	22,958	*20,870*	5,971	-
	81,795	*138,833*	70,494	*208,557*

25. COST OF INVENTORIES

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Food, beverages and room supplies	761,323	*655,754*	-	-
Others	264,933	*270,607*	-	-
	1,026,256	*926,361*	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

26. EMPLOYEE BENEFIT EXPENSES

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Wages and salaries	1,322,368	*1,176,349*	-	-
Social security costs	105,959	*87,849*	-	-
Executive Share Scheme (note 33)	7,058	*6,428*	-	-
Compensation to key management personnel (note 33)	18,081	-	-	-
Pension costs -				
Defined contribution scheme	23,528	*16,685*	-	-
Defined benefit scheme (note 10(e))	2,254	*1,342*	-	-
Other retirement benefit (note 10(r))	8,668	*6,205*	-	-
	1,487,916	*1,294,858*	-	-

27. OTHER OPERATING EXPENSES

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
		(Restated)		
Marketing expenses	369,958	*297,355*	-	-
Heat, light and power	252,120	*255,943*	-	-
Repairs and maintenance	151,998	*148,195*	-	-
Land lease	120,782	*127,928*	-	-
Others	625,300	*550,437*	12,088	*12,467*
	1,520,158	*1,379,858*	12,088	*12,467*

28. DEPRECIATION AND AMORTISATION

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Depreciation of property plant and equipment (note 4)	411,491	*374,123*	1,801	*1,522*
Amortisation of intangible assets (note 5)	17,512	*16,376*	-	-
Release of grant (note 19)	(1,531)	*(1,802)*	-	-
	427,472	*388,697*	1,801	*1,522*
Discontinued operation (note 13)	-	*(15,884)*	-	-
	427,472	*372,813*	1,801	*1,522*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

29. OPERATING PROFIT

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
The operating profit is arrived at after				
crediting:				
Profit on disposal of property, plant and equipment	99	*2,548*	-	-
Gain on exchange on sales of foreign currency and translation of financial assets and liabilities	15,123	*40,004*	21,473	*22,007*
and charging:				
Depreciation on property, plant and equipment	411,491	*374,123*	1,801	*1,522*
Amortisation of intangible assets	17,512	*16,376*	-	-
Operating lease payments recognised as expense	120,782	*127,928*	-	-

30. FINANCE COSTS

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest expense on:				
- Bank overdrafts	26,803	*27,501*	3,029	*4,062*
- Bank loans	177,905	*166,353*	7,070	*3,444*
- Finance leases	1,732	*2,503*	-	-
- Other loans and payables	9,084	*38,583*	31,546	*101,850*
	215,524	*234,940*	41,645	*109,356*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

31. EARNINGS PER SHARE

	THE GROUP	
	2016	2015
	Rs'000	Rs'000 (Restated)
CONTINUING AND DISCONTINUED OPERATIONS		
Basic		
Profit attributable to equity holders of the parent	418,604	*365,748*
Weighted average number of ordinary shares net of treasury shares	136,847,969	*125,123,592*
Earnings per share	3.06	*2.92*
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		
Adjusted profit attributable to holders of the parent	418,604	*365,748*
Add back interest on convertible bonds	1,960	*2,211*
Adjusted profit attributable to holders of the parent	420,564	*367,959*
Weighted average number of ordinary shares	136,847,969	*125,123,592*
Conversion of bonds	385,000	*558,409*
Adjusted weighted average number of ordinary shares	137,232,969	*125,682,001*
Diluted earnings per share	3.06	*2.93*
CONTINUING OPERATIONS		
Basic		
Profit attributable to equity holders of the parent	418,604	*376,981*
Earnings per share	3.06	*3.01*
Fully Diluted		
Adjusted profit attributable to equity holders of the parent	420,564	*379,192*
Earnings per share	3.06	*3.02*

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

32. NOTES TO THE STATEMENTS OF CASH FLOWS

		THE GROUP		THE COMPANY	
		2016	2015	**2016**	2015
		Rs'000	Rs'000	**Rs'000**	Rs'000
(a)	**Cash and cash equivalents**				
	Cash and short term deposits	177,293	*98,176*	99,434	*15,562*
	Bank overdrafts (note 18)	(471,174)	*(360,679)*	(71,498)	*(41,592)*
		(293,881)	*(262,503)*	27,936	*(26,030)*
(b)	**Non-cash transactions**				
	Part of the acquisition of property, plant and equipment was financed by finance leases as follows:				
	Total amount acquired (note 4)	828,518	*535,476*	231	-
	Financed through finance leases	(17,362)	*(11,887)*	-	-
	Deposit	-	*(55,301)*	-	-
	Financed by cash	811,156	*468,288*	231	-

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 will start to be vested after the end of the financial year June 2016.

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

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

(i) improvement in Lux Island Resorts Ltd share price;

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

(iii) elevating guest experience.

The total number of options granted for the financial year 2016 is 2,418,148 (2015: 2,660,191) and as at 30 June 2016 total options granted amounted to 9,159,352, out of which 4,081,013 will vest if the executives are still in continuous employment after the year ended June 30, 2016.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

33. SHARE BASED PAYMENT (CONT'D)

Executive share scheme (Cont'd)

The Board also awarded in 2014 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 is 2,235,974 shares.

For the year ended 30 June 2016, a total charge of Rs.7.1 m (2015: Rs. 6.4m) 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.

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.

Furthermore, during the year 2016, the Board of directors has decided to grant the treasury shares of Lux Island Resorts Ltd amounting to Rs 18.081 million to the Chief Executive Officer as remuneration in line with his employment contract.

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, 2016 are more than 10% in terms of revenue and the following disclosures are made with respect to segmental reporting.

	Mauritius Rs'000	Reunion Rs'000	Maldives Rs'000	Total Rs'000
For the year ended 30 June 2016				
Segment revenue	3,408,193	581,676	1,168,387	5,158,256
Segment finance income	474	-	-	474
Segment finance expenses	(175,245)	(7,398)	(32,881)	(215,524)
Segment depreciation and amortisation	(231,146)	(57,927)	(138,399)	(427,472)
Segment result before finance charges	652,543	(3,524)	47,435	696,454
Segment assets	7,190,553	1,048,393	3,984,256	12,223,202
Capital expenditure	139,217	17,045	672,256	828,518
For the year ended 30 June 2015				
Segment revenue	*2,578,507*	*567,555*	*1,509,034*	*4,655,096*
Segment finance income	*350*	-	-	*350*
Segment finance expenses	*(189,117)*	*(9,428)*	*(36,395)*	*(234,940)*
Segment depreciation and amortisation	*(191,041)*	*(55,642)*	*(126,130)*	*(372,813)*
Segment result before finance charges	*420,716*	*(13,369)*	*273,859*	*681,206*
Segment assets	*6,988,552*	*1,056,614*	*3,571,097*	*11,616,263*
Capital expenditure	*470,135*	*16,230*	*49,111*	*535,476*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

35. CONTINGENT LIABILITIES

THE GROUP

At 30 June 2016, the Group had the following contingent liabilities:

(a) Bank guarantees of Rs. 1.55 million (2015: Rs. 152.2million) 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. 56.9 million (2015: Rs. 59.5 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. 153.7 million (2015: Rs. 152.2 million) 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	
	2016 Rs'000	2015 Rs'000	**2016 Rs'000**	2015 Rs'000
Capital commitments				
Authorised by directors but not yet contracted for	160,000	*589,802*	-	-
Contracted for but not provided for in accounts	350,000	-	-	-
	510,000	*589,802*	-	-

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	
	2016 Rs'000	2015 Rs'000	**2016 Rs'000**	2015 Rs'000
Within one year	124,197	*123,540*	-	-
After one year but not more than five years	532,660	*524,789*	-	-
More than five years	6,687,059	*6,801,510*	-	-
	7,343,916	*7,449,839*	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

37. EVENTS AFTER THE REPORTING DATE

On 22 August 2016, the 100% subsidiary Company, Nereide Limited, has signed a 'Heads of Terms" with Mara Delta Property Holdings Limited, a company registered in the Republic of Mauritius and listed on the Official market of the Stock Exchange of Mauritius Ltd, for the disposal by Nereide Limited of the hotel building of Tamassa Resort as well as its rights, title and interests in the lease agreement with the Government of the Republic of Mauritius (The Property) for a total consideration of USD 40,000,000 (Forty million US Dollars). The sale is subject to certain conditions precedent, including approval from the relevant Regulatory Authorities.

Subsequent to the sale, the property will be leased back to Nereide Limited, the tenant, for an initial period of ten years and renewable at its option.

The net book value of the building amounting to MUR 1,037 million has therefore been accounted as non current asset held for sale.

Mara Delta Property Holdings Limited is also considering the acquisition of the loans associated with Nereide Limited and is currently in negotiation with the financial institutions. Accordingly, the long term loan amounting to MUR 525.6 million which is secured by fixed charges over the property has also been reclassified as liabilities associated with assets held for sale.

The remaining proceeds net of loans will be used to partly finance the redevelopment of the Merville Beach hotel.

38. ULTIMATE HOLDING COMPANY

The ultimate holding company is IBL Ltd (GML Investissement Ltée (GMLIL)) incorporated in Mauritius. The registered office is situated at 4th Floor, IBL House, Le Caudan Waterfront, Port Louis. Following the merger between IBL Ltd and GML Investissement Ltee, the holding company of Lux Island Resorts Ltd is now IBL Ltd.

39. RELATED PARTY DISCLOSURES

		Purchases from related party	Amount due to related party	Sales to related party	Amount due from related party	Interest received from related party	Loan due to related party	Interest paid to related party	Emoluments
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
The Group									
Fellow subsidiaries (note a)	2016	75,256	10,486	-	-	-	8,785	1,287	-
	2015	*61,663*	*5,987*	-	-	-	*4,549*	*154*	-
Entities over which directors have significant influence (note b)	2016	467	101	-	3,891	-	260,645	11,350	-
	2015	*3,904*	*332*	-	-	-	*93,013*	*4,113*	-
Key management personnel (note c)	2016	-	-	-	-	-	-	-	104,587
	2015	*1,381*	-	-	-	-	-	-	*76,869*
The Holding Company									
Subsidiaries (note d)	2016	-	1,466,982	-	2,111,415	43,624	-	24,450	-
	2015	-	*1,475,194*	-	*1,915,477*	*45,702*	-	*32,050*	-

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 denominated in EURO carry interest at LIBOR + 4%. The loans are repayable by monthly instalments maturing in June 2020.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

39. RELATED PARTY DISCLOSURES (CONT'D)

Note (c) - Key management personnel includes executive directors and top level management personnel. The emoluments include short-term employee benefits of Rs 104.6 million (2015: Rs. 70 million) as well as benefits under the Employee Share Scheme of Rs 7.058 million (2015: Rs. 6.4 million) and treasury shares of Rs 18.081 million granted during the year as emoluments as more fully explained in note 33 as well as contribution to pension scheme for post retirement benefit of Rs 756 k (2015: Rs 541k)

Note (d) - Amount due to and receivable from subsidiaries are unsecured and bears interest at PLR less 300 basis points. Settlement occurs in cash and there is no fixed repayment terms.

There has been no impairment of amount due to and receivable from related parties.

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity 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 2016 and 2015.

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 50% (2015: 50%). The Group includes within net debt, interest bearing loans and borrowings, less cash in hand and at bank. Total capital is calculated as ''equity'' as shown in the statement of financial position less net unrealised reserves. The gearing ratios at 30 June 2016 and 2015 were as follows:

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Debt (i)	4,635,786	*4,205,140*	686,167	*155,518*
Cash in hand and at bank	(177,293)	*(98,176)*	(99,434)	*(15,562)*
Net debt	4,458,493	*4,106,964*	586,733	*139,956*
Equity (ii)	6,010,852	*5,714,536*	3,658,528	*3,732,873*
Total capital plus debt	10,469,345	*9,821,500*	4,245,261	*3,872,829*
Gearing ratio	43%	*42%*	14%	*4%*

(i) Debt is defined as long and short term borrowings, as detailed in note 18, including borrowing accounted as liabilities associated with assets held of sale.

(ii) Equity includes all capital and reserves of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Categories of financial instruments

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets				
Available-for-sale financial assets	5	*5*	-	-
Trade and other receivables including cash and cash equivalents and excluding prepayments	948,327	*793,917*	2,216,564	*1,931,668*
	948,332	*793,922*	2,216,564	*1,931,668*
Financial liabilities				
Trade and other payables	951,403	*948,814*	1,483,542	*1,542,170*
Interest bearing loans and borrowings	4,635,785	*4,205,139*	686,167	*130,947*
	5,587,188	*5,153,953*	2,169,709	*1,673,117*

At the reporting date there are no significant concentrations of credit risk for loans and receivables. The carrying amount reflected above represents the Group's maximum exposure to credit risk for the trade and other receivables.

(c) Financial risk management

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Group's financial performance. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

(i) Foreign currency risk management

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Financial risk management (Cont'd)

(i) Foreign currency risk management (Cont'd)

Management also tries to minimise effects of changes in exchange rates by entering in forward contracts. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operation is managed primarily through borrowings denominated in the relevant foreign currencies.

The currency profile of the financial assets and financial liabilities, excluding equity investments in subsidiaries and associates and retirement benefit obligations, at 30 June 2016 and at 30 June 2015 is as follows:

	THE GROUP		THE COMPANY	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs'000	Rs'000	Rs'000	Rs'000
June 2016				
Euro	455,096	1,609,329	613,234	165,459
Pound Sterling	94,135	63	5,614	-
US Dollar	245,807	1,904,890	860,872	770,429
Other foreign currencies	-	526	-	-
Total foreign currencies	795,038	3,514,808	1,479,720	935,888
Mauritian Rupee	153,294	2,072,380	736,844	1,233,821
Total	948,332	5,587,188	2,216,564	2,169,709

	THE GROUP		THE COMPANY	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	Rs'000	Rs'000	Rs'000	Rs'000
June 2015				
Euro	*281,117*	*1,639,079*	*589,371*	*81,134*
Pound Sterling	*99,615*	*533*	*2,942*	-
US Dollar	*227,617*	*1,600,353*	*544,328*	*496,479*
Other foreign currencies	*32*	*526*	-	-
Total foreign currencies	*608,381*	*3,240,491*	*1,136,641*	*577,613*
Mauritian Rupee	*185,541*	*1,913,462*	*795,027*	*1,095,504*
Total	*793,922*	*5,153,953*	*1,931,668*	*1,673,117*

The following table details the Group's sensitivity to a 5% increase and decrease in the Rupee against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and equity where the Rupee depreciates 5% against the relevant currency. There would be an equal and opposite impact on the profit and other equity, if the rupee strengthens by 5% against the relevant currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Financial risk management (Cont'd)

(i) Foreign currency risk management (Cont'd)

Sensitivity Analysis

EURO IMPACT

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit or loss	13,784	*6,375*	30,661	*29,468*
Equity	71,438	*64,094*	8,272	*4,056*

GBP IMPACT

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit or loss	4,541	*4,980*	281	*147*
Equity	163	-	-	-

US DOLLAR IMPACT

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit or loss	7,976	*6,689*	18,618	-
Equity	90,942	*12,207*	17,004	*411*

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 US$ vis-à-vis the Mauritian Rupee is attributable mainly to net investment in the subsidiary, Lux Island Resorts Maldives Ltd, and also to the hedge reserve arising on hedge accounting of US$ 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 2016

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (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 2016 was:

Financial assets

	2016		2015	
	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 - 3%	Nil	*PLR - 3%*	*Nil*

Financial liabilities

	2016			2015		
	Bank overdrafts		**Loans**	Bank overdrafts		Loans
	Floating interest rate %	**Fixed interest rate %**	**Floating interest rate %**	Floating interest rate %	Fixed interest rate %	Floating interest rate %
GBP	N/A	Nil	N/A	*N/A*	*Nil*	*N/A*
EURO	N/A	3.78% & 5.68%	EURIBOR + 1.3% - 4.5%	*N/A*	*3.78% & 5.68%*	*EURIBOR + 1.3% - 4.5%*
USD	N/A	5%	LIBOR +2.25% - 5%	*N/A*	*5%*	*LIBOR +2.25% - 5%*
MUR	PLR & PLR + 2%	9%	PLR & PLR + 2%	*PLR & PLR + 2%*	*9%*	*PLR & PLR + 2%*

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates 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 and 0.25 basis points for EURO borrowings impact will be as follows:

EURO IMPACT

	THE GROUP		THE COMPANY	
	2016	2015	**2016**	2015
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit or loss	(3,491)	*(3,715)*	(414)	*(203)*
Equity	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (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	
	2016	2015	2016	2015
	Rs'000	Rs'000	Rs'000	Rs'000
Profit or loss	(6,815)	*(5,937)*	2,116	*(2,030)*
Equity	-	-	-	-

A decrease in interest rate by 50 basis points of MUR borrowings and by 25 basis points for EURO borrowings will have an equal and opposite impact of an increase in the interest rate as shown above.

(iii) Other price risks

The Group is exposed to equity price risks arising from equity investments. 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 the client portfolio of Mauritius operations 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.

(v) Liquidity risk management

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

The Group's objective is to maintain a flexibility between continuity of funding and flexibility through the use of bank overdraft, bank loans and finance leases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Financial risk management (Cont'd)

(v) Liquidity risk management (Cont'd)

Liquidity and interest risk tables - financial liabilities - undiscounted

	THE GROUP						
	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
June 2016							
Non-interest bearing	-	951,402	-	-	-	-	951,402
Variable interest rate instruments	*3.2%*	471,174	368,366	1,231,308	2,476,497	867,498	5,414,843
Fixed interest rate instruments	*5%,5.68%,9%*	-	5,971	25,408	87,807	-	119,186
		1,422,576	374,337	1,256,716	2,564,304	867,498	6,485,431
June 2015							
Non-interest bearing	-	*948,814*	-	-	-	-	*948,814*
Variable interest rate instruments	*3.2%*	*360,679*	*182,789*	*475,574*	*2,476,328*	*1,181,862*	*4,677,232*
Fixed interest rate instruments	*5%,5.68%,9%*	-	*12,234*	*36,385*	*140,610*	-	*189,229*
		1,309,493	*195,023*	*511,959*	*2,616,938*	*1,181,862*	*5,815,275*

Liquidity and interest risk tables - financial liabilities - undiscounted

	THE COMPANY						
	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
June 2016							
Non-interest bearing	-	16,560	-	-	-	-	16,560
Variable interest rate instruments	*2.08%*	71,498	208,346	1,682,289	124,378	89,746	2,176,257
Fixed interest rate instrument	*9.00%*	-	836	836	19,829	-	21,501
		88,058	209,182	1,683,125	144,207	89,746	2,214,318
June 2015							
Non-interest bearing	-	42,405	-	-	-	-	42,405
Variable interest rate instruments	*4.13%*	41,592	8,035	1,492,723	70,697	-	1,613,047
Fixed interest rate instrument	*9.00%*	-	1,106	1,106	27,887	-	30,099
		83,997	9,141	1,493,829	98,584	-	1,685,551

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Financial risk management (Cont'd)

(v) Liquidity risk management (Cont'd)

The following table details the Group's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

Liquidity and interest risk tables - financial assets - undiscounted

THE GROUP

	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
June 2016							
Non-interest bearing	-	773,831	-	-	-	-	773,831
Variable interest rate instruments	1%	177,293	-	-	5	-	177,298
		951,124	-	-	5	-	951,129
June 2015							
Non-interest bearing	-	*695,741*	-	-	-	-	*695,741*
Variable interest rate instruments	*1%*	*98,176*	-	-	*5*	-	*98,181*
		793,917	-	-	*5*	-	*793,922*

THE COMPANY

	Weighted average effective interest rate	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	%	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
June 2016							
Non interest-bearing	-	5,715	-	-	-	-	5,715
Variable interest rate instruments	1.80%	99,434	-	2,111,415	-	-	2,210,849
		105,149	-	2,111,415	-	-	2,216,564
June 2015							
Non interest-bearing	-	*629*	-	-	-	-	*629*
Variable interest rate instruments	*2.40%*	*15,562*	-	*1,915,447*	-	-	*1,931,009*
		16,191	-	*1,915,447*	-	-	*1,931,638*

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

40. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Fair value of financial instruments

Except where stated elsewhere, the carrying amounts of the Group's and the Company's financial assets and financial liabilities approximate their fair values due to the short-term nature of the balances involved. The interest-bearing loans and borrowings' carrying amounts approximate fair value. They are allocated as level 2 items in 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."

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.

41. FINANCIAL SUMMARY

(a) THE GROUP

	2016	2015	2014	2013
	Rs'000	Rs'000 (Restated)	Rs'000 (Restated)	Rs'000 (Restated)
Non-current assets	10,037,320	*10,642,410*	*9,253,438*	*8,801,104*
Current assets	1,148,837	*973,853*	*1,088,758*	*1,046,485*
Issued capital	1,369,094	*1,367,865*	*1,140,346*	*1,140,346*
Share premium account	1,313,217	*1,308,453*	*391,819*	*391,819*
Treasury Shares	-	*(18,081)*	*(18,081)*	*(18,081)*
Revaluation and other reserves	1,931,299	*1,919,566*	*1,831,456*	*1,337,603*
Retained earnings	1,393,783	*1,134,966*	*919,443*	*754,119*
Current liabilities	2,348,487	*2,044,669*	*1,662,417*	*1,398,298*
Non-current liabilities	3,338,270	*3,857,058*	*4,291,324*	*4,741,847*
Revenue	5,158,256	*4,655,096*	*3,970,747*	*3,771,263*
Profit before taxation	480,930	*451,592*	*335,068*	*145,407*
Profit attributable to equity holders of the parent	418,604	*365,748*	*271,262*	*103,324*
Dividends	157,390	*136,787*	*56,874*	-

(b) THE COMPANY

	2016	2015	2014	2013
	Rs'000	Rs'000	Rs'000	Rs'000
Non-current assets	3,615,209	*3,616,780*	*2,934,101*	*1,524,079*
Current assets	2,219,355	*1,932,629*	*1,872,994*	*3,756,724*
Issued capital	1,369,094	*1,367,865*	*1,140,346*	*1,140,346*
Share premium account	1,313,217	*1,308,453*	*391,819*	*391,819*
Treasury shares	-	*(18,081)*	*(18,081)*	*(18,081)*
Revaluation and other reserves	39,523	*39,934*	*48,271*	*31,174*
Retained earnings	936,694	*1,034,702*	*1,139,877*	*1,053,180*
Current liabilities	1,965,335	*1,717,762*	*1,604,844*	*2,061,205*
Non-current liabilities	210,701	*98,774*	*600,019*	*621,160*
Revenue	114,611	*254,699*	*185,017*	*270,236*
Profit before taxation	59,077	*131,354*	*42,051*	*44,368*
Profit after taxation	59,382	*131,612*	*44,381*	*44,860*
Dividends	157,390	*136,787*	*56,874*	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

42. PRIOR YEAR ADJUSTMENTS

In prior years, the Group used to calculate its deferred tax for its Mauritian entities on the actual corporate tax rate prevailing in Mauritius which is at 15%. However following recent discussions and consultation by the directors with experts in the industry, it was agreed that the 2% Corporate Social Responsibility (CSR) contribution as imposed by the Government should also be considered in the computation of the deferred tax. The effect of this adjustment is set out below:

	2015 Rs'000	2014 Rs'000
Effect on Statement of Financial Position		
Deferred tax liabilities		
Deferred tax liabilities as previously stated	*429,570*	*416,403*
Changes in the deferred tax rate	*53,871*	*48,279*
Deferred tax liabilities as restated	*483,441*	*464,682*
Deferred tax assets		
Deferred tax asset as previously stated	*44,732*	*21,282*
Changes in the deferred tax rate	*3,254*	-
Deferred tax assets as restated	*47,986*	*21,282*
Effect on Statement of Profit or Loss		
Income tax as previously stated	*(63,629)*	
Corporate Social Responsibility - reclassified from other operating expense	*(1,630)*	
Changes in the deferred tax rate leading to a movement recorded in Profit or loss	*(2,288)*	
Income tax as restated	*(67,547)*	
Effect on Other Comprehensive Income		
Movement in deferred tax through OCI as previously stated	*(373)*	
Changes in the deferred tax rate leading to a movement recorded in OCI	*(49)*	
Movement in deferred tax through OCI as restated	*(422)*	
Effect on Profit or Loss	*(2,288)*	
Effect on Equity	*(49)*	

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 Monday 5th December 2016 at 15:00 with the following agenda:

RESOLUTIONS

1. To consider and approve the audited financial statements for the year ended 30th June 2016
2. To receive the auditors report
3. To consider the annual report
4. To ratify the dividend declared by the Board of Directors on 4th May 2016 for the financial year ended 30th June 2016
5. To elect Mr Thierry Lagesse as Director of the Company
6. To re-elect Mr Paul Jones as Director of the Company
7. To re-elect Mr Laurent de la Hogue as Director of the Company
8. To re-appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration
9. To ratify the remuneration paid to the auditors for the year ended 30th June 2016

By Order of the Board

Désiré Elliah
LUX Hospitality Ltd
Secretary

18th November 2016

A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy (in the case of an individual shareholder) or a representative (in the case of a shareholder company, by way of a written board resolution), whether a member or not, to attend and vote on his behalf.

The instrument appointing a proxy, any general power of attorney or the written resolution appointing a representative should reach the Group Company Secretary, Pierre Simonet Street, Floreal, Mauritius, not less than twenty four hours before the time appointed for the holding of the meeting or adjourned meeting. In default, the instrument of proxy shall not be treated as valid.

A proxy form is included in this annual report and is also available at the registered office of the Company.

For the purpose of this Annual Meeting, the Directors have resolved in compliance with Section 120 (3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting and attend such meeting shall be those shareholders whose names are registered in the share register of the Company as at 4th November 2016.

This notice is issued pursuant to Listing Rule 11.16.

The Board of Lux Island Resorts Ltd accepts full responsibility for the accuracy of the information contained in this notice.

PROXY FORM

I / We ______________________________ of ______________________________

being a shareholder of Lux Island Resorts Ltd hereby appoint ______________________________

of ______________________________ or failing him/her, ______________________________

of ______________________________ as my / our proxy to vote for me / us on my / our behalf at the Annual Meeting of Shareholders of the Company to be held at the Registered Office, Pierre Simonet Street, Floreal on Monday 5th December 2016 commencing at 15:00 and at any adjournment thereof.

I/We direct my/our proxy to vote in the following manner:

Vote with a tick

RESOLUTIONS		FOR	AGAINST
1	To consider and approve the audited financial statements for the year ended 30th June 2016		
2	To receive the auditors report		
3	To consider the annual report		
4	To ratify the dividend declared by the Board of Directors on 4th May 2016 for the financial year ended 30th June 2016		
5	To elect Mr Thierry Lagesse as Director of the Company		
6	To re-elect Mr Paul Jones as Director of the Company		
7	To re-elect Mr Laurent de la Hogue as Director of the Company		
8	To re-appoint the auditors under Section 200 of the Companies Act 2001 and to authorise the Board to fix their remuneration		
9	To ratify the remuneration paid to the auditors for the year ended 30th June 2016		

Signed this ______________________________ Signature ______________________________

Registered Office – Pierre Simonet Street – Floreal

ANNEX 1: GRI G4 CONTENT INDEX

Material Aspects	GRI Indicator	Disclosure	Remarks & References (to be completed after receiving IAR with pagination)	External Assurance (to be completed after receiving final External Assurance report)	Mapping with Sustainable Development Goals (SDGs)
1. GENERAL STANDARD DISCLOSURES ("Core" in accordance option)					
Strategy and Analysis:	G4.1	Statement from most senior decision-maker about the relevance of suatainability and organisation's strategy	at the beginning of Chairman's report page 27		
	G4.3	Name of the organization	Cover page & page 1		
	G4.4	Primary brands, products, and services.	page 42, 51, 61, 72, 78		
	G4.5	Location of the organization's headquarters.	page 13		
	G4.6	Number of countries where the organization operates	page 7, 13		
	G4.7	Nature of ownership and legal form	page 7		
	G4.8	Markets served, and types of customers and beneficiaries	page 31		
	G4.9	Scale of the organisation	CEO Review page 31		
	G4.10	Total number of employees by employment contract, gender and region	page 96		SDG8
Organizational Profile	G4.11	Percentage of total employees covered by collective bargaining agreements	page 96		SDG8
	G4.12	Description of supply chain	tourist arrivals by source page 31		
	G4.13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	page 27		
	G4.14	Whether and how the precautionary approach or principle is addressed by the organisation	Tread Lightly - emissions page 94		
	G4.15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	page 94		
	G4.16	Memberships in associations and national/ international advocacy organisations	AHRIM page 85		

Material Aspects	GRI Indicator	Disclosure	Remarks & References (to be completed after receiving IAR with pagination)	External Assurance (to be completed after receiving final External Assurance report)	Mapping with Sustainable Development Goals (SDGs)
Identified Material Aspects and Boundaries	G4.17	All entities included in the organisation's consolidated financial statements or equivalent documents	page 7		
	G4.18	Process for defining the report content and the Aspect Boundaries; and how the organisation has implemented the Reporting Principles for Defining Report Content	page 92, 93		
	G4.19	All the material aspects identified in the process for defining report content.	page 92, 93		
	G4.20	The aspect boundary for each material aspect within the organisation and whether the aspect is material for all entities within the organisation	page 92, 93		
	G4.21	Whether the aspect boundary for each material aspect outside the organisation	page 92, 93		
	G4.22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Scope 1 & scope 2 emissions		
	G4.23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Third Sustainability reporting - resorts in China have been included in boundary this year		
Stakeholder Engagement	G4.24	List of stakeholder groups engaged by the organisation	page 92		
	G4.25	Basis for identification and selection of stakeholders with whom to engage	page 92		
	G4.26	Organisation's approach to stakeholder engagement	page 92		
	G4.27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	page 92, 93		
Report Profile	G4.28	Reporting period for information provided	page 27		
	G4.29	Date of most recent previous report	third sustainability report (last one was for period 2014-2015)		
	G4.30	Reporting cycle	page 27		
	G4.31	Contact point for questions regarding the report or its contents	page vishnee.payen@luxresorts.com		
	G4.32	GRI Index with "in accordance" option chosen and references to External Assurance Reports	page 181		
	G4.33	Organisation's policy and current practice with regard to seeking external assurance for the report	page 184		

Material Aspects	GRI Indicator	Disclosure	Remarks & References (to be completed after receiving IAR with pagination)	External Assurance (to be completed after receiving final External Assurance report)	Mapping with Sustainable Development Goals (SDGs)
Governance	G4.34	Governance structure of the organisation, including committees of the highest governance body and those responsible for decision-making on economic, environmental and social impacts.	Committees incl Sustainability Committee	YES	
Ethics and Integrity	G4.56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	page 78	YES	SDG4, 5, 16
SPECIFIC STANDARD DISCLOSURES					
ENVIRONMENT					
Energy	G4EN3	Energy consumption within the organization	page 93	YES	SDG7, 8, 12, 13
	G4EN4	Energy consumption outside of the organization	page N/A	YES	
	G4EN5	Energy intensity	page 93	YES	
	G4EN6	Reduction of energy consumption	page 93	YES	
	G4EN7	Reductions in energy requirements of products and services	page 93	YES	
Water	G4EN8	Total water withdrawal by source	page 93	YES	SDG3, 12, 13 ,14, 15
	G4EN9	Water sources significantly affected by withdrawal of water	page 93	YES	
	G4EN10	Percentage and total volume of water recycled and reused	page 93	YES	
Emission	G4EN15	Direct greenhouse gas (GHG) emissions (Scope 1)in metric tons of CO2 equivalent	page 94	YES	
	G4EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2):	page 94	YES	
	G4EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	page 94	YES	SDG13 ,14, 15
	G4EN18	Greenhouse gas (GHG) emissions intensity intensity ratio: direct (Scope 1), energy indirect (Scope 2), other indirect (Scope 3).	page 94	YES	
	G4EN19	Reduction of greenhouse gas (GHG) emissions	page 94	YES	SDG3, 12,14,
Effluent & Waste	G4EN22	Total water discharge by quality and destination	page 94	YES	
	G4EN23	Total weight of waste by type and disposal method	page 95	YES	SDG3, 6, 12
SOCIAL					
HUMAN RIGHTS					
Investment	G4HR2	Total hours of employee training on human rights policies or procedures	page 97	YES	SDG5, 8, 16
Non-discrimination	G4HR3	Total number of incidents of discrimination and corrective actions taken	None		

Material Aspects	GRI Indicator	Disclosure	Remarks & References (to be completed after receiving IAR with pagination)	External Assurance (to be completed after receiving final External Assurance report)	Mapping with Sustainable Development Goals (SDGs)
LABOR PRACTICES & DECENT WORK					
Employment	G4LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	page 96	YES	SDG5, 8
Occupational Health and Safety	G4LA6	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 96	YES	SDG3, 8
Training & Education	G4LA9	Average hours of training per year per employee by gender, and by employee category	page 96	YES	SDG4, 5, 8
	G4LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	page 96	YES	SDG5, 8
Diversity & Equal Opportunity	G4LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group	page 96	YES	
Equal Remuneration for Men & Woemen	G4LA13	Ratio of basic salary and remuneration of women to men by employee category	page 96	YES	
SOCIETY					
Local Community	G4SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	page 97-99	YES	SDG1, 2, 3, 4, 5, 14, 15, 16, 17
PRODUCT RESPONSIBILITY					
Product and Service Labelling	G4PR5	Results of surveys measuring customer satisfaction	page 95	YES	
ECONOMIC					
Economic Performance	G4 EC1	Direct economic value generated and distributed	page 21	YES	
	G4 EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	page 27		SDG2, 5, 7, 8, 9

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 2016 Integrated Annual Report of LUX Island Resorts Limited (LUX*) for the year ended 30 June 2016 (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, marked with a ‘ ’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 184 (the accompanying LUX reporting criteria) [N2]

Category	Selected KPIs	Scope of Coverage
Corporate Governance	• Ethics and Integrity (pg 78)	LUX Island Resorts Limited
Environment	• Energy Consumption (Scope 1 and 2) (pg 93) • Greenhouse Gas Emissions arising from Scope 1 and 2 (pg 94)	LUX Island Resorts Limited
Human Rights	• Total hours of employee training on human rights policies or procedures (pg 96) • Total number of incidents of discrimination and corrective actions taken (pg 96)	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 96)	LUX Island Resorts Limited
Society	• Percentage of operations with implemented local community engagement, impact assessments, and development programs (pg 97-99)	LUX Island Resorts Limited
Customer Satisfaction	• Results of surveys measuring customer satisfaction (pg 95)	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 30 June 2016 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 Inc.

ERNST & YOUNG
Ebène, Mauritius

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

Date: 30th September 2016

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LUX REPORTING CRITERIA

Category	Selected KPIs	Reporting criteria
Corporate Governance	• Ethics and Integrity (pg 78)	• Based on Corporate Governance & Audit Committee activities (minutes) and system in place for Ethics Policy & Management and Feedback mechanisms.
Environment	• Energy Consumption (Scope 1 and 2) (pg 93) • Greenhouse Gas Emissions arising from Scope 1 and 2 (pg 94)	• 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 96) • Total number of incidents of discrimination and corrective actions taken (pg 96)	• 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 96)	• 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 97-99)	• Based on activity engaged in by resorts pertaining to same.
Customer Satisfaction	• Results of surveys measuring customer satisfaction (pg 95)	• Survey is based on the level of satisfaction from different outlets of the hotel.